



**洋河股份**  
**YANGHE**

**Jiangsu Yanghe Distillery Co., Ltd.**

**2025 Annual Report**

**April 2026**

## **Section I Important Statements, Contents and Definitions**

The board of directors and the directors, senior management of Jiangsu Yanghe Distillery Co., Ltd. (hereinafter referred to as the Company) hereby guarantee that the information presented in this report is free of any false records, misleading statements or material omissions, and shall individually and together be legally liable for truthfulness, accuracy and completeness of its contents.

Mr. Gu Yu, the responsible person for the Company, Mr. Yin Qiuming, the responsible person for accounting affairs and Mr. Zhao Guansheng, the responsible person for accounting department (the accounting supervisor) have warranted that the financial statements in this report are true, accurate and complete.

All directors attended the board meeting in person to review this annual report.

The future plans and other forward-looking statements mentioned in this annual report, due to their inherent uncertainties, shall not be regarded as substantive commitments of the Company to investors. Investors and people concerned should maintain adequate risk awareness and understand the difference between plans, predictions and promises. Investors are kindly reminded to pay attention to possible investment risks.

In the annual report, the possible risks in the operation of the Company are described in detail (see 11. Outlook for the Future Development of the Company in Section III Management Discussion and Analysis). Investors are kindly reminded to pay attention to relevant content.

The profit distribution plan approved by the board of directors: based on the Company's total share capital of 1,506,445,074 shares, a cash dividend of CNY 14.70 (tax inclusive) will be distributed for every 10 existing shares held, 0 shares of bonus shares (tax inclusive), and reserves would not be converted into share capital.

The Company's Chinese 2025 Annual Report was publicly disclosed on the Shenzhen Stock Exchange and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 28 April 2026. If there are any differences between the English version and the Chinese one, please refer to the latter.

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## **Document Catalog**

- (I) Financial statements containing the signatures and seals of the person in charge of the Company, the accounting head, and the person in charge of the accounting body (accounting manager).
- (II) The original audit reports with the seal of the accounting firm and the signatures and seals of the certified public accountants.
- (III) The originals of all Company documents and announcements publicly disclosed during the reporting period.

## Definitions

Term	Reference	Definition
The Company, This Company, Yanghe	Refer to	Jiangsu Yanghe Distillery Co., Ltd.
Yanghe Group, Controlling shareholder	Refer to	Jiangsu Yanghe Group Co.,Ltd.
The current year, In the reporting period	Refer to	1 Jan. 2025 to 31 Dec. 2025
The report	Refer to	2025 Annual Report
Yuan, Ten thousand yuan, A hundred million yuan	Refer to	CNY 0.00, CNY 10,000.00, CNY 100,000,000.00
The shareholders' meeting, the board of directors	Refer to	The Shareholders' Meeting and Board of Directors of Jiangsu Yanghe Distillery Co.
Articles of incorporation	Refer to	Articles of incorporation of Jiangsu Yanghe Distillery Co., Ltd.
SSE	Refer to	Shenzhen Stock Exchange
SRC, CSRC	Refer to	China Securities Regulatory Commission
Zhongxi, Accounting firm	Refer to	Zhongxi CPA LLP
Yanghe Branch of the Company	Refer to	Jiangsu Yanghe Distillery Co., Ltd. Yanghe Branch
Siyang Branch of the Company	Refer to	Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch
Inside and outside the province	Refer to	Inside and outside Jiangsu Province

## Section II Company Profile and Key Financial Results

### I. Corporate information

Stock abbreviation	Yanghe	Stock code	002304
Stock exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	江苏洋河酒厂股份有限公司		
Abbr. of the Company name in Chinese	洋河股份		
Name of the Company in English (if any)	JIANGSU YANGHE DISTILLERY CO., LTD.		
Abbr. of the Company name in English (if any)	Yanghe		
Legal representative	Gu yu		
Registered address	No.118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province, China		
Postal code of registered address	223800		
Historical changes of the company's registered address	N/A		
Business address	No.118 Jiudu Avenue, Yanghe Town, Suqian City, Jiangsu Province, China		
Postal code of business address	223800		
Company website	<a href="http://www.chinayanghe.com">http://www.chinayanghe.com</a>		
E-mail	<a href="mailto:yanghe002304@chinayanghe.com">yanghe002304@chinayanghe.com</a>		

### II. Contact us

	Company secretary	Representative for securities affairs
Name	Lu Hongzhen	Zhu Haihui
Address	No.118 Jiudu Avenue, Yanghe Town, Suqian City, Jiangsu Province	No.118 Jiudu Avenue, Yanghe Town, Suqian City, Jiangsu Province
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### III. Information disclosure and place where the annual report is kept

The website of the stock exchange where the company discloses the annual report	Shenzhen Stock Exchange ( <a href="http://www.szse.cn">www.szse.cn</a> )
Media name and website of the annual report disclosed by the company	Securities Times, Shanghai Securities Times, China Securities Journal, Securities Daily and Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Place where the Annual Report of the Company is kept	Shareholder reading room, the headquarters of the Company, Suqian City, Jiangsu Province

#### IV. Company registration and alteration

Organization code	9132000074557990XP
Changes in main business activities since the Company was listed (if any)	None
Changes of controlling shareholders of the Company (if any)	None

#### V. Other relevant information

Accounting firm engaged by the Company

Name of the accounting firm	Zhongxi CPA LLP
Business address of the accounting firm	11th Floor, Room 1101, No. 11 Chongwenmenwai Street, Dongcheng District, Beijing
Name of accountants for writing signature	Gong Zhaoping, Wang Wenjuan

Sponsors engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable N/A

Financial adviser engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable N/A

#### VI. Key accounting data and financial indicators

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

Yes No

	2025	2024	Increase/Decrease Compared to the Previous Year	2023
Operating revenues (CNY)	19,211,057,613.05	28,876,296,993.56	-33.47%	33,126,277,551.51
Net profits attributable to shareholders of the Company (CNY)	2,206,058,926.68	6,673,388,602.12	-66.94%	10,015,930,040.27
Net profits attributable to shareholders of the Company before non-recurring gains and losses (CNY)	2,134,729,412.30	6,835,235,643.35	-68.77%	9,842,844,980.49
Net cash flows from operating activities (CNY)	-763,040,326.79	4,628,711,237.28	-116.48%	6,130,220,867.96
Basic earnings per share (CNY/share)	1.4644	4.4299	-66.94%	6.6487
Diluted earnings per share (CNY/share)	1.4644	4.4299	-66.94%	6.6487
Weighted average ROE	4.62%	12.07%	-7.45%	20.34%
	At the end of 2025	At the end of 2024	Increase/Decrease at the End of This Year	At the end of 2023

			Compared to the End of Last Year	
Total assets (CNY)	58,595,944,446.80	67,345,265,219.62	-12.99%	69,792,287,455.91
Net assets attributable to shareholders of the Company (CNY)	46,797,173,513.37	51,588,243,128.65	-9.29%	51,938,515,345.20

The Company's net profit before or after deducting non-recurring profits and losses in the last three fiscal years is negative, and the audit report of the last year shows that the Company's ability to continue operating is uncertain

Yes No

The net profit before or after deducting non-recurring profits and losses is negative

Yes No

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

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

Applicable N/A

No such differences during this period.

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

Applicable N/A

No such differences during this period.

## VIII. Key financial results by quarter

Unit: CNY

	Q1	Q2	Q3	Q4
Operating revenues	11,066,201,907.73	3,729,449,432.41	3,294,504,314.43	1,120,901,958.48
Net profits attributable to shareholders of the Company	3,637,099,588.91	706,549,443.20	-368,646,135.03	-1,768,943,970.40
Net profits attributable to shareholders of the Company before deducting non-recurring profits and losses	3,617,409,619.86	614,168,147.38	-474,693,605.51	-1,622,154,749.43
Net cash flows from operating activities	2,535,741,055.56	-1,919,696,902.19	350,195,384.06	-1,729,279,864.22

Whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports.

Yes No

## IX. Non-recurring profits and losses

Unit: CNY

Item	2025	2024	2023	Note
Profit or loss from disposal of non-current assets (including the write-off portion of the impairment provision)	-1,013,842.06	-40,249,265.21	-10,375,821.67	
Government grants included in the profit or loss for the current period (except those	44,777,851.52	50,445,321.61	51,085,965.67	

closely related to the normal business of the company, in line with the provisions of national policies, and continuously enjoyed according to a certain standard quota or quantity)				
Except for the effective hedging business related to the normal business of the company, profits and losses from changes in fair value arising from holding trading financial assets and trading financial liabilities, as well as the investment income obtained from the disposal of trading financial assets, trading financial liabilities and financial assets available for sale	65,657,266.37	-242,790,641.63	211,499,562.04	
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the identifiable net assets of the investee at the time of acquisition.		13,641,150.48		
Other non-operating income and expenditure except above-mentioned items	-10,848,440.04	6,241,035.85	-19,590,043.61	
Less: Corporate income tax	27,092,861.74	-51,001,648.61	59,943,924.97	
Minority interests (after tax)	150,459.67	136,290.94	-409,322.32	
Total	71,329,514.38	-161,847,041.23	173,085,059.78	

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable N/A

The company has no specific circumstances of other profit and loss items that meet the definition of non-recurring profit and loss.

Description of defining non-recurring profit and loss items listed in *the Explanatory Announcement No. 1 on Information Disclosure for Listed Companies -Non-recurring Profits and Losses* as recurring profit and loss items.

Applicable N/A

There is no such situation that the company classifies the non-recurring profit and loss items listed in *the Explanatory Announcement No. 1 on Information Disclosure for Listed Companies -Non-recurring Profits and Losses* as recurring profit and loss items.

## Section III Management Discussion and Analysis

### I. Main Businesses of the Company During the Reporting Period

The company shall comply with the disclosure requirements of food and wine manufacturing industries in *Self-regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*

#### The main business engaged

The main business of the company is the production and sale of Chinese Baijiu, that is manufactured by solid-state fermentation and traded mainly through two modes: wholesale distribution and online direct sales. The company's main business and business model did not change during the reporting period. According to *the Industry Classification Guidelines for Listed Companies (revised in 2012)* issued by the CSRC, the company belongs to the "C15 wine, beverage and refined tea manufacturing industry".

Yanghe is a large-scale baijiu (Chinese liquor) producer in China, owning two nationally renowned brands Yanghe and Shuangou, two time-honored brands, six well-known trademarks, two national 4A-level scenic spots, two national industrial heritage sites, and one national key cultural relics protection unit. The company's main products, including the Dream Blue, Sky Blue, Ocean Blue, Sujiu, Zhenbaofang, Yanghe Daqu, and Shuangou Daqu and so on, which have high brand recognition and reputation throughout China.

#### Information about brand operation

The Company's products include Dream Blue, Sujiu, Sky Blue, Zhenbaofang, Ocean Blue, Yanghe Daqu, Shuangou Daqu, Guijiu, Sidus Wine and so on. According to the price range standard of ex-factory price, the Company categorizes the products into mid/high end and ordinary products. The mid/high end products refer to those with ex-factory price  $\geq$  CNY 100 / 500ml, mainly including Dream Blue craft class, Dream Blue M9, Dream Blue M6 +, Dream Blue Crystal Version, Su Jiu, Sky Blue, Zhenbaofang (Difang, Shengfang), Ocean Blue and so on. Ordinary products refer to those with ex-factory price  $<$  CNY 100 / 500ml, mainly consisting of Yanghe Daqu and Shuangou Daqu etc.

The revenue of various products is as follows:

Unit: CNY

Products	Operating revenue	
	2025	YoY change
Mid/high end products	16,542,264,054.04	-31.97%
Ordinary products	2,234,062,206.88	-43.17%

#### Main sales model

The company sells its products mainly through distributors. Its sales models include wholesale distribution and online direct selling, among which wholesale distribution is the main sales model.

Applicable  N/A

#### 1. Disclosure of main business composition by different types

Unit: CNY

Types	Operating revenue	YoY change	Operating cost	YoY change	Gross margin	YoY change
By sales model						
Wholesale distribution	18,458,563,481.14	-33.73%	5,023,565,441.51	-30.37%	72.78%	-1.32%
Online direct selling	317,762,779.78	-19.38%	100,095,275.63	-11.81%	68.50%	-2.70%
Subtotal	18,776,326,260.92	-33.53%	5,123,660,717.14	-30.08%	72.71%	-1.35%
By geographical segment						
Jiangsu	8,618,908,443.56	-32.39%	2,251,669,475.95	-30.81%	73.88%	-0.59%
Ex-Jiangsu	10,157,417,817.36	-34.47%	2,871,991,241.19	-29.51%	71.73%	-1.99%

Subtotal	18,776,326,260.92	-33.53%	5,123,660,717.14	-30.08%	72.71%	-1.35%
By product						
Mid/high end products	16,542,264,054.04	-31.97%	3,707,140,829.48	-28.39%	77.59%	-1.12%
Ordinary products	2,234,062,206.88	-43.17%	1,416,519,887.66	-34.16%	36.59%	-8.68%
Subtotal	18,776,326,260.92	-33.53%	5,123,660,717.14	-30.08%	72.71%	-1.35%

The company's main products are classified according to the price range standard of ex-factory price, including medium/high end products  $\geq 100$  CNY / 500ml and ordinary products  $< 100$  CNY / 500ml.

## 2. Disclose the number of distributors according to regional classification

Geographical segment	The number of distributors at the end of the reporting period	Increase (decrease) in the number during the reporting period
Jiangsu	2,933	-66
Ex-Jiangsu	5,438	-429
Total	8,371	-495

## 3. Settlement method and distribution method

The Company mainly adopts the bank transfer method for settlement, and applies the method of payment before goods for product sales.

## 4. Sales amount and sales proportion of the top five distributors

In 2025, the total sales amount of the top five distributors was CNY 1,467.60 million, accounting for 7.64% of the total sales of this year. Among the sales of the top five distributors, the sales from related parties were CNY 0, accounting for 0% of the total sales of this year. The total amount of receivables of the top five distributors at the end of the period was zero.

Retail sales accounted for more than 10%.

Applicable  N/A

## Online direct selling

Applicable  N/A

Unit: CNY

Product	Online direct selling	Sales amount in 2025	Sales amount in 2024	YoY change
Liquor	Tmall, JD and other platforms	317,762,779.78	394,128,422.17	-19.38%

The sales price of the main products contributing more than 10% of the total operating revenue of the current period changed by more than 30% compared with the previous reporting period

Applicable  N/A

## Procurement mode and content

Unit: CNY

Procurement mode	Procurement content	Amount
Market bidding	Raw materials and packaging materials	3,751,572,032.28
Marketing purchase	Energy	347,363,183.21

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

Applicable  N/A

The price of major outsourced raw materials changed by over 30% year on year

Applicable  N/A

## Main production mode

The Company's production mode is self-produced mode, with major parts including raw material crushing,

fermentation, distillation, grade storage, liquor body design and combination, product packaging, etc.  
Commissioned production

Applicable N/A

The main components of operating costs

Unit:CNY

Types	Cost item	2025		2024		YoY change
		Amount	As a percentage of operating cost	Amount	As a percentage of operating cost	
Chinese Baijiu	Direct materials	3,619,307,120.93	66.34%	5,524,407,465.24	71.27%	-34.49%
	Direct labor	1,110,908,276.64	20.36%	1,268,364,612.69	16.36%	-12.41%
	Fuels and energy	168,474,141.22	3.09%	252,653,570.95	3.26%	-33.32%
	Manufacturing overhead	206,587,467.82	3.79%	235,657,087.56	3.04%	-12.34%

Output and inventory

1. Production volume, sales volume and inventory of major products

Types	Item	2025	2024	YoY change
Chinese Baijiu	Sales (ton)	102,931.09	139,076.05	-25.99%
	Production (ton)	88,458.93	145,494.73	-39.20%
	Inventory (ton)	31,122.56	45,594.72	-31.74%

2. Inventory of finished and semi-finished Baijiu at the end of the period

Inventory of finished products (including finished baijiu and wine) (ton)	Inventory of semi-finished Baijiu (including raw liquor) (ton)
31,508.18	740,550.68

3. Capacity of the Company

Name of production entity	Design capacity (ton)	Actual capacity in 2025 (ton)
Yanghe (including Yanghe branch and Siyang branch)	222,545.00	71,528.55
Shuanggou Distillery	97,040.00	15,093.08

## II. Industry conditions faced by the company during the reporting period

During the reporting period, the liquor industry was in a period of profound adjustment, characterized by three overlapping factors: policy adjustments, consumption transformation, and zero-sum competition for the existing market share. Overall, the industry experienced a decline in both volume and profit, with increasing market differentiation. According to data from the National Bureau of Statistics, in 2025, the total output of liquor (equivalent to 65 degrees, commodity volume) from enterprises above designated size nationwide was 3.549 million kiloliters, a year-on-year decrease of 12.1%. The fundamental logic of the liquor industry shifted from scale expansion to value cultivation. On the demand side, the consumption concept turned more and more rational, and consumers were increasingly focusing on quality, brand, and service. On the supply side, efforts were being made to achieve breakthroughs through product innovation and channel transformation.

## III. Analysis of core competitiveness

Yanghe has significant advantages in natural environment, quality technology, brand building, marketing network and so on. The Company has formed its unique core competencies, which remain unchanged during the reporting period.

1. Natural environment advantage

The Company is located in Suqian, the capital of Chinese Baijiu with 'three rivers, two lakes and one wetland'. As one of the three famous wetlands in the world, Suqian enjoys equal popularity with the Scotch whisky producing area and the French Cognac producing area. The long history and unique ecological environment provide a good source of water, soil and air for liquor production. Especially the microorganism condition is significantly beneficial to production. The Yanghe distillery originated in the Sui and Tang Dynasties, flourished in the Ming and Qing Dynasties. It had been sold in Jianghuai area during the period of Yong Zheng of Qing Dynasty. It has a good reputation that 'dainty taste derived from fortune spring and liquor ocean, which made Yanghe rank the first in Jianghuai area'. Shuanggou alongside Yanghe was praised as the origin of Chinese natural liquor by both domestic and overseas experts due to the discovery of drunken ape fossils in Xiacaowan.

## 2. Quality advantage

Considering the diversification and individuation of consumption demand, the Company took the lead in breaking the traditional classification of Baijiu flavor. The Company classifies Baijiu based on taste and emphasizes the value of taste. The Company strengthens the mellowness of Baijiu, puts forward the new style of the mellow Baijiu quality, and deeply meets core demand of target consumers. It has successfully established new craft of mellow Baijiu production and system framework of mellowness mechanism, which caters to market consumption. In June 2008, "Mellowness", a special type of Yanghe, was first written into the national standard in China Protected Geographical Indication Product- Yanghe Daqu (Standard No. GB/T22046-2008). In 2019, the company formulated the group standard named "Mellow Baijiu" (i.e., T/CBJ2104-2019), which further enriched and improved the relevant standards of mellow Baijiu. In 2022, the company formulated the standards of "Baijiu Wetland Real Estate Area" (T/CBJ2305-2022) and "Wetland Baijiu" (T/CBJ2110-2022), which promoted the specification of technical quality standards for wetland liquor. In 2023, the company released the "China's Baijiu Mellow Quality Development Report", and comprehensively constructed the "mellow system".

## 3. Talent advantage

The Company has 56 Masters of Chinese Baijiu, 78 provincial Baijiu tasting committee members and 2,033 technicians. The Company possesses provincial-level technology centers, Jiangsu Provincial Bio-brewing Engineering Research Center, Jiangsu Provincial Brewing Engineering Technology Research Center, and postdoctoral research stations, providing technical support for the continuous improvement of mellow Baijiu quality. In 2025, the company's three scientific and technological achievements, including "Key Technologies for Analysis and Application of Microbiome in the Brewing Process of Mellow Liquor", were appraised as international leading levels. The case of the integrated research and industrial application of digital technology in solid-state baijiu brewing was selected as a leading example of digital transformation in light industry. In the 9th Chinese Liquor Chief Taster Competition, the company swept the top three prizes, demonstrating its significant advantage in technical and skilled personnel.

## 4. Brand advantage

As one of China's eight most famous liquor brands, the company is the only enterprise in the Chinese liquor industry that possesses two Chinese famous baijiu, Yanghe and Shuanggou, two Chinese time-honored brands, six well-known Chinese trademarks such as Yanghe, Shuanggou, Blue Classic, Zhenbaofang, Dream Blue, Su, two national 4A scenic spots, two national industrial heritages, and a national key cultural relics protection unit. In 2015, the company was designated as one of the "Geographical Indication Product of Chinese Brand Value in the Beverage Category". In 2019, it was selected as one of BrandZ's "Top 100 Most Valuable Chinese Brands". In 2022, it ranked the fourth of "2022 Global Top 50 Most Valuable Spirits Brands" for its brand value. In 2025, in the "2025 China Enterprise Brand Value TOP100 List" released at the 8th China Enterprise Forum, the company ranked the third in the liquor industry with a brand value of 66.238 billion yuan.

## 5. Marketing network advantage

The company established and continuously optimizes its marketing organization, and has a marketing team with innovative ideas and strong execution. Its marketing network has penetrated into all counties and regions in China, laying a solid foundation for future market expansion and production categories extension. Meanwhile, as a traditional enterprise, Yanghe has consistently optimized new sales model and advanced digital transformation. 'The sales digitalization of Yanghe' has become a case study for Tsinghua University, showcasing the leading position of Yanghe in internet application.

# IV. Analysis of main business

## 1. Overview

During the reporting period, the liquor industry was undergoing a period of deep readjustment, with accelerated trends of consolidation and differentiation, as well as intensified channel competition, and escalating market competition. Faced with industry-wide "reduced-volume competition" and its own "transformation challenges", the company, based on long-termism and rational development, proactively adjusted its business strategy and approach, focusing on "solving problems and eliminating risks" as its primary tasks, transforming long-standing issues into a driving force for steady development. The main task achievements are as follows:

**Deepening market penetration and accumulating momentum for steady development.** Marketing efforts were concentrated on stabilizing prices, boosting sales, and enhancing market share. The adjustment of supporting policies centered on the open bottles for bonus, modify and optimization the delivery schedules, controlling supply and stabilizing prices for leading products such as Dream Blue M6+ and Sky Blue, conducting activities such as get complimentary drinks at hotels, collect bottle cap for giveaways, and lobster carnivals, deepening operations with core consumer groups, strengthening market order supervision and rectification, standardizing online channel layout, and progressively promoting inventory reduction. The company remained committed to consolidating its provincial market while focusing on national highland markets, concentrating on promoting the main brand, achieving breakthroughs in key products, and deepening penetration in core markets to improve the efficiency of strategic resource allocation. The company strengthened the development of pivot terminals, expanded channels such as banquet halls, hotels, and rural towns, seized every consumption opportunity, and continuously consolidated its market foundation.

**Renewal with heart, driven product optimization and quality improvement.** Adhering to a consumer-centric approach, we prioritized "post-drinking comfort" as the highest standard for product quality. We have established a mechanism for feedback and improvement based on consumer opinions, further refining our entire supply chain quality control system and defining smooth quality through genuine experience. We have improved our smooth brewing system, empowering quality advancement through precise process adaptation, continuously forging smoother, richer, and more comfortable high-quality base spirits. The launch of the revamped seventh-generation Ocean Blue achieved quality upgrades and reputation reshaping. Meanwhile the release of Yanghe High-end Unpackaged Liquor strengthened content dissemination and consumer development to set a superior quality benchmark and enhance our quality reputation.

**Value resonance makes brand communication more meaningful.** A multi-tiered brand collaboration system has been built, upgrading brand building from "broadcasting" to "deep resonance." Deeply integrated into people's daily life, event marketing has been upgraded to "scenario co-creation," precisely targeting events like the National Sugar and Wine Fair and the Chinese Chef Festival, and continuously linking with major sporting events such as the CBA, the National Games, and the Jiangsu Super League. Cross-industry integration with top-tier culture has resulted in seven consecutive years of partnership with CCTV's Spring Festival Gala, sponsorship of "Civilization Encountering" and deep collaborations with ethnic dance dramas such as "Dream of the Red Chamber" and "A Tapestry of a Legendary Land" continuously injecting profound cultural identity into the brand. Cultivating a strong sense of national responsibility, the brand has deeply integrated with aerospace philanthropy, continuously participating in rural revitalization and charitable activities, and winning the "Most Caring Charitable Donation Enterprise" title at the 7th Jiangsu Charity Awards.

**Innovation-driven and multi-dimensional empowerment for sustainable development.** Three core technological achievements have reached "international leading levels", accelerating the transformation of technological achievements into product quality advantages. This resulted in sweeping the top two spots in the 9th National Wine Taster Competition, demonstrating the strength of quality control across the entire industry chain. The company has developed "AI customer service, AI marketing assistant, and AI marketing content management", using technology to drive business upgrades and improve human efficiency and business value. Precise personnel training is implemented around key positions, innovating the "Guiding + Voyage + Launch" plan, the dual-training camp model, and the Combination of three-pronged training mechanism "Rotation + Mentorship + project researching" to solidify talent development.

## 2. Revenues and cost of sales

### (1) Breakdown of operating revenues

Unit: CNY

	2025		2024		YoY change
	Amount	As a percentage	Amount	As a percentage	

		of operating revenues		of operating revenues	
Total	19,211,057,613.05	100%	28,876,296,993.56	100%	-33.47%
By business segment					
Alcoholic Drinks	18,776,326,260.92	97.74%	28,248,295,829.62	97.83%	-33.53%
Other	434,731,352.13	2.26%	628,001,163.94	2.17%	-30.78%
By product					
Baijiu	18,748,174,429.79	97.59%	28,175,707,878.18	97.57%	-33.46%
Wine	28,151,831.13	0.15%	72,587,951.44	0.26%	-61.22%
Other	434,731,352.13	2.26%	628,001,163.94	2.17%	-30.78%
By geographical segment					
Jiangsu	8,818,463,440.07	45.90%	13,031,872,833.19	45.13%	-32.33%
Ex-Jiangsu	10,392,594,172.98	54.10%	15,844,424,160.37	54.87%	-34.41%
By sales model					
Wholesale distribution	18,458,563,481.14	96.08%	27,854,167,407.45	96.46%	-33.73%
Online direct selling	317,762,779.78	1.65%	394,128,422.17	1.37%	-19.38%
Other	434,731,352.13	2.26%	628,001,163.94	2.17%	-30.78%

**(2) Business segment, products, geographical segments or sales models contributing over 10% of the operating revenues or profits**

Applicable  N/A

Unit: CNY

	Operating revenues	Cost of sales	Gross profit margin	YoY change of operating revenue	YoY change of cost of sales	YoY change of gross profit margin
By business segment						
Alcoholic Drinks	18,776,326,260.92	5,123,660,717.14	72.71%	-33.53%	-30.08%	-1.35%
By product						
Baijiu	18,748,174,429.79	5,105,277,006.61	72.77%	-33.46%	-29.88%	-1.39%
By geographical segment						
Jiangsu	8,618,908,443.56	2,251,669,475.95	73.88%	-32.39%	-30.81%	-0.59%
Ex-Jiangsu	10,157,417,817.36	2,871,991,241.19	71.73%	-34.47%	-29.51%	-1.99%
By sales mode						
Wholesale distribution	18,458,563,481.14	5,023,565,441.51	72.78%	-33.73%	-30.37%	-1.32%
Online direct selling	317,762,779.78	100,095,275.63	68.50%	-19.38%	-11.81%	-2.70%

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

Applicable  N/A

**(3) Whether revenue from physical sales is higher than service revenue**

Applicable  N/A

By business segment	Item	Unit	2025	2024	YoY change
Baijiu	Sales volume	Ton	102,931.09	139,076.05	-25.99%
	Production volume	Ton	88,458.93	145,494.73	-39.20%

	Inventory volume	Ton	31,122.56	45,594.72	-31.74%
Wine	Sales volume	Ton	556.71	1,427.75	-61.01%
	Production volume	Ton	367.88	1,302.77	-71.76%
	Inventory volume	Ton	385.62	574.45	-32.87%

Reasons for any over 30% YoY changes in the data above.

Applicable  N/A

Due to factors such as market demand, consumption downgrade, and the adjustments of the company's marketing strategy, the sales volume of baijiu and red wine in this period decreased significantly compared to the same period last year. As sales volume decreased, and the existing inventory required to be digested, production volume was reduced in this period, and causing a significant reduction in both production volume and inventory volume compared to the year-earlier period.

#### (4) Execution of significant sales contracts and significant purchase contracts in the reporting period

Applicable  N/A

#### (5) Breakdown of cost of sales

By business and product segment

Unit: CNY

By business segment	Item	2025		2024		YoY change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Alcoholic Drinks		5,123,660,717.14	93.92%	7,328,192,444.18	94.54%	-30.08%

Unit: CNY

By product segment	Item	2025		2024		YoY change
		Amount	As a percentage of cost of sales	Amount	As a percentage of cost of sales	
Alcoholic Drinks	Direct materials	3,637,230,524.78	66.67%	5,570,735,174.69	71.87%	-34.71%
Alcoholic Drinks	Direct labor	1,111,156,165.58	20.37%	1,268,867,989.50	16.37%	-12.43%
Alcoholic Drinks	Fuels and energy	168,574,538.52	3.09%	252,784,524.56	3.26%	-33.31%
Alcoholic Drinks	Manufacturing overhead	206,699,488.26	3.79%	235,804,755.43	3.04%	-12.34%

Note: N/A

#### (6) Changes in the scope of the consolidated financial statements for the reporting period

Applicable  N/A

##### a) Establishment of subsidiaries

1) The controlling subsidiary, Su Wine Trade Group Limited by Share Ltd., subscribed RMB10 million to establish Jiangsu Yanghe Culture Media Co., Ltd., which included in the scope of the consolidated financial statements since April 2025.

2) The holding subsidiary, Su Wine Trade Group Limited by Share Ltd., subscribed RMB 2 million to establish Shuyang Dream Blue Trading Co., Ltd., which included in the scope of the consolidated financial statements from June 2025.

**b) Deregistration of subsidiaries**

1) The controlling subsidiary, Yanghe Hong Kong Winery Co., Ltd., has completed its deregistration procedures and no longer be included in the scope of the consolidated financial statements from November 2025.

**(7) Major changes in the business, products or services in the reporting period**

Applicable N/A

**(8) Main customers and suppliers**

Sales to major customers of the Company

Total sales from top five customers (CNY)	1,467,601,987.08
Total sales from top five customers as a percentage of the total sales	7.64%
Total sales from related parties among top five customers as a percentage of the total sales	0.00%

Information on top five customers

No.	Customer	Sales amount (CNY)	As a percentage of the total sales for the year
1	Customer A	693,937,059.28	3.61%
2	Customer B	276,427,177.18	1.44%
3	Customer C	204,249,675.25	1.06%
4	Customer D	153,356,323.65	0.80%
5	Customer E	139,631,751.72	0.73%
Total	--	1,467,601,987.08	7.64%

Other information on major customers

Applicable N/A

Among them, Customer C, Customer D, and Customer E are new customers among the top five during 2025, the names of those clients are Shanghai Bojiuhui E-commerce Co., Ltd., Suqian Jiazhixuan Winery Co., Ltd., and Chengdu Shijiyuan Winery Co., Ltd.

Major suppliers of the Company

Total purchase from top five suppliers (CNY)	588,700,552.00
Total purchase from top five suppliers as a percentage of the total sales	13.61%
Total purchase from related parties among top five suppliers as a percentage of the total purchase	0.00%

Information on top five suppliers

No.	Supplier	Purchases (CNY)	As a percentage of the total purchase for the year
1	Supplier A	141,012,933.24	3.26%
2	Supplier B	122,544,748.57	2.83%
3	Supplier C	111,716,883.56	2.58%
4	Supplier D	106,716,519.96	2.47%
5	Supplier E	106,709,466.67	2.47%
Total	--	588,700,552.00	13.61%

Other information on major suppliers

Applicable N/A

Supplier C, Guodian Suqian Thermoelectricity Co., Ltd., became a new top five suppliers in the year 2025.

During the reporting period, the company's trading business revenue accounted for more than 10% of its operating revenue.

Applicable N/A

### 3. Expense

Unit: CNY

	2025	2024	YoY change	Reason for any significant change
Selling and distribution expenses	5,205,631,990.16	5,516,238,544.79	-5.63%	
General and administrative expenses	1,789,690,987.76	1,924,730,302.35	-7.02%	
Finance expenses	-284,050,446.25	-610,889,994.14	53.50%	This was mainly due to a decrease in deposit interest income during the period.
R&D expenses	144,986,992.32	104,796,407.26	38.35%	The increase in R&D expenses is due to the increase in R&D projects during this period.

The company shall comply with the disclosure requirements of food and wine manufacturing businesses in *Self Regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*

The composition of selling and distribution expenses

Unit: CNY

Item	Current period amount	As a percentage of selling and distribution expenses	Previous period amount	As a percentage of selling and distribution expenses	YoY change
Advertising and promotion expense	3,568,410,430.48	68.55%	3,648,740,884.77	66.15%	-2.20%
Employee salary	1,011,714,279.58	19.43%	1,199,353,317.76	21.74%	-15.65%
Travel expense	458,812,214.68	8.81%	485,971,661.37	8.81%	-5.59%
Labor expense	20,232,243.75	0.39%	24,494,592.14	0.44%	-17.40%
E-commerce expense	44,576,760.80	0.86%	68,031,081.97	1.23%	-34.48%
Other expense	101,886,060.87	1.96%	89,647,006.78	1.63%	13.65%
Subtotal	5,205,631,990.16	100.00%	5,516,238,544.79	100.00%	-5.63%

The decrease in e-commerce expenses was mainly due to the company's adjustment of its marketing strategy, which reduced the input of selling and distribution expenses for e-commerce channels.

Composition of advertising costs:

Unit: CNY

Item	Current period amount	As a percentage of advertising expense
Nationwide advertising expense	805,646,921.13	66.36%
Regional advertising expense	408,478,640.26	33.64%
Total	1,214,125,561.39	100.00%

### 4. R&D input

Applicable N/A

Name of main R & D projects	Purpose	Progress	Objectives to be achieved	Expected impact on future development
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<p>Exploring new pathways for combining special flavoring liquor process with techniques to enhance the richness of the base spirit.</p>	<p>To address the issues of starch utilization and aroma substance extraction rate in the special flavored liquor workshop, this study combines experimental processes to enhance the mellowness of the base liquor, enrich the flavor layers of baijiu, improve resource utilization, and promote green manufacturing development.</p>	<p>Accomplished in June 2025.</p>	<ol style="list-style-type: none"> <li>1. The mellowness of the raw liquor from the test pool was recognized by the liquor body, and the accuracy rate of the premium liquor evaluation was on par with that of similar teams.</li> <li>2. Solidify core process parameters and explore the formation of process integration operation standards and process procedures.</li> </ol>	<p>Improve the quality of raw liquor, enhance resource utilization, and promote green manufacturing development.</p>
<p>Research on new technology of mellow liquor based on improving the quality of raw liquor.</p>	<p>By analyzing the typical characteristics of the new process of mellow raw liquor style and studying the biological mechanism, clarified the fermentation container of the new process of mellow and solidified the model of process, in order to further highlight the characteristics of the body and enable the company to develop new product categories in the future.</p>	<p>Accomplished in December 2025.</p>	<ol style="list-style-type: none"> <li>1. Focusing, refining, expressing and analyzing the typical characteristics and styles of the new process raw liquor of mellowness.</li> <li>2. Founding the biological mechanism by which the typical style of the original liquor formed by the new mellow process.</li> <li>3. Revealing the fermentation and microbial succession patterns in different fermentation vessels.</li> <li>4. Solidification of the new process model of mellow based on quality improvement.</li> </ol>	<p>To enrich the variety of raw liquor and prepare a reserve of base liquor for the company's new product development.</p>
<p>Study on optimization of parameters and modeling for Luzhou-flavor fermented grains entering cellar</p>	<p>The key parameters of Luzhou-flavor fermented grains entering the cellar are studied, and an optimization model for the parameters of Luzhou-flavor fermented grains entering the cellar is</p>	<p>Accomplished in December 2025.</p>	<ol style="list-style-type: none"> <li>1. Clarify the parameters of Luzhou-flavor fermented grains entering the cellar and their impacts during the fermentation process that reflect quality of liquor,</li> </ol>	<p>Optimizing the fermentation model helps improve the quality of the company's products and enhance its market competitiveness.</p>

	established to provide theoretical guidance and technical support for the production practice of the company.		find the optimal combination of parameters through experimental verification. 2. Establish an optimization model for the parameters of Luzhou-flavor fermented grains entering the cellar, apply it to pilot production, and improve the production and quality of raw liquor.	
The research and application of T-type liquor production technology	Studying and investigating the process model and parameters of raw liquor distillation in the workshop, seeking the optimal raw liquor distillation parameter, providing theoretical guidance and support for workshop production, in order to improving the quality of raw spirit to meet the requirements of liquor body.	Accomplished in December 2025.	1. The study investigating the distillation process model of the raw spirit in the workshop and determined the optimal process parameters. 2. Dynamically optimizing the distillation process parameters of raw spirits in the workshop to improve the rate and quality of premium raw spirits.	Promoting the balance of trace amounts of flavor armamentarium in the base liquor and improves the quality of the base liquor.

#### Information about R&D personnel

	2025	2024	YoY change
Number of R&D personnel	626	608	2.96%
R&D personnel as a percentage in total employees	2.80%	2.82%	-0.02%
Educational background of R & D personnel			
Bachelor degree	161	166	-3.01%
Master degree	59	57	3.51%
Age of R & D personnel			
Under 30	24	49	-51.02%
Between 30 and 40	294	314	-6.37%
Above 40	308	245	25.71%

#### Information about R&D input

	2025	2024	YoY change
R&D input (CNY)	153,141,458.34	108,276,667.57	41.44%
R&D input as a percentage in operating revenues	0.80%	0.37%	0.43%

Capitalized R&D input (CNY)	8,154,466.02	3,480,260.31	134.31%
Capitalized R&D input percentage in total R&D input	5.32%	3.21%	2.11%

Reasons and effects of YoY change in the composition of R & D personnel.

Applicable  N/A

The changes in R&D personnel under the age of 30 during the reporting period were mainly due to the natural increasing of the age for the relevant person.

Reasons for any significant YoY change in the ratio of the R&D input to the operating revenues.

Applicable  N/A

Reasons for any significant YoY change in the ratio of the R&D input to the operating revenues.

Applicable  N/A

## 5. Cash flow

Unit: CNY

Item	2025	2024	YoY change
Subtotal of cash inflows from operating activities	19,940,006,508.82	31,945,110,362.06	-37.58%
Subtotal of cash outflows from operating activities	20,703,046,835.61	27,316,399,124.78	-24.21%
Net cash flows from operating activities	-763,040,326.79	4,628,711,237.28	-116.48%
Subtotal of cash inflows from investing activities	26,378,560,522.01	13,783,485,811.46	91.38%
Subtotal of cash outflows from investing activities	27,007,493,373.58	15,085,731,267.14	79.03%
Net cash flows from investing activities	-628,932,851.57	-1,302,245,455.68	51.70%
Subtotal of cash inflows from financing activities	106,500,000.00		
Subtotal of cash outflows from financing activities	7,037,901,696.31	7,049,805,120.98	-0.17%
Net cash flows from financing activities	-6,931,401,696.31	-7,049,805,120.98	1.68%
Net increase in cash and cash equivalents	-8,326,284,115.64	-3,719,711,942.65	-123.84%

Explanation of why the data above varied significantly.

Applicable  N/A

(1) The total cash inflow from operating activities decreased by 37.58% year-on-year, mainly due to the reduction of sales revenue, cash received from the sale of goods and labor services are declined during the period.

(2) The net cash flow from operating activities falls by 116.48% in comparison with the preceding year, mainly because the decrease in cash inflows from operating activities was greater than the cash outflows from operating activities, resulting in a decline in net cash flow from operating activities.

(3) The total cash inflow from investment activities increased by 91.38% during the period, mainly contributed to the growing of cash received from redeem of investments.

(4) The total cash outflow from investing activities raised by 79.03% to the previous year, mainly because the increase in cash paid for investments during the period.

(5) The net cash flow from investing activities increased by 51.70% compared with the previous year, mainly due to the increase in cash inflows from investing activities exceeding the increase in cash outflows from investing

activities during the period.

(6) The net increase in cash and cash equivalents decreased by 123.84% in comparison with the previous year, mainly due to a reduction of net cash flow from operating activities during the period.

An explanation of the reasons for the significant difference between the net cash flow generated by the Company's operating activities and the net profit for the year during the reporting period

Applicable  N/A

The difference between net cash flow from operating activities and net profit for the period is mainly caused by the reducing of the balance of operating payables such as contract liabilities, accounts payable, and taxes payable.

## V. Analysis of non-core business

Applicable  N/A

Unit: CNY

	Amount	As a percentage of total profits	Reasons	Sustainability
Investment income	357,822,739.44	10.33%	It is mainly generated from the holding period or disposal of trading financial assets	No
Changes in fair value	-288,294,721.85	-8.32%	Mainly due to changes in fair value of financial assets held for trading	No
Asset impairment	-128,361,162.93	-3.71%	Provision for goodwill impairment and stock obsolescence	No
Non-operating income	17,160,240.40	0.50%	Compensation and liquidated damages income	No
Non-operating expenses	30,340,963.35	0.88%	Mainly due to donation expenses and losses from retirement of fixed assets	No

## VI. Analysis of assets and liabilities

### 1. Significant changes of asset items

Unit: CNY

	As at the end of 2025		As at the beginning of 2025		Change In percentage	Explanation about any significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash and cash equivalents	13,263,361,737.62	22.64%	21,748,297,978.37	32.29%	-9.65%	
Accounts receivable	8,621,900.10	0.01%	8,994,904.73	0.01%	0.00%	
Inventories	20,375,489,436.78	34.77%	19,732,881,051.73	29.30%	5.47%	
Long-term equity investments	1,246,705,850.94	2.13%	1,235,408,741.87	1.83%	0.30%	
Fixed assets	6,047,462,141.44	10.32%	5,571,618,070.98	8.27%	2.05%	
Construction in progress	1,455,654,146.89	2.48%	1,912,601,220.28	2.84%	-0.36%	
Right-of-use asset	83,465,648.71	0.14%	66,814,914.62	0.10%	0.04%	
Short-term	10,010,849.32	0.02%			0.02%	

loans						
Contract liabilities	7,529,047,335.12	12.85%	10,343,779,848.07	15.36%	-2.51%	
Long-term loans	81,000,000.00	0.14%			0.14%	
Lease Liabilities	44,423,460.58	0.08%	40,134,989.46	0.06%	0.02%	
Financial assets held for trading	7,293,889,826.00	12.45%	6,380,145,437.14	9.47%	2.98%	
Other non-current financial assets	3,709,534,982.94	6.33%	4,614,148,799.21	6.85%	-0.52%	

The proportion of overseas assets is relatively high.

Applicable  N/A

## 2. Assets and liabilities measured at fair value

Applicable  N/A

Unit: CNY

Item	Opening balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Provision for impairment	Amount of purchase	Amount of sale	Other changes	Closing balance
Financial Assets								
1. Financial assets held for trading (excluding derivative financial assets)	6,380,145,437.14	15,908,240.90			25,833,980,000.00	24,936,143,852.04		7,293,889,826.00
5. Other non-current financial assets	4,614,148,799.21	-304,202,962.75			490,031,685.12	1,090,100,384.55	-342,154.09	3,709,534,982.94
Receivables financing								
Bank acceptance bill	1,090,851,688.67						-937,423,393.77	153,428,294.90
Total	12,085,145,925.02	-288,294,721.85			26,324,011,685.12	26,026,244,236.59	-937,765,547.86	11,156,853,103.84
Financial liabilities	0.00	0.00			0.00	0.00	0.00	0.00

Other changes

Other changes are the net change of bank acceptance bills during the period and the impacts of exchange rate fluctuating of other non-current financial assets.

Whether measurement attribution of main assets changed significantly during this period

Applicable  N/A

## 3. Restricted asset rights as of the end of this reporting period

Item(s)	Closing balance			
	Book balance	Book value	Restricted Type	Restrictions
Cash and cash equivalents	2,588,608.00	2,588,608.00	Blocked funds	Legal freeze

## VII. Investment

1. Total investment

Applicable  N/A

Investment made in the reporting period (CNY)	Investment made in the prior year (CNY)	YoY change
495,031,685.12	31,711,455.57	1,461.05%

2. Significant equity investment made in the reporting period

Applicable  N/A

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

Applicable  N/A

4. Investment in financial assets

(1) Securities investment

Applicable  N/A



Unit: CNY

Category of securities	Stock code	Abbr. of securities	Initial investment cost	Accounting measurement model	Opening balance	Changes in fair value recognized in profit or loss	Changes in the cumulative fair value recorded into equity	Amount of purchase	Amount of sale	Profit and loss during the reporting period	Closing balance	Accounting subject	Capital source
Other	Nil	Shanghai Yunfeng Xincheng Investment Center (L.P.)	1,012,429,757.67	Fair value	734,000,000.00	-227,871,572.24			41,601,452.57		464,526,975.19	Other Non-current financial assets	Owned Fund
Domestic and foreign stocks	601696	BOCI Securities LLC	300,000,000.00	Fair value	881,052,626.88	165,414,103.33			695,888,539.92	114,286,292.87	350,578,190.29	Other Non-current financial assets	Owned Fund
Other	Nil	Nanjing Xingnagai Equity Investment Partnership (Limited Partnership)	214,386,300.00	Fair value	244,599,654.42	-16,226,752.68		60,000,000.00	20,471,137.18	4,161,112.82	267,901,764.56	Other Non-current financial assets	Owned Fund
Other	Nil	Xiamen Yuanfeng Equity Investment Partnership (Limited Partnership)	218,550,000.00	Fair value	250,002,930.47	2,010,866.19		30,000,000.00	27,388,274.44		254,625,522.22	Other Non-current financial assets	Owned Fund
Other	Nil	Pan Mao (Shanghai) Investment Center (L.P.)	196,392,315.55	Fair value	325,868,977.88	-85,665,952.86			34,778,957.30	16,133,610.78	205,424,067.72	Other Non-current financial assets	Owned Fund
Other	Nil	Lianchu Reserve Securities Co., Ltd.	330,000,000.00	Fair value	330,000,000.00	-135,758,769.42					194,241,230.58	Other Non-current financial assets	Owned Fund
Other	Nil	Jiangsu Siyang Rural Commercial Bank	7,987,200.00	Fair value	161,704,737.76	14,995,862.10				739,780.08	176,700,599.86	Other Non-current financial	Owned Fund

		Co.,Ltd.										assets	
Domestic and foreign stocks	VSPT	Vina San Pedro	425,350,132.53	Fair value	144,521,054.18	11,491,165.03				9,141,645.84	156,012,219.21	Other Non-current financial assets	Owned Fund
Other	Nil	Hunan Huaye Tiancheng Venture Capital Partnership (Limited Partnership)	54,419,628.16	Fair value	132,146,409.82	26,262,528.33			2,599,792.17	6,828,118.47	155,809,145.98	Other Non-current financial assets	Owned Fund
Other	Nil	Zhuhai Hengqin Huaye Tiancheng Phase IV Venture Capital Partnership (Limited Partnership)	100,000,000.00	Fair value	130,963,057.64	2,078,035.85					133,041,093.49	Other Non-current financial assets	Owned Fund
Other securities investments held at the end of this period			2,125,516,598.29	--	1,279,289,350.16	-60,932,476.38		400,031,685.12	267,372,230.97	80,264,905.49	1,350,674,173.84	--	--
Total			4,985,031,932.20	--	4,614,148,799.21	-304,202,962.75	0.00	490,031,685.12	1,090,100,384.55	231,555,466.35	3,709,534,982.94	--	--

(2) Derivative investments

Applicable  N/A

No such cases in the reporting period.

5. Use of fund-raising

Applicable  N/A

No such cases in the reporting period.

## VIII. Sale of major assets and equity Interests

1. Sale of major Assets

Applicable  N/A

No such cases in the reporting period

N/A

2. Sale of major equity Interests.

Applicable  N/A

## IX. Analysis of major subsidiaries

Applicable  N/A

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

Unit: CNY

Company name	Company type	Business scope	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Su Wine Trade Group Limited by Share Ltd.	Subsidiary	Wholesaling and retailing of prepackaged food	334,400,000.00	14,401,377,891.37	2,029,737,685.62	15,528,057,635.54	1,171,563,855.41	1,060,913,666.21
Jiangsu Blue Dream E-commerce Co., Ltd	Subsidiary	Wholesaling and retailing of prepackaged food	10,000,000.00	869,609,578.04	514,640,711.32	1,523,056,390.05	656,211,800.68	492,168,478.39
Jiangsu Shuanggou Liquor Operation Co., Ltd.	Subsidiary	Wholesaling and retailing of prepackaged food	5,000,000.00	6,401,947,711.08	367,852,247.17	11,136,181,342.39	472,939,760.88	354,760,618.96
Siyang Blueprint Liquor Operation Co., Ltd	Subsidiary	Wholesaling and retailing of prepackaged food	3,000,000.00	13,223,903,075.79	305,529,048.48	9,394,513,173.78	401,161,292.77	300,867,348.48
Jiangsu Yanghe Liquor Operation and Management Co., Ltd	Subsidiary	Wholesaling and retailing of prepackaged food	10,000,000.00	4,555,595,744.74	241,677,619.82	8,677,148,533.11	300,931,117.10	225,694,339.82

Acquisition and disposal of subsidiaries during the reporting period

Applicable  N/A

Subsidiary name	How subsidiary was acquired or disposed during the reporting period	Impact on overall operation and results
Jiangsu Yanghe Culture Media Co.	Establishment	minor
Shuyang Mengzhilan Trading Co., Ltd.	Establishment	minor
Yanghe Hong Kong Winery Co., Ltd.	Deregistration	minor

Notes on Major Controlled and Invested Enterprises  
N/A

## X. Structured entities controlled by the Company

Applicable  N/A

## XI. Outlook for the future development of the Company

### (1) Industry situation analysis

**a) The liquor industry is experiencing a contraction in production volume.** According to data from the National Bureau of Statistics, in 2025, the total output of baijiu from enterprises above the designated size nationwide (converted to 65 degrees, marketable volume) was 3.549 million kiloliters, a year-on-year decrease of 12.1%. The industry entirety is showing a trend of reduction both in production volume and profits, leading to increased competition among baijiu companies which intensified their efforts to gain market share.

**b) The industry structure continues to diverge.** Affected by factors such as policy adjustments, shrinking demand, and shifting consumption scenarios, market differentiation has intensified further. Among them, high-end liquor has remained relatively stable, mass market liquor shows its resilience, while the sub-premium and mid-range markets continuously to face pressure, all those factors driving a restructuring of the price range mix.

**c) Market share concentrating rapidly.** Competition in the existing market is intensifying, with leading companies leveraging their brand, channel, and cost advantages to continue expanding their market share. Small and medium-sized liquor companies are being forced out of the market at an accelerated pace, further reinforcing the "the strong get stronger" market phenomenon and accelerating industry reformation.

**d) Enterprises are reinforcing their value creation.** Consumers' demand for high-quality baijiu continues to upgrade, and alcoholic beverage manufacturers are continuously promoting sustainable development and transformation through quality upgrades, product innovation, brand building, scenario expansion, and customer operation.

### (2) The company's development strategy and business plan

#### a) Development strategy

As an enterprise owning two of China's most famous liquor brands, "Yanghe" and "Shuangou" the company's mission is "to brew for people's better life" and the vision to "become a great enduring enterprise and world-renowned". It is committed to building a national brand that "Advancing, setting the pace, leading the industry and serving the country, the people, and the community". Facing a complex and ever-changing external environment and its own development challenges, the company firmly adheres to the "long-termism" development philosophy, concentrating on its main businesses and responsibility of Chinese Baijiu, deepening the upgrading reformation in quality, brand, products, market, and management, and continuously accumulating momentum of high-quality development to withstand the industry cycles.

#### b) Business plan for 2026

In 2026, the company adopts the general principle of "Upholding integrity and long-term vision; taking steady steps to solidify the market foundation", implements a pragmatic approach of "building strongholds, fighting persistently, taking simple and honest path, and employing decent persons", further promotes the work of "rectifying order, stabilizing prices, restoring confidence, enhancing collaboration, and boosting sales", and systematically drives the company's steady growth around quality revolution, brand empowerment, product-driven development, market expansion, and management upgrades. The main tasks include:

(I) Furtherance of quality revolution. Centering on consumers, supporting by technology, and driving by innovation, we will build a consumer- focused quality management mechanism and persistently strive to set industry quality benchmarks. First, we will continuously improve a comprehensible, end-to-end, and full-cycle quality control system, from the "field" to the "workshop" and finally to the "heart" of the consumers, solidifying the lifeline of safety and quality. Second, we will continuously improve the consumer-oriented R&D chain, deeply understand consumer quality demands, research new technologies, explore new processes, and create new value, building a quality model widely recognized by consumers. Third, we will continuously strengthen the guarantee of brewing production, optimize intelligent brewing technology, scientifically blend raw liquor resources, strengthen strategic reserves of base liquor, systematically forge ultimate quality, and promote a further breakthrough in a higher level of quality revolution.

(II) Strengthen brand empowerment. The Company targets to enhance brand pull and achieve brand-driven development. First, we will strengthen the leading role of Yanghe brand development, focusing horizontally on the main brand and vertically on creating blockbuster products to form a brand matrix of "high-end leadership, mid-tier support, and mass market penetration". Second, we will strengthen cultural empowerment, tell the brand story well, and establish a "national classic" brand image with rich and long-standing historical heritage, unique cultural heritage, deeply rooted contemporary spirit, and meticulous quality standards. Third, we will adhere to content as the link and scenarios as the touchpoint, deeply integrate brewing technology, consumer experience, and emotional connection to build a communication ecosystem that integrates brand and sales. Fourth, we will, centering on the brand matrix of "high-end leading low-end, high-end and low-end complementarity" ,systematically build a pyramid-shaped reputation system, strengthen the brand reputation security line, and build a high-quality brand ecosystem.

(III) Strengthen product-driven development. The Company targets to focus on core brands and leading products, and continuously build a product system that leads the (sub-) premium market and coordinates across all price ranges to drive market growth. We will strengthen the core advantages of Dream Blue M6+, focusing on "controlling volume and stabilizing prices" and "reshaping momentum" and enhance competitive advantages in core consumption scenarios. We target to solidify the positioning of Sky Blue and Dream Blue Crystal Edition, focusing on core scenarios and continuously improving channel push. The Company will focus on the revitalization and breakthrough of "Ocean Blue" ,orderly promote the nationwide launch of the seventh-generation Ocean Blue, and continuously carry out consumer education activities. We aim to promote the breakthrough of Yanghe High-end Unpackaged Liquor. We will deepen quality improvement and efficiency enhancement within Jiangsu province, and accelerate the expansion of sales volume outside Jiangsu.

(IV) Deepen market expansion and penetration. The Company targets to adhere to the principle of "consolidating core markets and maintaining rational expansion" ,solidly build a strong foundation for our own development, and actively participate in market competition. First, we will increase efforts to cultivate mature markets, consolidate traditional advantageous markets, improve the precision of expansion and penetration into high-potential markets, and enhance the return on investment. Second, we target to promote brand synergy and integration in regional markets, achieve complementary advantages in various brand channels, optimize investment, and share resources to improve overall marketing efficiency. Third, the Company plans to strengthen channel construction and maintenance, implement differentiated operation strategies, continuously build a channel structure that matches the company's strategy, brand layout, products matrix, and regional development, and improve a channel system that is complementary and highly efficient.

(V) Implement management promotion. With consumer-centric approach, market orientation, and lean management as the goals, the company will continuously promote management upgrades. First, we will drive organizational optimization and efficiency improvement. On the marketing side, guided by "collaboration first, focused contraction" ,we will promote the transformation of the organization from expansion-oriented to concentration. On the functional side, we will systematically streamline and integrate, promoting the transformation from "management and control" to "service and empowerment", building a highly efficient organizational system that aligns with the competitive landscape of the industry. Second, we will promote process reengineering and efficiency improvement. Focusing on "innovation, process optimization, cost reduction and profit enhancement", we will optimize business processes and improve cross-departmental collaboration efficiency. Third, we will strengthen risk management and internal control. We will enhance risk investigation in key areas, optimize the precise performance evaluation system, and continuously build a consumer-centric, agile, efficient, and coordinated organizational ecosystem.

### (3) Possible risks

I) Macroeconomic fluctuations. Although the economy of China is currently recovering and generally improving, the intricate and challenging of the external environment remain in place, which bring considerable uncertainty to the development of the liquor industry and, to some extent, increase the operational risks for liquor companies.

II) Competition within the industry is intensifying. The competitive landscape of the liquor industry continues to compress, industry price ranges are being restructured at an accelerated pace, competition among liquor companies is becoming increasingly fierce, and mid-to-high-end brands are currently facing even greater challenges.

III) Changes in market demand. The size, structure, consumer demands, and consumption concepts of the main consumer groups for Chinese baijiu have changed, placing higher requirement to market responsiveness, brand competitiveness, and business management capabilities of liquor companies.

## XII. Visits paid to the Company for research, communication, interview, etc. during the reporting period.

Applicable  N/A

Date of visit	Reception site	Way of visit	Type of visitor	Visitor	The main contents of the discussion and the information provided	Index to main inquiry information
2025-04-29	Telephone conference	Telephone communication	Institution	Industrial Securities; CITIC Securities; Guotai Haitong Securities; Zhesang Securities; CICC; CGS International; CITIC Securities CLSA, other brokerage analysts and institutional investors.	The company's marketing, product planning, distributor management, etc.	www.cninfo.com.cn
2025-05-19	"Cloud Interview" section of "Easy Interactive" platform of Shenzhen Stock Exchange's	Online platform	Institution & Individual	Investors who participated in the online briefing on the company's 2024 annual results	The company's production, marketing, management, finance, strategies, investor returns, etc.	www.cninfo.com.cn
2025-06-12	Suqian Hengli International	Field survey	Institution & Individual	Shareholders and investors who	The company's operations,	www.cninfo.com.cn

	Hotel			participated in the on-site communication of the company's 2024 annual general meeting	strategy, brand building, marketing, finance, product planning, etc.	
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### **XIII Development and implementation of market value management system and valuation enhancement plan**

Whether the company has established a market value management system.

Yes No

Whether the company has disclosed its valuation enhancement plan.

Yes No

In order to strengthen the company's market value management, promote the improvement of the company's investment value, and safeguard the legitimate rights and interests of the company, investors and other stakeholders, in accordance with the "the Company Law of the People's Republic of China", "the Securities Law of the People's Republic of China", "Several Opinions of the State Council on Strengthening Supervision, Preventing Risks and Promoting High-quality Development of the Capital Market", "Guidelines for the Supervision of Listed Companies No. 10-Market Value Management", "Shenzhen Stock Exchange Listing Rules" and other relevant laws, administrative regulations, normative documents and the company's "Articles of Association" and other provisions, and in combination with the company's actual situation, the "Market Value Management System" was formulated. The system clarifies the market value management institutions and personnel, specific management measures, monitoring and early warning mechanisms, etc., and disclosed after being reviewed and approved at the seventh meeting of the eighth board of directors of the company on December 30, 2024.

### **XIV Implementation status of the 'Quality Improvement and Dual Enhancement' action plan**

**Whether the company disclosed the 'Quality Improvement and Dual Enhancement' action plan**

Yes No

To embody the development concept of 'investor-centric' for listed companies, continuously enhance the company's value creation capability and shareholder return capability, the company has formulated and disclosed the 'Quality Improvement and Dual Enhancement' action plan. For specific details, please refer to the announcement titled 'Announcement on the 'Quality Improvement and Dual Enhancement' Action Plan' disclosed by the company, on the Juchao Information Network (www.cninfo.com.cn) (Announcement No.: 2024-002). During the reporting period, the company continuously to promote and implement the action plan:

Firstly, Yanghe is focusing on the main responsibilities and primary business. Based on long-termism and rational development, the company prioritizes "solving problems and precluding risks", focusing on inventory reduction, price stabilization, and momentum enhancement. It implements quota control for major products, proactively strengthens consumer operations and interaction, continuously deepens channel development, and constantly consolidates its market foundation, accumulating momentum for steady development. Secondly, strengthening corporate governance. The company has improved its corporate governance structure, with the Audit Committee of the Board of Directors legally undertaking the powers of the Supervisory Board in accordance with new regulations. It has systematically revised 19 regulations, and newly formulated 3 guidelines in the Articles of Association, to promote the optimization and construction of its internal control system. Thirdly, the company provides continuous shareholder returns. Considering changes in the industry environment, the company's

operating conditions, and shareholder returns, the company actively provides shareholder returns. During the reporting period, the company completed the 2024 interim equity distribution and the 2024 annual equity distribution, with a total cash dividend of RMB 7 billion, continuously rewarding investors. Fourthly, the company standardizes information disclosure. Adhering to the principles of "truthfulness, accuracy, completeness, timeliness, and fairness," the company disclosed 93 periodic reports and interim announcements, and has disclosed social responsibility reports or environmental, social, and governance (ESG) reports for consecutive 15 years. A rating was obtained by the company in the information disclosure assessment organized by the Shenzhen Stock Exchange for 13 successive years from Shenzhen Stock Exchange's information disclosure assessment. Fifthly, the company proactively communicates and interacts with investors, held online performance briefing for the 2024 annual report and the 2024 annual shareholders' meeting, engaging with shareholders and investors through multiple channels to deepen investors' understanding of the company's value. For detail progresses of the company's "Quality Improvement and Dual Enhancement" action plan, please refer to the "Progress Announcement on the 'Quality Improvement and Dual Enhancement' Action Plan" disclosed by the company on April 28, 2026.

# **Section IV Corporate Governance, Environment and Social Responsibility**

## **I. Basic Situation of Corporate Governance**

The company has strictly been following the "Company Law", "Securities Law", "Governance Guidelines for Listed Companies", "Shenzhen Stock Exchange Listing Rules" and other laws, administrative regulations, departmental rules and normative documents. Combining the actual development of the company, the company constantly has improved its modern enterprise system and corporate governance structure. During the reporting period, the overall operation of the company was standardized and complied line with the governance requirements of listed companies.

### **1. Shareholders and shareholders' meetings**

The responsibilities of the company's general meeting of shareholders were clear, with accurate rules of procedure and practical implementation. The calling, convening and deliberation procedures of the company's general meeting of shareholders complied with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders of the Company. All shareholders were treated equally, especially to ensure that small and medium shareholders enjoy equal status and ensure that small and medium shareholders can sufficiently exercise its own rights. The board of directors of the company earnestly has implemented the resolutions of the general meeting of shareholders.

### **2. Directors and Board of directors**

The responsibilities of the board of directors of the company are clear, and all directors can perform their duties conscientiously. The board of directors of the company strictly follows the selection and appointment procedures stipulated in the Company Law, the Articles of Association and other relevant regulations. The board of directors currently has 9 directors, including 4 independent directors. The composition of the board of directors conforms to the requirements of laws and regulations. The board of directors strictly complies with the Company Law, the Articles of Association and other relevant regulations to regulate the deliberation and operation of the board of directors. All directors can attend board meetings in accordance with the Rules of Procedure for the Board of Directors, the Working System for Independent Directors and other regulations, perform their duties diligently and conscientiously, review various proposals carefully, make scientific and reasonable decisions on major issues of the company, and effectively safeguard the interests of the company and the legitimate rights and interests of all shareholders. The board of directors has five special committees, namely the Strategy Committee, the ESG Committee, the Nomination Committee, the Audit Committee, and the Remuneration and Appraisal Committee. Each committee has a clear division of labor, clear powers and responsibilities, gives full play to its professional functions, and provides scientific and professional opinions for the decision-making of the board of directors.

### **3. Performance appraisal and incentive and restraint mechanism**

The appointment of the company's directors, supervisors and senior management personnel was open and transparent, in line with relevant laws and regulations, and a fair and transparent management performance evaluation standard and incentive and restraint mechanism have been established. During the reporting period, the company conducted a performance appraisal on the goals set by the executive suites in accordance with the annual business plan, and all the executive suites have conscientiously performed their duties.

### **4. Regarding the controlling shareholder and its related parties with the listed company**

The controlling shareholder of the company exercised the rights of the investor and took the obligations in strict accordance with the requirements of the Company Law. The company and the controlling shareholder separated personnel, assets and finances, with independent organization and business, accounting independently and taking responsibilities and risks independently. During the reporting period, the controlling shareholder did not directly or indirectly interfere with the company's decision-making and business activities beyond the company's general meeting of shareholders, and there was no situation where the controlling shareholder harmed the legitimate rights and interests of other shareholders of the company. There was no major related transaction between the company and its controlling shareholder, there was no phenomenon that the controlling shareholder occupies the funds of the company, and the company did not provide guarantees for the controlling shareholder and its subsidiaries.

#### 5. Investor relations activities

The company paid great attention to the management of investor relations and actively safeguarded the legitimate rights and interest of the company's shareholders. In addition to performing information disclosure obligations diligently and honestly, the chairman, president and secretary of the board of directors maintained positive interactions with investors by receiving investor surveys, participating in online performance briefings and brokerage strategy meetings, etc. The securities department acting as a specialized relationship management agency, strengthened communication with investors through telephone, email, interactive and other methods, fully guaranteeing the investors' right to know, and safeguarding their legitimate rights and interests.

#### 6. Stakeholders, environmental protection, social responsibility

The company fulfilled its social responsibility obligations in accordance with the requirements of social responsibility, fully respected and safeguarded the legitimate rights and interests of relevant stakeholders, realized the coordination and balance of the interests of the society, government, shareholders, the company, employees and other parties, and jointly promoted the harmonious and stable development of the company. The company advocated the governance concept of 'green brewing, ecological enterprise', integrates ecological and environmental protection requirements into the company's development strategy and corporate governance process. While maintaining the sustainable development, the company actively participated in social welfare undertakings and practices social responsibility.

#### 7. Information disclosure and transparency

In strict accordance with the requirements of the regulatory authorities, the company earnestly implemented the "Information Disclosure Management System", "Investor Relations Management System" and others, strengthened the management of information disclosure affairs, and earnestly fulfilled its information disclosure obligations in accordance with the law, and discloses truthfully, accurately, completely, timely and fairly. information, ensuring that all shareholders have equal access to information.

#### 8 Continue to improve the internal management system

The company continued to improve the internal control system, further strengthen corporate governance, so that the level of corporate governance has been further improved. The audit committee of the company comprehensively reviewed and supervised the effectiveness of the company's financial reporting, internal control and corporate governance. As an internal audit unit, the company's audit center conducted routine and continuous supervision and inspection for the improvement and implementation of the internal control system, timely discovered and improved the deficiencies of internal control, ensured the effectiveness of internal control, and improved the company's operation and management level and risk prevention ability.

Is the actual situation of corporate governance significantly different from laws, administrative regulations and regulations on listed company governance issued by the CSRC?

Yes  No

The actual situation of corporate governance is not significantly different from laws, administrative regulations and regulations on listed company governance issued by the CSRC.

## **II Company's Independence in Assets, Personnel, Finances, Organizations and Businesses from Controlling Shareholders and Actual Controller**

The company has a complete independent production and management system, and independent decision-making management ability, covering business, personnel, assets, organizations and finance five aspects.

#### 1. For business aspect

The company's business structure is independent and complete, with the ability to independently face the market and operate independently. There is no horizontal competition with the controlling shareholder, and the controlling shareholder does not directly or indirectly interfere with the company's operations.

#### 2. For personnel aspect

The company has established an independent personnel and wage management system, and signed a "labor

contract" with employees. The chairman, president, vice president, chief financial officer and secretary of the board of directors of the company receive remuneration from the company, but do not receive remuneration from the controlling shareholder. The directors, supervisors and senior management of the company do not hold positions prohibited by laws and regulations in other companies with the same or similar business as the company.

3. For assets aspect

The company has a clear property relationship with the controlling shareholder, has independent land use rights and housing property rights, and independently registers, builds accounts, accounts and manages company assets. The controlling shareholder has not occupied or dominated the company's assets or interfered with the company's operation and management of the assets.

4. For organization aspect

The company has a mature organizational system. The general meeting of shareholders, the board of directors, the board of supervisors, the management and each functional department operate independently, and a corresponding internal management and control system has been formulated, so that the division of labor among each department is clear, and each department performs its own duties. The cooperation with each other forms an organic whole, which ensures the legal operation of the company, and there is no subordination relationship with the controlling shareholder's functional department.

5. For finance aspect

The company has a complete and independent financial institution, equipped with sufficient full-time financial accounting personnel, established an independent accounting system and financial management system, and independently opened bank accounts, paid taxes, and made financial decisions independently. The controlling shareholder does not intervene in the financial management of the company.

### **III. Competition in the same industry**

Applicable  N/A

#### IV. Directors, Supervisors and Senior Managers

##### 1. Basic situation

Name	Gender	Age	Position	Service Status	Term Start Date	Term End Date	Number of Shares Held at the Beginning of the Period	Number of Shares Increased During the Period	Number of Shares Decreased During the Period	Other Increase/Decrease (Shares)	Number of Shares Held at the End of the Period	Reason for Change in Shareholding
Gu Yu	Male	48	Chairman	Incumbent	2025-07-21	2027-04-02	0	0	0	0	0	
			President	Incumbent	2026-01-23	2027-04-02	0	0	0	0	0	
Xu Jun	Male	50	Director	Incumbent	2025-01-15	2027-04-02	0	0	0	0	0	
Chen Jun	Male	50	Director, Vice President	Incumbent	2024-04-02	2027-04-02	0	0	0	0	0	
Zheng Bujun	Male	59	Director	Incumbent	2024-04-02	2027-04-02	45,000	0	0	0	45,000	
Li Jishou	Male	57	Employee Director	Incumbent	2026-02-25	2027-04-02	0	0	0	0	0	
Nie Yao	Male	49	Independent Director	Incumbent	2021-02-23	2027-04-02	0	0	0	0	0	
Lu Guoping	Male	66	Independent Director	Incumbent	2021-02-23	2027-04-02	0	0	0	0	0	
Mao Lingxiao	Male	62	Independent Director	Incumbent	2021-02-23	2027-04-02	0	0	0	0	0	
Hong Jinming	Male	45	Independent Director	Incumbent	2024-04-02	2027-04-02	0	0	0	0	0	
Yin Qiuming	Male	54	Vice President, CFO	Incumbent	2020-07-13	2027-04-02	0	0	0	0	0	
Li Yuling	Male	56	Vice	Incumbent	2020-07-13	2027-04-02	0	0	0	0	0	

			President									
Fan Xiaolu	Male	42	Vice President	Incumbent	2023-11-10	2027-04-02	0	0	0	0	0	
Chen Taisong	Male	58	Vice President	Incumbent	2023-11-10	2027-04-02	0	0	0	0	0	
Zhang Xueqian	Male	57	Vice President	Incumbent	2023-11-10	2027-04-02	0	0	0	0	0	
Song Zhimin	Female	51	Vice President	Incumbent	2023-11-10	2027-04-02	0	0	0	0	0	
Lu Hongzhen	Female	48	Secretary of the Board	Incumbent	2021-02-23	2027-04-02	0	0	0	0	0	
Zhang Liandong	Male	58	Chairman	Left Office	2021-02-03	2025-07-01	0	0	0	0	0	
Zhong Yu	Male	62	Vice Chairman, President	Left Office	2015-02-10	2026-01-22	0	0	0	0	0	
Yang Weiguo	Male	52	Director	Left Office	2022-05-30	2025-06-10	0	0	0	0	0	
Dai Jianbing	Male	55	Director	Left Office	2024-04-02	2026-02-25	0	0	0	0	0	
Total	--	--	--	--	--	--	45,000	0	0	0	45,000	--

During the reporting period, is there any resignation of directors and supervisors and dismissal of senior managers during their term of office?

Applicable  N/A

During the reporting period, Mr. Zhang Liandong resigned from the position of Chairman due to work adjustments, and Mr. Yang Weiguo resigned from the position of Director due to work reassignment.

Changes in directors, supervisors and senior management of the company

Applicable  N/A

Name	Position	Type	Date	Reasons
Zhang Liandong	Chairman	Resigned	2025-07-01	Job Reassignment
Yang Weiguo	Director	Resigned	2025-06-10	Job Reassignment

## 2. Situation of Employers

The professional background, main work experience and main responsibilities of the current directors, supervisors and senior management of the company

### (1) Directors

**Mr. Gu Yu**, born in May 1978, holds a postgraduate degree from a Party school and is a member of the Communist Party of China. He has successively served as Director of the Siyang County Party Committee Office, Party Secretary of Zhangjiawei Town in Siyang County, Deputy Director of the Suqian Municipal Reception Office, Deputy County Head of Shuyang County and Member of the Standing Committee of the County Party Committee, Deputy Secretary of the Party Working Committee and Director of the Management Committee of Suqian Yanghe New District, Party Secretary and Director of Suqian Emergency Management Bureau, Party Secretary of Yanghe New District, and Deputy Secretary of Sucheng District Committee and District Mayor. He currently serves as the Party Secretary, Chairman, and President of the Company, and Chairman of Jiangsu Shuanggou Distillery Co., Ltd.

**Mr. Xu Jun**, born in April 1976, holds a master's degree and is a Certified Intermediate Economist. He has successively served as Assistant to the General Manager of Shanghai Tobacco Trade Center Co., Ltd., Deputy General Manager (Deputy Division Level) of Shanghai Tobacco Trade Center Co., Ltd., Director of Shanghai Tobacco Group Huangpu Tobacco, Liquor & Sugar Co., Ltd., Director of Shanghai Tobacco Group Xuhui Tobacco, Liquor & Sugar Co., Ltd., Director of Shanghai Tobacco Group Minhang Tobacco, Liquor & Sugar Co., Ltd., and Director of Shanghai Tobacco Group Fengxian Tobacco, Liquor & Sugar Co., Ltd. He currently serves as a Director of the Company and Deputy General Manager of Shanghai Haiyan Logistics Development Co., Ltd.

**Mr. Chen Jun**, born in January 1976, holds a postgraduate degree from a Party school and is a Senior Economist. He has successively served as Deputy Director of the Accounting and Accounting Center of Suqian Finance Bureau, Vice President (Chief Section Level) of the Chinese Accounting Correspondence School Suqian Branch, Director and Deputy Director of the Financial Work Office of Suqian Municipal People's Government, Member of the Party Working Committee and Deputy Director (on secondment) of the Management Committee of Suqian Economic and Technological Development Zone, Deputy Secretary of the Party Working Committee, Deputy Secretary of the Party Committee, Director, and General Manager of Suqian Industrial Development Group Co., Ltd., and Director of Jiangsu Yanghe Group Co., Ltd. He currently serves as the Deputy Secretary of the Party Committee, Director, and Vice President of the Company, and Chairman of Sujiu Group Trading Co., Ltd.

**Mr. Zheng Bujun**, born in January 1967, holds an MBA degree and is a Senior Engineer. He has successively served as General Manager of Jiangsu Yanghe Group Co., Ltd., General Manager of Suqian State-owned Assets Investment Management Co., Ltd., Member of the Standing Committee of the Party Committee of the Company, Director and Deputy General Manager of Jiangsu Shuanggou Distillery Co., Ltd., and Director of Procurement and Logistics, Assistant to the President, Vice President, and Member of the Party Committee of the Company. He currently serves as a Member of the Party Committee, Director of the Company, and Party Secretary and General Manager of the Company's Siyang Branch.

**Mr. Li Jishou**, born in November 1969, holds a postgraduate degree. He has successively served as Deputy General Manager of Blue Classic Brand Company, Deputy General Manager of the Yanghe Brand Division of Sujiu Group Trading Co., Ltd., Deputy Sales Director, Marketing Director, Sales Director, Assistant to the General

Manager and General Manager of the Fujian Region, and General Manager of the Famous Liquor Sales Company of Sujiu Group Trading Co., Ltd. He currently serves as a Director of Jiangsu Blue Alliance Co., Ltd., an Employee Director of the Company, and Deputy General Manager of Sujiu Group Trading Co., Ltd.

**Mr. Nie Yao**, born in June 1977, holds a doctorate degree. He has served as a Visiting Scholar at the Advanced Biotechnology and Medical Center of Rutgers University (State University of New Jersey), Associate Professor at the School of Bioengineering, Jiangnan University, and Independent Director of Jinhui Liquor Co., Ltd. He currently serves as an Independent Director of the Company, and Vice Dean and Professor of the School of Bioengineering, Jiangnan University.

**Mr. Lu Guoping**, born in March 1960, holds a bachelor's degree, is a Professor of Accounting, a Certified Public Accountant (CPA) in China, and an Outstanding Educator of Jiangsu Province. He has successively served as Lecturer, Associate Professor, and Director of the Teaching and Research Section at the School of Engineering, Nanjing Agricultural University, Professor and Vice Dean at Ruihua College and Guofu Shenzhong College of Nanjing Audit University, and Professor at Shenzhong College. He has served as an Independent Director of listed companies such as Langbo Technology, Huaxin New Materials, Jiangsu Construction Science Research Institute, and Baosheng Technology, and as a Director of Langbo Technology. He currently serves as an Independent Director of the Company, Head of the National First-class Undergraduate Course (Online and Blended) "Advanced Financial Accounting", Independent Director of Shenjian Shares, Independent Director of Suzhou Lianxun Instrument Co., Ltd., and Director of Jiangsu Kangyuan Group Co., Ltd.

**Mr. Mao Lingxiao**, born in January 1964, holds a bachelor's degree and is a First-Class Lawyer (Senior Professional Title). He has successively served as a Staff Member of the Jiangsu Provincial Department of Justice, Full-time Lawyer at Jiangsu International Economic and Trade Law Firm, Senior Partner and Director of Jiangsu Lingxiao Law Firm, Senior Partner of Jiangsu Jinding Law Firm, Senior Partner and Director of Jiangsu Tianzhe Law Firm, and Full-time Lawyer, Senior Partner, and Executive Director of Beijing Zhongyin (Nanjing) Law Firm. He currently serves as an Independent Director of the Company, Independent Director of Hicin Pharmaceutical Co., Ltd., and Full-time Lawyer, Senior Partner, and Chairman of the Partners' Meeting of Beijing Haotian (Nanjing) Law Firm.

**Mr. Hong Jinming**, born in October 1981, holds a doctorate degree, is an Associate Researcher, and a Doctoral Supervisor. He has served as Credit Manager at the Beijing Development Zone Branch of Agricultural Bank of China Limited, Product Manager at the Planning and Accounting Department of the Beijing Branch, and Senior Specialist (Chief Clerk) at the Head Office of Agricultural Bank of China, and Independent Director of Wuzhou Special Paper Co., Ltd. and EarthView Image Co., Ltd. He currently serves as an Independent Director of the Company, Deputy Director of the Financial and Accounting Research Center at the Chinese Academy of Fiscal Sciences, and Independent Director of Aibulu Co., Ltd.

## (2) Executives

**Mr. Gu Yu**, President of the Company, resume same as above.

**Mr. Chen Jun**, Vice President of the Company, resume same as above.

**Mr. Yin Qiuming**, born in July 1972, holds an associate degree and is an auditor. He has successively served as Assistant to the Audit Director, Audit Director, and Deputy Secretary of the Discipline Inspection Committee of Jiangsu Yanghe Group Co., Ltd.; Minister of the Management Department of the Company; Deputy General Manager of Jiangsu Yanghe Sales Co., Ltd.; Deputy General Manager, Member of the Party Committee, and Financial Director of Jiangsu Yanghe Distillery Co., Ltd.; Supervisor and Deputy Secretary of the Discipline Inspection Committee of the Company; Deputy General Manager of the Yanghe Branch and Finished Product Dispatch Director of the Company; and Chief Financial Officer and General Manager of the Financial Center of the Company. He currently serves as a Member of the Party Committee, Vice President, and Chief Financial Officer (CFO) of the Company.

**Mr. Li Yuling**, born in December 1970, holds an MBA from Nanjing University and is a Certified Intermediate Economist. He has successively served as Assistant to the Head of the Supply Department, Assistant to the Head of the Finance Department, Deputy Chief Dispatcher of the General Dispatching Office, and Head of the Supply Department of Jiangsu Yanghe Group Co., Ltd.; Head of the Supply Department of the Company; Assistant to the General Manager of the Yanghe Branch; Director of Procurement and Logistics; Director of Supply Chain

Management; and General Manager of Jiangsu Shuanggou Distillery Co., Ltd. He currently serves as a Member of the Party Committee and Vice President of the Company, and Party Secretary and General Manager of Jiangsu Shuanggou Distillery Co., Ltd.

**Mr. Fan Xiaolu**, born in November 1984, holds a master’s degree. He has successively served as Director, Deputy General Manager, and Member of the Party Committee of Suqian Industrial Development Group Co., Ltd.; Director of Jiangsu Yanghe Group Co., Ltd.; Chairman and General Manager of Jiangsu Huaihai Financial Leasing Co., Ltd.; Director of Suqian Financial Asset Management Co., Ltd.; Executive Director and General Manager of Suqian Technology Venture Capital Co., Ltd.; Executive Director, General Party Branch Secretary, and General Manager of Jiangsu Shuanggou Liquor Sales Co., Ltd.; Assistant to the President of the Company; and General Manager of Jiangsu Shuanggou Distillery Co., Ltd. He currently serves as Vice President of the Company, and Deputy General Manager of Sujiu Group Trading Co., Ltd. and General Manager of the Southern Jiangsu War Zone.

**Mr. Chen Taisong**, born in January 1968, holds a postgraduate degree. He has successively served as Staff Member and Secretary of the Legal Affairs Bureau of Siyang County Government; Assistant to the Director and Deputy Director of the General Office of Siyang County Government; Town Mayor and Party Secretary of Chuancheng Town, Siyang County; Deputy Party Secretary, Secretary of the Discipline Inspection Commission, and Chairman of the Supervisory Board of Jiangsu Sujiu Industrial Co., Ltd.; Member of the Standing Committee of the Party Committee, Minister of the Organization Department, Supervisor, and Deputy Secretary of the Discipline Inspection Commission of the Company; and Deputy Party Secretary, Secretary of the Discipline Inspection Commission, and Chairman of the Supervisory Board of Sujiu Group Trading Co., Ltd. He currently serves as Vice President of the Company, and Party Secretary and Chairman of Guizhou Guijiu Group Co., Ltd.

**Mr. Zhang Xueqian**, born in November 1969, holds a bachelor’s degree. He has successively served as Deputy Director of the Sales Department of Jiangsu Yanghe Group Co., Ltd.; Deputy Director of the Product Department of Jiangsu Yanghe Distillery Co., Ltd.; Minister of the Marketing Department, Manager of the Product Department, Manager of the Strategic Research Department, and Deputy General Manager of the Company at Jiangsu Yanghe Sales Co., Ltd.; Member of the Party Committee, Vice President, General Manager of the Customization Center, and General Manager of the International Trade Department of Sujiu Group Trading Co., Ltd.; General Manager of Jiangsu Shuanggou Liquor Sales Co., Ltd.; and Assistant to the President of the Company. He currently serves as Vice President and Chief Product Officer of the Company, Vice President of Sujiu Group Trading Co., Ltd., and Chairman of Tibet Earth Third Pole Liquor Co., Ltd.

**Ms. Song Zhimin**, born in October 1975, holds a master’s degree. She has successively served as Regional Manager of the Sales Department, Deputy Director of the General Office, and Minister of the Marketing Department of Jiangsu Yanghe Group Co., Ltd.; Minister of the Management Department of the Company; Assistant to the General Manager of Jiangsu Yanghe Distillery Co., Ltd.; Deputy General Manager of the Yanghe Branch of the Company; Member of the Party Committee, Assistant to the President, Director of Management, Director of Strategic Research, General Manager of the Management Center, and General Manager of the Strategic Research Center of the Company. She currently serves as Vice President and Director of Management of the Company, and General Manager of the Company’s Yanghe Branch.

**Ms. Lu Hongzhen**, born in October 1978, holds a bachelor’s degree, is a member of the China Association for Promoting Democracy (CAPD), and has obtained the Board Secretary Qualification Certificate issued by the Shenzhen Stock Exchange. She has successively served as Secretary of the General Office, Deputy Minister of the Comprehensive Department, Deputy Director of the Company’s General Office, Director of the Securities Department, Securities Affairs Representative, and General Manager of the Human Resources Center of Yanghe Co., Ltd. She currently serves as the Secretary of the Board of Directors and Human Resources Director of the Company.

Situation where the controlling shareholder and actual controller simultaneously serve as the chairman and president of the listed company

Applicable N/A

Positions in shareholder corporations

Applicable N/A

Name of	Name of	Position Held in	Term Start	Term End	Whether
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Employee	Shareholder Entity	Shareholder Entity	Date	Date	Receiving Remuneration/ Allowance from Shareholder Entity
Xu Jun	Shanghai Haiyan Logistics Development Co., Ltd.	Deputy General Manager	2024-07-30		Yes
Li Jishou	Jiangsu Blue Alliance Co., Ltd.	Director	2019-07-04		No
Explanation of Positions Held in Shareholder Entities	N/A				

Employments in other corporations

Applicable  N/A

Name of employee	Other corporation name	Positions held in other companies	Term start date	Term end date	Whether to receive remuneration allowances in other companies
Xu Jun	Shanghai Tobacco Group Huangpu Tobacco, Liquor & Sugar Co., Ltd.	Director	2023-01-18	2025-08-26	No
Xu Jun	Shanghai Tobacco Group Xuhui Tobacco, Liquor & Sugar Co., Ltd.	Director	2023-01-18	2025-08-26	No
Xu Jun	Shanghai Tobacco Group Minhang Tobacco, Liquor & Sugar Co., Ltd.	Director	2023-01-18	2025-08-26	No
Xu Jun	Shanghai Tobacco Group Fengxian Tobacco, Liquor & Sugar Co., Ltd.	Director	2023-01-18	2025-08-26	No
Nie Yao	Jiangnan University	Vice Dean and Professor of the School of Bioengineering	2020-06-10		Yes
Lu Guoping	Nanjing Audit University	Professor of Shenzhong College	2020-03-02	2025-06-30	Yes
Lu Guoping	Anhui Shenjian New Materials Co., Ltd.	Independent Director	2026-02-02		Yes
Lu Guoping	Suzhou Lianxun Instrument Co., Ltd.	Independent Director	2022-12-17		Yes
Lu Guoping	Baosheng Technology Innovation Co., Ltd.	Independent Director	2019-05-09	2025-12-27	Yes
Lu Guoping	Jiangsu Kangyuan	Director	2025-11-01		Yes

	Group Co., Ltd.				
Mao Lingxiao	Beijing Haotian (Nanjing) Law Firm	Full-time Lawyer, Senior Partner, Chairman of the Partners' Meeting	2021-01-01		Yes
Mao Lingxiao	Nanjing Hicin Pharmaceutical Co., Ltd.	Independent Director	2023-05-15		Yes
Hong Jinming	Chinese Academy of Fiscal Sciences	Deputy Director of the Financial and Accounting Research Center	2018-05-31		Yes
Hong Jinming	Hunan Aibulu Environmental Protection Technology Co., Ltd.	Independent Director	2023-09-30		Yes
Explanation of Positions Held in Shareholder Entities	N/A				

Penalties imposed by securities regulators on current and outgoing directors, supervisors and senior managers of the company in the past three years

Applicable  N/A

### 3. Remuneration of directors and senior managers

Decision-making procedures, basis for determination and actual payment of remuneration for directors and senior managers

Decision procedure: The remuneration shall be implemented based on the cases “Adjusting the Allowance of Independent Directors” approved by the Company's 2020 Annual General Meeting of Shareholders and “Compensation and Assessment Management Measures for Members of Management Team” approved by the Company's 2021 Annual General Meeting of Shareholders.

Determination basis: According to the company's current business situation, reference to the regional economic level, industry and market level.

Actual payment: Paid on time according to the corporate's performance and compensation institutions.

Remuneration of directors, supervisors and senior managers during the reporting period

Unit: CNY10,000

Name	Gender	Age	Position	Employed or not	Total pre-tax compensation received from the company	Whether to obtain remuneration from related parties of the company
Gu Yu <sup>1</sup>	Male	48	Chairman, President	Incumbent	65.32	No
Xu Jun	Male	50	Director	Incumbent	0	Yes
Chen Jun	Male	50	Director, Vice President	Incumbent	92.84	No
Zheng Bujun	Male	59	Director	Incumbent	95.65	No
Li Jishou <sup>2</sup>	Male	57	Employee	Incumbent	50.42	No

			Director			
Nie Yao	Male	49	Independent Director	Incumbent	10	No
Lu Guoping	Male	66	Independent Director	Incumbent	10	No
Mao Lingxiao	Male	62	Independent Director	Incumbent	10	No
Hong Jinming	Male	45	Independent Director	Incumbent	10	No
Yin Qiuming	Male	54	Vice President, CFO	Incumbent	95.65	No
Li Yuling	Male	56	Vice President	Incumbent	95.65	No
Fan Xiaolu	Male	42	Vice President	Incumbent	92.84	No
Chen Taisong	Male	58	Vice President	Incumbent	95.65	No
Zhang Xueqian	Male	57	Vice President	Incumbent	95.06	No
Song Zhimin	Female	51	Vice President	Incumbent	95.65	No
Lu Hongzhen	Female	48	Secretary of the Board	Incumbent	69.74	No
Zhang Liandong <sup>3</sup>	Male	58	Chairman	Left Office	65.32	No
Zhong Yu	Male	62	Vice Chairman, President	Left Office	134.60	No
Yang Weiguo	Male	52	Director	Left Office	0	Yes
Dai Jianbing	Male	55	Director	Left Office	55.06	No
Total	--	--	--	--	1,239.45	--

Note 1: Mr. Gu Yu started receiving remuneration from the Company after assuming the position of Chairman in July 2025.

Note 2: Mr. Li Jishou was appointed as Employee Director of the Company in February 2026. During the reporting period, he held other positions in the Company's subsidiaries and received remuneration therefrom.

Note 3: Mr. Zhang Liandong ceased to be the Chairman of the Company in July 2025.

Assessment Basis for the Actual Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	For non-independent directors and senior management serving in the Company, remuneration is determined in accordance with the Company's Management Team Compensation and Assessment Management Measures and other relevant systems. The allowances for independent directors are implemented in accordance with the resolutions of the Shareholders' Meeting.
Completion Status of the Assessment for the Actual Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	During the reporting period, non-independent directors and senior management serving in the Company received their corresponding remuneration based on the Company's performance appraisal regulations. The allowances received by independent directors are not subject to the appraisal regulations. The Company's performance appraisal work was carried out and completed in accordance with its performance appraisal regulations.
Deferred Payment Arrangements for the Actual Remuneration Received by All Directors and Senior Management at the End of the	None.

Reporting Period	
Stop-payment and Clawback Situations for the Actual Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	None.

Other Notes

Applicable  N/A

## V. Directors' performance of duties during the reporting period

### 1. Attendance of Directors at Board of Directors and General Meetings of Shareholders

Attendance of Directors at Board of Directors and General Meetings of Shareholders							
Name of Directors	The number of times they should attend the board of directors during the reporting period	Number of on-site board attendance	Number of board meetings by means of communication	Number of proxy attendance at the board of directors	Amounts of absences from the Board of Directors	Whether not attended two consecutive board meetings in person	Amounts of attendance at shareholder meetings
Gu Yu	7	5	2	0	0	No	1
Zhong Yu	10	7	3	0	0	No	4
Xu Jun	9	4	4	1	0	No	4
Chen Jun	10	6	3	1	0	No	4
Zheng Bujun	10	5	5	0	0	No	4
Dai Jianbing	10	5	5	0	0	No	4
Nie Yao	10	3	5	2	0	No	4
Lu Guoping	10	5	5	0	0	No	4
Mao Lingxiao	10	1	9	0	0	No	4
Hong Jinming	10	5	5	0	0	No	4
Zhang Liandong	2	1	1	0	0	No	2
Yang Weiguo	2	1	1	0	0	No	1

Explanation of two consecutive absences from attending the board of directors in person  
N/A

### 2. Circumstances where directors raise objections to company-related matters

Were there any objections on related issues of the Company from directors?

Yes  No

During the reporting period, there is no objections on related issues of the Company from directors.

### 3. Other instructions for directors to perform their duties

Were there any suggestions from directors accepted by the Company?

Yes  No

The statement on whether the director's recommendation to the company's proposal has been adopted or not

During the reporting period, the directors of the Company in accordance with the relevant requirements of “the Company Law”, “the Securities Law”, “the Articles of Association” and other laws, regulations and rules, carried out various work diligently and responsibly, provided reasonable opinions and suggestions for the company's business decisions, and effectively safeguarded the interests of the company and all shareholders.

## VI. The special committees under the board of directors during the reporting period

Committee name	Members	Number of meetings held	Opening date	Content of meeting	Important comments and suggestions	Other performance of duties	Specific circumstances of the objection (if any)
Strategy Committee	Zhang Liandong (resigned), Zhong Yu (resigned), Yang Weiguo (resigned), Chen Jun, Lu Guoping	1	2025-04-22	Reviewed the "2024 Annual Business Operation Report" and the "2025 Annual Business Plan"			
Nomination Committee	Nie Yao, Mao Lingxiao	1	2025-07-03	Reviewed the "Proposal on Nominating Mr. Gu Yu as a Non-Independent Director Candidate for the Eighth Board of Directors"			
Remuneration and Appraisal Committee	Hong Jinming, Nie Yao, Lu Guoping	1	2025-04-24	Reviewed the "2024 Performance and Remuneration Implementation of the Company's Management Team Members"			
Remuneration and Appraisal Committee	Hong Jinming, Nie Yao, Lu Guoping	1	2025-10-28	Reviewed the "Rules of Procedure for the Board Remuneration and Appraisal Committee" and the "Management Team Members' Compensation and Assessment Management Measures"			
Audit	Lu	1	2025-02-25	Reviewed the "2024	When		

Committee	Guoping, Mao Lingxiao, Hong Jinming			Annual Financial Statement Audit Work Plan", the "2024 Annual Internal Audit Work Summary and 2025 Work Plan"	formulating the work plan for the next year, it is recommended to simultaneously clarify the risk background of each task. For example, the plan could state that the annual work deployment is based on the assessment and judgment of the risk level of the work, thereby enabling relevant parties to more clearly understand the necessity and specificity of the work arrangements.		
Audit	Lu	1	2025-04-24	Reviewed the "2024			

Committee	Guoping, Mao Lingxiao, Hong Jinming			Internal Control Self-Evaluation Report", the "Proposal on Expected 2025 Routine Related Party Transactions", the "Q1 2025 Internal Audit Work Report", the "2024 Audit Report", the "2024 Annual Final Financial Report", the "Q1 2025 Financial Statements", the "2024 Annual Financial Statement Audit Work Status", the "2024 Assessment Report on the Performance of the Accounting Firm", the "2024 Report of the Board Audit Committee on Supervising the Performance of the Accounting Firm", and the "Proposal on Re-engaging Zhongxi Certified Public Accountants LLP as the Company's 2025 Audit Institution"			
Audit Committee	Lu Guoping, Mao Lingxiao, Hong Jinming	1	2025-08-15	Reviewed the "H1 2025 Internal Audit Work Report" and the "H1 2025 Financial Report"			
Audit Committee	Lu Guoping, Mao Lingxiao, Hong Jinming	1	2025-10-28	Reviewed the "Q3 2025 Internal Audit Work Report", the "Q3 2025 Financial Statements", the "Yanghe Shares Internal Audit System", the "Yanghe Shares Board Audit Committee Rules of Procedure", the "Yanghe Shares Board Audit Committee Annual Report Working System", and the "Yanghe Shares Accounting Firm Selection and Engagement System"			

## VII. Performance of Duties by the Audit Committee

Did the Audit Committee identify any risks of the Company during its supervisory activities in the reporting period?

Yes  No

The Audit Committee has no objection to the supervision matters during the reporting period.

## VIII. Staff in the Company

### 1. Statistics of Employees, Professional Structure of the Staff, and Educational Background

Number of on-the-job employees of the parent company at the end of the reporting period (person)	12,082
Number of on-the-job employees of major subsidiaries at the end of the reporting period (person)	10,310
Total number of on-the-job employees at the end of the reporting period (person)	22,392
The total number of employees receiving salary in the current period (person)	22,392
Number of retired employees (persons) that the parent company and major subsidiaries need to pay	0
<b>Professional Composition</b>	
<b>Professional Composition Category</b>	<b>Professional composition number (person)</b>
Production staff	11,092
Sales staff	6,549
Technical staff	2,033
Financial staff	225
Administration staff	2,493
Total	22,392
<b>Education Level</b>	
<b>Educational level category</b>	<b>Quantity (person)</b>
Master	510
Bachelor	5,251
College	4,811
Senior High School and below	11,820
Total	22,392

### 2. Salary Policy

The salary of the company's employees is composed of basic salary, performance salary and profit increment sharing award. All departments of the company implement a post-self-organization mechanism, and revised the "Administrative Measures for Post-Self-organization" to further improve the quantity, quality, efficiency and economic value of work. It has established quantifiable and assessable indicators to encourage employees to be spontaneous, improve their work efficiency, and improve the company's management level in order to achieve a win-win situation between the company and its employees.

### 3. Training Program

In 2025, focusing on the company's strategic objectives, the Company will adopt a dual-track model of internal training and external delivery, combined with online and offline methods, to refine the system of 'four academies': the Management Academy, Marketing Academy, Customer Academy, and Craftsman Academy. Relying on the 'Sujiu Wisdom' APP, a 'Learn-Practice-Test' mechanism will be established, and the digital learning ecosystem will mature, injecting talent momentum into the company's development.

Centered on the 'Four Academies', targeted tiered training will be precisely implemented: Marketing Academy: Focusing on the core needs of marketing operations, the Academy will deepen the three-tier training and combat system for marketing pioneers, core forces, and leaders. Targeted initiatives such as training camps, seminars, and on-the-job skill enhancement activities will be carried out. 25 high-quality courses will be developed, covering 28,000 marketing personnel, to comprehensively enhance their professional skills. Management Academy: The 'Navigate + Sail Far + Set Sail' three-tier cadre development program will be fully operational, covering over 12,000 personnel across senior, middle, and junior management levels and core backbones in a tiered manner. Specialized training for new employees and junior-level staff will be conducted

systematically to advance the talent echelon construction. Customer Academy: Focusing on product value as the main curriculum, supplemented by business skills and quality experience content, the Academy will provide training for distributors and core terminals, promoting deeper integration and collaboration between the Company and its distributors. Craftsman Academy: The Academy will carry out skills assessments for four job categories: distillers, baijiu brewing workers, packaging workers, and tasters. It will deepen school-enterprise cooperation to cultivate various types of skilled talents."

4. Outsourcing of labor service

Applicable  N/A

## IX. Profit Distribution and Capitalization of Capital Reserves

Profit distribution policy in the reporting period, especially the formulation, implementation and adjustment of cash dividend policy

Applicable  N/A

On January 15, 2025, the Company held its first extraordinary general meeting of shareholders for 2025, which reviewed and approved the Company's interim profit distribution plan for 2024. The specific plan is as follows: based on the existing total share capital of 1,506,445,074 shares, a cash dividend of CNY 23.30 (tax inclusive) will be distributed for every 10 shares held from the Company's undistributed profits to all shareholders, with no bonus shares issued and no conversion of capital reserves into share capital. The distribution plan was submitted to the general meeting of shareholders for approval upon review by the board of directors and has been fully implemented.

On June 12, 2025, the Company held its 2024 annual general meeting of shareholders, which reviewed and approved the Company's profit distribution plan for 2024. The specific plan is as follows: based on the existing total share capital of 1,506,445,074 shares, a cash dividend of CNY 23.17 (tax inclusive) will be distributed for every 10 shares held from the Company's undistributed profits to all shareholders, with no bonus shares issued and no conversion of capital reserves into share capital. The distribution plan was submitted to the general meeting of shareholders for approval upon review by the board of directors and has been fully implemented.

Special explanation of cash dividend policy	
Whether it complies with the provisions of the company's articles of association or the requirements of the resolution of the shareholders' meeting	YES
Whether the dividend standard and ratio are explicit and clear	YES
Whether the relevant decision-making procedures and mechanisms are complete	YES
Whether the independent directors performed their duties and played their roles	YES
If the company has not conducted cash dividends, it should disclose the specific reasons for this decision and outline the next steps it plans to take to enhance investor returns.	N/A
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected	YES
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent	N/A

The company was profitable during the reporting period and the parent company's profit available for distribution to shareholders was positive, but no cash dividend distribution plan was proposed

Applicable  N/A

Profit distribution and conversion of capital reserve into paid-in capital during the reporting period

Applicable  N/A

Number of bonus shares for every 10 shares (shares)	0
Dividends per 10 shares (CNY) (tax included)	14.70
Base of shares (shares) of the distribution plan	1,506,445,074
Amount of cash dividends (CNY) (tax included)	2,214,474,258.78
Amount of cash dividends in other ways (such as share repurchase) (CNY)	0.00
Total cash dividends (including other methods) (CNY)	2,214,474,258.78
Distributable profit (CNY)	29,026,787,408.40
Proportion of total cash dividends (including other methods) to total profit distribution	100%
Cash dividend situation	
If the company's development stage is mature and there is no major capital expenditure arrangement when making profit distribution, the proportion of cash dividends in this profit distribution should be at least 80%.	
Detailed description of profit distribution or capital reserve conversion plan	
As audited by Zhongxi CPA LLP (Special General Partnership), the parent company realized a net profit of CNY 4,159,953,786.74 in 2025. No statutory surplus reserve was withdrawn for the year. Adding the undistributed profit at the beginning of the year of CNY 31,867,283,870.96 and deducting the profit distribution for 2024 of CNY 7,000,450,249.30, the undistributed profit of the parent company available for distribution to shareholders at the end of the year amounted to CNY 29,026,787,408.40.	
In line with the principle of ensuring the long-term development of the Company while providing reasonable returns to shareholders, the Company plans to implement the 2025 profit distribution as follows: based on the existing total share capital of 1,506,445,074 shares, the Company proposes to distribute a cash dividend of CNY 14.70 (tax inclusive) per 10 shares to all shareholders from the Company's undistributed profits, amounting to a total cash dividend of CNY 2,214,474,258.78 (tax inclusive), with no bonus shares to be issued and no conversion of capital reserves into share capital. In the event of any change in the Company's total share capital before the equity registration date for the implementation of the equity distribution, the distribution ratio will be adjusted in accordance with the principle of keeping the total distribution amount unchanged.	

## **X. Implementation of company equity incentive plans, employee stock ownership plans or other employee incentives**

Applicable  N/A

1. Equity incentive

N/A

Equity incentives obtained by the directors and senior management of the company

Applicable  N/A

Evaluation mechanism and incentives for senior managers

The company continues to establish and improve the assessment and traction mechanism based on business performance and the compensation and incentive mechanism for management team members oriented by value contribution that are compatible with the market economy system and modern enterprise system. In order to further improve the incentive and restraint mechanisms for directors and senior management and to stimulate the vitality of the management team, the Company's third extraordinary general meeting of shareholders in 2025 approved the 'Management Team Members' Remuneration and Assessment Management Measures (2025

Revision). These measures stipulate that the annual remuneration of the company's management team members consists of a basic annual salary, performance-based annual salary, and term-based incentives. The basic annual salary is paid monthly, the performance-based annual salary is paid according to the results of the annual performance evaluation, and the term-based incentives are linked to the performance assessment during the term. In 2025, the Remuneration and Appraisal Committee of the Board of Directors of the Company assessed the performance of the management team members in fulfilling their duties for the year 2024.

## 2. Implementation of employee stock ownership plans

Applicable  N/A

All valid employee stock ownership plans during the reporting period

Range of employees	Number of employees	Total shares held	Changes	Proportion to the total share capital of listed companies	Funding sources for the implementation plan
Company's directors (excluding independent directors), supervisors, senior management personnel, and middle-level and above personnel and core backbones who are determined by the board of directors of the company and wholly-owned subsidiaries to play an important role in the company's overall performance and medium and long-term development	4,738	6,379,081	N/A	0.42%	Participants' legal remuneration, self-financing and other methods permitted by laws and regulations

Shareholdings of Directors, Supervisors and Senior Management in the Employee Stock Ownership Plan during the Reporting Period

Name	Title	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to the total share capital of listed companies
Zhang Liandong	Chairman (resigned)	67,443	67,443	0.00%
Zhong Yu	Vice Chairman,	67,443	67,443	0.00%

	President (resigned)			
Zheng Bujun	Director	33,721	33,721	0.00%
Dai Jianbing	Director (resigned)	20,233	20,233	0.00%
Yin Qiuming	Vice President, CFO	33,721	33,721	0.00%
Li Yuling	Vice President	33,721	33,721	0.00%
Chen Taisong	Vice President	33,721	33,721	0.00%
Zhang Xueqian	Vice President	20,233	20,233	0.00%
Song Zhimin	Vice President	20,233	20,233	0.00%
Lu Hongzhen	Secretary of the Board	13,489	13,489	0.00%

Changes in asset management institutions during the reporting period

Applicable  N/A

Changes in equity due to disposal of shares by holders during the reporting period

Applicable  N/A

The exercise of shareholders' rights during the reporting period

N/A

Other relevant situations and explanations of the employee stock ownership plan during the reporting period

Applicable  N/A

Members of Employee Stock Ownership Plan Management Committee Change

Applicable  N/A

The financial impact of the employee stock ownership plan on the listed company during the reporting period and related accounting treatment

Applicable  N/A

Termination of employee stock ownership plans during the reporting period

Applicable  N/A

As approved at the twelfth meeting of the Eighth Session of the Board of Directors, the Company agreed to extend the duration of the First Phase Core Employee Shareholding Plan to September 10, 2026.

3. Other employee incentives

Applicable  N/A

## **XI. Construction and implementation of internal control system during the reporting period**

1. Construction and implementation of internal control

(1) Internal control system construction

a) Optimizing the Internal Control Environment

The Company has established a standardized and effective governance structure comprising the general meeting of shareholders, the board of directors, and the management, each performing their respective duties and maintaining effective checks and balances. Specialized committees, including the Audit Committee and the Remuneration and Appraisal Committee, are established under the Board of Directors to ensure professional decision-making and independent oversight. The Company has established and improved its internal control management systems and employee code of conduct, clarified the internal control responsibility system and the mechanism for authority and responsibility allocation, continuously strengthened corporate culture development and professional ethics education, and optimized human resources policies and incentive and restraint mechanisms. These efforts lay a solid organizational, institutional, and cultural foundation for the effective implementation of internal control, fostering a favorable internal control environment.

b) Conducting Risk Assessment

To effectively control various business risks, the Company identifies risks in areas such as production safety, food

safety, behavioral safety, financial safety, and environmental safety. Full-process risk control measures have been established across key business segments. The Company has formulated corresponding risk control systems, including the Risk and Opportunity Management Measures, the Risk Management Accountability System, the Hazard Identification and Risk Assessment Management Measures, and the Environmental Factor Identification, Evaluation and Update Management Measures. It conducts inspections and evaluations of the effectiveness and suitability of the design and operation of internal controls, promptly identifies institutional barriers and weak links that hinder risk prevention and management improvement, and promotes the establishment of an integrated system for risk prevention, monitoring and early warning, emergency response, and accountability. This effectively fulfills the supervisory functions of "curing existing issues and preventing potential risks".

c) Implementing Control Activities

Based on the risk assessment level, the Company carries out internal control activities such as division of responsibilities control, authorization control, review and approval control, budget control, and performance evaluation control. Tailored management systems, standardized operating procedures, and key control points are developed according to the specific characteristics of each business. Corresponding task assignments, responsibilities, and authority are defined, along with clear operating procedures, handling protocols, disciplinary rules, and inspection standards. This ensures a coordinated balance between duties, responsibilities, authority, and benefits, with subordinates subject to supervision by superiors and superiors constrained by subordinates, effectively safeguarding corporate interests and ensuring the orderly and stable progress of various operations.

d) Improving Information and Communication

The Company has established an efficient and unimpeded mechanism for information collection, processing, transmission, and feedback. Relying on its information management system, it achieves timely collection, accurate processing, and effective sharing of financial information, operational information, risk information, and compliance information. Internally, it clarifies the information transmission paths and reporting responsibilities for each department and position, ensuring that management promptly understands the operational status, potential risks, and internal control implementation. Externally, it standardizes communication mechanisms with investors, regulators, customers, suppliers, and other relevant parties, and strictly fulfills information disclosure obligations, ensuring that disclosed information is true, accurate, complete, timely, and fair.

e) Strengthening Internal Supervision

The Company has established and improved an internal supervision system that combines routine supervision with special supervision, conducting continuous monitoring, independent evaluation, and closed-loop rectification of the effectiveness of internal controls. It strengthens the internal inspection system by relying on a cross-departmental joint inspection mechanism, conducting regular patrols and special reviews of internal control implementation in various business areas and key positions, promoting the effective implementation of internal controls at the grassroots level. Simultaneously, it builds a long-term management system by embedding internal control compliance requirements into institutional processes, job responsibilities, and performance assessments, achieving institutionalized, normalized, and long-term effective internal control management. The internal audit department conducts internal control evaluations and defect identification in accordance with regulations, objectively identifies design and operational deficiencies in internal controls based on the criteria for major, significant, and general deficiencies. It clarifies rectification responsibilities, measures, and deadlines, tracks rectification progress, and reviews the effectiveness of corrections.

(2) Internal control system implementation

The Company has established a comprehensive internal control system, including systems and procedures for financial management, human resource management, risk management, information technology management, etc. Production and business activities operate in compliance with these systems and procedures. The Audit Committee of the Board of Directors comprehensively reviews and supervises the effectiveness of financial reporting, internal controls, and the rationality and effectiveness of corporate governance. The Company performs an annual internal control self-assessment. In response to changes in the internal and external environment and development requirements, the Company optimizes relevant internal control systems. In 2025, the Company updated 53 internal control management systems, abolished 9, and added 21 new ones. The Company's management departments routinely conduct long-term management inspections of system implementation, and internal audit conducts regular inspection and supervision, achieving full-coverage audits of all subsidiaries (branches) and functional departments.

2. Details of major deficiencies in internal control discovered during the reporting period

Yes  No

**XII. The company's management and control of subsidiaries during the reporting period**

Name of the subsidiaries	Combination plan	Combination progress	Issues	Solutions	Resolve progress	Follow-up resolution plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Abnormalities in the management and control of subsidiaries?

Yes  No

**XIII. Internal control self-assessment report or internal control audit report**

1. Self-evaluation Report on Internal Control

Date of disclosure of the full text of the internal control evaluation report	April 28, 2026	
Disclosure Index of the Full Text of the Internal Control Evaluation Report	The full text of the "Internal Control Self-Assessment Report for 2025" will be disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on April 28, 2026	
The ratio of the total assets of the company included in the evaluation scope to the total assets of the company's consolidated financial statements	99.54%	
The ratio of the operating income of the company included in the evaluation scope to the operating income of the company's consolidated financial statements	99.94%	
Defect identification standard		
Type	Financial report	Non-financial report
Qualitative Criteria	(1) Signs of major deficiencies in financial reports include: i. Fraudulent conduct by the company's directors, supervisors or senior executives; ii. Significant misstatements in the current financial statements were found, but the management failed to detect them during the operation of internal control; iii. As a result of internal control evaluation, major deficiencies have not been rectified; iv. The audit committee and internal audit institution's supervision of internal control is	(1) Signs of major deficiencies in non-financial reports include: i. lack of democratic decision-making procedures, unscientific decision-making procedures, major mistakes which resulting in major property losses to the company; ii. Serious violation of national laws and regulations; iii. Lack of important business management system or systemic failure of system operation; iv. The company's major or important internal control deficiencies cannot be rectified in a timely manner; v. The company

	<p>invalid.</p> <p>(2) Signs of significant deficiencies in financial reporting include:</p> <p>i. Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</p> <p>ii. Failure to establish anti-fraud procedures and control measures;</p> <p>iii. Failure to establish corresponding accounting treatment for non-routine or special transactions</p> <p>iv. There are one or more deficiencies in the control over the period-end financial reporting process and there is no reasonable assurance that the prepared financial statements will achieve the true and accurate objectives.</p> <p>(3) General defects refer to other control defects other than the above-mentioned major defects and important defects.</p>	<p>continues or has a large number of important internal control deficiencies .</p> <p>(2) Signs of significant deficiencies in non- financial reporting include:</p> <p>i. The business behavior violates relevant national laws;</p> <p>ii. Inadequate decision-making process leads to important errors and large losses;</p> <p>iii. Serious loss of business personnel in key positions; iv. Deficiencies in important business systems or systems.</p> <p>(3) General deficiencies refer to control deficiencies other than the above major deficiencies and significant deficiencies.</p>
Quantitative standard	<p>Major defects: Misstatement &gt; 3% of total operating income; Misstatement &gt; 5% of total profit; Misstatement &gt; 2% of total assets.</p> <p>Important defects: 1% of total operating income &lt; misstatement ≤ 3% of total operating income; 3% of total profit &lt; misstatement ≤ 5% of total profit; 1% of total assets &lt; misstatement ≤ 2% of total assets.</p> <p>General defects: misstatement ≤ 1% of total operating income; misstatement ≤ 3% of total profit; misstatement ≤ 1% of total assets.</p>	<p>Major defect: loss accounts for ≥1% of total assets.</p> <p>Important defects: 0.5% ≤ losses account for less than 1% of total assets.</p> <p>General defects: The proportion of loss to total assets is less than 0.5%.</p>
Number of major deficiencies in financial reports (pieces)	0	
Number of major deficiencies in non-financial reports (pieces)	0	
Number of material deficiencies in financial reports (pieces)	0	
Number of material deficiencies in non-financial reports (pieces)	0	

## 2. Internal Control Audit Report

Applicable  N/A

Deliberation Opinion Paragraph in Internal Control Audit Report	
We believe that on December 31, 2025, Yanghe Co., Ltd. maintained effective internal control over financial reporting in all material aspects in accordance with the “Basic Norms for Corporate Internal Control” and relevant regulations.	
Disclosure Situation of Internal Control Audit Report	Disclosed

Disclosure date of the full text of the internal control audit report	April 28, 2026
Full text disclosure index of internal control audit report	The full text will be disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on April 28, 2026
Types of opinions on internal control audit reports	Standard unqualified opinion
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm issued an internal control audit report with a non-standard opinion

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes  No

Whether a non-standard internal control audit opinion was issued during the reporting period or the previous year.

Yes  No

#### XIV. Special Rectification Actions for Self-inspected Problems of Listed Companies

Completed.

#### XV. Environmental Information Disclosure

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

Yes  No

Number of enterprises included in the list of enterprises required to disclose environmental information by law		4
No.	Enterprise Name	Query Index for Environmental Information Disclosure Report
1	Jiangsu Yanghe Distillery Co., Ltd.	Corporate Environmental Information Disclosure System (Jiangsu) <a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
2	Jiangsu Shuanggou Distillery Stock Co., Ltd.	Corporate Environmental Information Disclosure System (Jiangsu) <a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
3	Jiangsu Yanghe Distillery Co., Ltd. Siyang Branch	Corporate Environmental Information Disclosure System (Jiangsu) <a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
4	Guizhou Guijiu Group Co., Ltd.	Corporate Environmental Information Disclosure System (Guizhou) <a href="https://222.85.128.186:8081/eps/index/enterprise-search">https://222.85.128.186:8081/eps/index/enterprise-search</a>

## **XVI. Social Responsibility**

Refer to the Company's disclosed "2025 Annual Environmental, Social and Governance Report", available on Cninfo (www.cninfo.com.cn).

## **XVII. Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization**

In 2025, the Company actively implemented the work arrangements for rural revitalization assistance, proactively fulfilled its social responsibilities, adhered to the public welfare philosophy of "serving the country, the people, and the local community", actively gave back to society, and took concrete actions to "practically serve the people" in a detailed and effective manner.

1. Rural Revitalization. Partnering with Zhangdu Village, a key village for rural revitalization support, the Company continued the "Village-Enterprise Joint Construction • Unique New Trend - Weekend Hair Salon" initiative, providing over 8,000 free haircut services to villagers throughout the year, fostering local warmth and nurturing a civil, harmonious rural atmosphere. The Company established a brewing raw material grain base, implemented large-scale cultivation of high-quality sorghum with "four unifications" operations, built a digital demonstration base, extended the planting base's industrial chain, broadened income channels for farmers, and promoted employment and income growth.

2. Village Support and Assistance. To further implement the spirit of documents such as the Implementation Measures for the Responsibility System for Rural Revitalization and the Jiangsu Province Rural Revitalization Promotion Regulations, and in accordance with the requirements of the Notice on Comprehensively Establishing a Village Support and Assistance Work System issued by the Rural Affairs Office of the Suqian Municipal Committee, the Company actively carried out paired assistance work in Lai'an and Shuangqiao Village in Siyang. During the Mid-Autumn Festival and Chinese New Year, the Company visited and provided support to 104 low-income households, delivering supplies and care to people in need.

3. Public Welfare Responsibilities. The Company actively fulfilled its social responsibilities. Pursuant to a resolution by the Company's Board of Directors, it will donate a total of CNY 15 million to the Suqian Charity Federation from 2025 to 2029 to support local public welfare projects. The Company also organized the "I Love Blue Sky" urban orienteering challenge, sponsored the Chinese Women's Football Team, and supported diverse sports activities such as the Jiangsu Province Football Super League. The Company was awarded the "Jiangsu Charity Award" and was selected as a "Most Caring Charitable Donation Enterprise".

For further details, please refer to the Company's disclosed "2025 Annual Environmental, Social and Governance Report".

## Section V Significant Events

### I. Performance of commitments

#### 1. Complete and incomplete commitments of the Company and its actual controller, shareholders, related parties, acquirers, and other related parties for the commitments by the end of the reporting period

Applicable    N/A

Commitments	Giver of commitments	Commitment Type	Details of Commitment	Date of Commitment	Term of Commitment	Performance
Commitments made at IPO or refinancing	Jiangsu Yanghe Group Co. Ltd.	Commitments on horizontal competition, related transactions, and capital occupation	1. Commitment to avoid horizontal competition: (1) The company is not currently engaged in any business that competes with the joint-stock company. The company promises to maintain the existing business structure, and not to directly or indirectly operate with the business of the joint-stock company that actually constitutes competition or may constitute competition. Any business, or newly established subsidiaries or affiliated enterprises engaged in the above-	August 26, 2009	Long-term	In normal execution

			<p>mentioned business. (2)          If the company violates the above commitments, the joint-stock company has the right to request the company to immediately terminate the business of horizontal competition and compensate the economic loss caused to the joint-stock company. At the same time, the company shall pay liquidated damages of CNY 10 million to the joint-stock company. (3)          The company promises not to use its status as the controlling shareholder in the joint-stock company to damage the legitimate rights and interests of the joint-stock company, other shareholders of the joint-stock company and creditors of</p>			
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			<p>the joint-stock company. (4)</p> <p>This letter of commitment takes effect from the date of signing and cannot be revoked without the consent of the joint-stock company. 2. Commitment to reduce related-party transactions:</p> <p>The company will strictly abide by the requirements of relevant laws, regulations and normative documents such as the Company Law, the Securities Law, and the Code of Corporate Governance for Listed Companies, and further reduce and strictly regulate the relationship with joint-stock companies. All kinds of related-party transactions between the two companies, to ensure that the status of the controlling</p>			
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			shareholder and actual controller will not be used to harm the interests of the joint-stock company and other shareholders of the joint-stock company, and that no new occupation of the joint-stock company will occur.			
	Jiangsu Blue Alliance Co., Ltd.	Commitments on horizontal competition, related transactions, and capital occupation	Commitment to avoid horizontal competition: 1. The company is mainly engaged in investment management, and does not operate the same or related business as the issuer. The company will not engage in the same or related business as the issuer's business, and will not harm the issuer's interests, nor will it seek illegitimate benefits from the issuer; 2. If the company violates the above commitments	November 23, 2017	Long-term	In normal execution

			<p>, the issuer has the right to demand compensation from it owing to economic losses caused to the issuer, and pay liquidated damages of CNY 5 million, and have the right to request the acquisition of the business project at the market price of the business project or the establishment cost price (whichever is lower); 3. This commitment The book will take effect from the date of signing and cannot be revoked without the consent of the issuer.</p>			
	Jiangsu Blue Alliance Co., Ltd.	Share Reduction Commitment	<p>After the issuer's shares have been listed and traded on the stock exchange for one year, the shares transferred each year shall not exceed 25% of the total number of the issuer's shares held by the issuer,</p>	November 23, 2017	Long-term	In normal execution

			and the issuer's shares held and their changes shall be reported to the issuer in a timely manner.			
Whether the promise is fulfilled on time	YES					
If the commitment is overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail	N/A					

**2. Where any profit forecast was made for any of the Company's assets or projects and the current reporting period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the profit forecast and why:**

Applicable  N/A

**3. The Company's Performance Commitments**

Applicable  N/A

**II. Non-operating capital occupation of listed companies by controlling shareholders and other related parties**

Applicable  N/A  
No such case during the current reporting period.

**III. Illegal Provision of Guarantees for External Parties**

Applicable  N/A  
No such case during the current reporting period.

**IV. Explanation of the board of directors on the latest 'non-standard audit report'**

Applicable  N/A

**V. Explanation Given by the Board of Directors, Supervisory Committee and Independent Directors (if applicable) regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Current Reporting Period**

Applicable  N/A

**VI. For Changes in Accounting Policies, Accounting Estimates or Correction of Significant Accounting Errors Compared with the Financial Report for the Prior Year**

Applicable  N/A

During the reporting period, the Company had no changes in accounting policies or accounting estimates, nor any correction of material accounting errors.

**VII. Explanation of changes in the scope of consolidated statements compared with the financial report of the previous year**

Applicable  N/A

1. Set up subsidiaries

(1) Su Wine Group Trade Co., Ltd., a holding subsidiary, subscribed RMB 10 million to establish Jiangsu Yanghe Cultural Media Co., Ltd., which has been included in the scope of consolidation of the consolidated financial statements from April 2025.

(2) Su Wine Group Trade Co., Ltd., a holding subsidiary, subscribed RMB 2 million to establish Shuyang Dream Blue Trade Co., Ltd., which has been included in the scope of consolidation of the consolidated financial statements from June 2025.

2. Deregistration of Subsidiaries

The holding subsidiary Yanghe Hong Kong Distillery Co., Ltd. has completed its deregistration procedures and has been excluded from the scope of consolidation of the consolidated financial statements from November 2025.

**VIII. Engagement and Disengagement of the CPA firm**

CPA firm engaged at present

Name of domestic accounting firm	Zhongxi CPA LLP.
Remuneration of domestic accounting firm (CNY10,000)	176.68
Consecutive years of audit services of domestic accounting firms	2
The name of the certified public accountant of the domestic accounting firm	Gong Zhaoping, Wang Wenjuan
Consecutive years of auditing services by certified public accountants of domestic accounting firms	2

Whether to change the CPA firm in the current period

Yes  No

Engagement of an Internal Control Audit Firm, Financial Advisor, or Sponsor

Yes  No

During the reporting period, the Company engaged Zhongxi CPA LLP (Special General Partnership) as its internal control audit firm, with an internal control audit fee of CNY 471,200 payable for the period.

**IX. Facing delisting after annual report disclosure**

Applicable  N/A

## **X. Bankruptcy and Restructuring**

Applicable  N/A

No such case during the reporting period.

## **XI. Material Litigations and Arbitration**

Applicable  N/A

## **XII. Punishment and rectification**

Applicable  N/A

No such case during the reporting period.

## **XIII. The integrity of the company and its controlling shareholders and actual controllers**

Applicable  N/A

## **XIV. Significant Related-party Transactions**

### **1. Related-party Transactions Arising from Routine Daily Operations**

Applicable  N/A

No such case during the reporting period.

### **2. Related-party Transactions regarding Purchase and Disposal of Assets or Equity**

Applicable  N/A

No such case during the reporting period.

### **3. Significant Related-party Transactions Arising from Joint Investments on External Parties**

Applicable  N/A

No such case during the reporting period.

### **4. Related Credit and Debt Transactions**

Applicable  N/A

No such case during the reporting period.

### **5. Transactions with related financial companies**

Applicable  N/A

No such case during the reporting period.

### **6. Transactions between the financial company controlled by the company and related parties**

Applicable  N/A

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and its related parties.

## 7. Other significant related-party transactions

Applicable  N/A

The company has no other significant related transactions during the reporting period.

## XV. Significant Contracts and Their Execution

### 1. Trusteeship, Contracting and Leasing

#### (1) Trusteeship

Applicable  N/A

No such case in the reporting period.

#### (2) Contracting

Applicable  N/A

No such case in the reporting period.

#### (3) Leasing

Applicable  N/A

No such case in the reporting period.

### 2. Significant Guarantees

Applicable  N/A

No such case in the reporting period.

### 3. Entrusting Others to Manage Cash Assets

#### (1) Entrusted financial management

Applicable  N/A

Overview of entrusted wealth management during the reporting period

Unit: CNY10,000

Product Category	Risk Characteristics	Balance of Entrusted Wealth Management during the Reporting Period	Amount Outstanding and Overdue
Bank Wealth Management Products	Low risk / Principal-guaranteed	727,798.00	0.00
Trust Wealth Management Products	Medium-low risk	6,512.85	6,512.85

Specific circumstances of high-risk entrusted wealth management with a single large amount or low security and low liquidity

Applicable  N/A

Unit: CNY10,000

Trustee Name (or Trustee's Name)	Trustee Type	Risk Characteristics	Product Type	Amount (CNY 10,000)	Start Date	End Date	Fund Direction	Actual Profit/Loss for the Reporting Period (CNY 10,000)	Actual Recovery Status for the Reporting Period	Summary and Related Query Index (if any)
CITIC Trust	Trust	Medium-low risk	CITIC Trust • Jiahe No. 118 Evergrande Guiyang New World Collective Fund Trust Plan	6,512.85	May 29, 2020	November 29, 2021	Debt assets	0	0	The trust financing matured, and part of the principal and income was deferred. For details, please refer to the "Announcement on the Deferred Payment of Principal and Income upon Maturity of Entrusted Wealth Management" disclosed by the Company on December 4, 2021 (Announcement No.: 2021-044).
Total				6,512.85	--	--	--	0	--	--

## **(2) Entrusted loan management**

Applicable  N/A

No such case during the reporting period

## **4. Other major contracts**

Applicable  N/A

No such case during the reporting period

## **XVI. Use of Raised Funds**

Applicable  N/A

The Company had no use of raised funds during the reporting period.

## **XVII. Explanation of other significant matters**

Applicable  N/A

The Company subscribed to the partnership shares of the Suqian Intelligent Manufacturing Strategic Emerging Industries (Limited Partnership). The Suqian Intelligent Manufacturing Strategic Emerging Industries has completed its filing with the Asset Management Association of China, with the filing code SBPF57. For details, please refer to the Announcement on Co-Investment with Professional Institutions and Related Party Transactions(Announcement No.: 2025-034) disclosed by the Company on October 31, 2025, and the Progress Announcement on Co-Investment with Professional Institutions and Related Party Transactions (Announcement No.: 2025-038) disclosed on December 18, 2025..

## **XVIII. Significant Events of the Company's Subsidiaries**

Applicable  N/A

## Section VI Changes in Shares and Information about Shareholders

### I. Changes in shares

#### 1. Table of Changes in Share Capital

Unit: share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus issue	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
1. Shares subject to conditional restriction(s)	36,150	0.00%	0	0	0	-600	-600	35,550	0.00%
1.1 State holdings	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by State-owned corporate	0	0.00%	0	0	0	0	0	0	0.00%
1.3. Other domestic holdings	36,150	0.00%	0	0	0	-600	-600	35,550	0.00%
Including: held by domestic corporates	0	0.00%	0	0	0	0	0	0	0.00%
held by domestic natural persons	36,150	0.00%	0	0	0	-600	-600	35,550	0.00%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: held by overseas corporates	0	0.00%	0	0	0	0	0	0	0.00%
held by overseas natural person	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares without restriction	1,506,408,924	100.00%	0	0	0	600	600	1,506,409,524	100.00%
2.1 CNY ordinary shares	1,506,408,924	100.00%	0	0	0	600	600	1,506,409,524	100.00%
2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Foreign shares listed overseas	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	1,506,445,074	100.00%	0	0	0	0	0	1,506,445,074	100.00%

#### Reason for share changes

Applicable  N/A

The share changes were mainly due to changes in the locked shares of the Company's resigned directors.

#### Approval for changes in share capital

Applicable  N/A

#### Transfer for changes in share capital

Applicable  N/A

**Effects of changes in share capital on the basic earnings per share ("EPS"), diluted EPS, net assets per share attributable to common shareholders of the Company, and other financial indexes over the last year**

and last period

Applicable  N/A

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

Applicable  N/A

## 2. Changes in Restricted Shares

Applicable  N/A

Unit: share

Name of shareholder	Opening restricted shares	Increased in current period	Vested in current period	Closing restricted shares	Note for restricted shares	Date of unlocking
Wang Kai	2400	0	600	1800	Lock-in upon director's resignation	On January 24, 2025, 25% of the shares held were released from restrictions; the remaining restricted shares will be released in accordance with relevant regulations.
Total	2400	0	600	1800	--	--

## II. Issuance and Listing of Securities

### 1. Securities (exclude Preferred Share) Issued during the Reporting Period

Applicable  N/A

### 2. Explanation on Changes in Share Capital & the Structure of Shareholders, the Structure of Assets and Liabilities

Applicable  N/A

### 3. Existent Shares Held by Internal Staff of the Company

Applicable  N/A

## III. Particulars about the Shareholders and Actual Controller

### 1. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of common shareholders	159,511	Total number of common shareholders at	167,555	The total number of preferred	0	The total number of preference	0
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at the end of the reporting period		the end of the previous month prior to the annual report disclosure date		shareholders whose voting rights have been restored at the end of the reporting period (if any) (see Note 8)		shareholders whose voting rights have been restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	
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Shareholders who hold more than 5% of total shares or the top 10 shareholders (excluding lending of shares through the transfer facility)

Name of Shareholders	Nature of shareholders	Shareholding percentage (%)	Total common shares held at the end of the reporting period	Increase/decrease during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledge, marking or freezing	
							Status	Amount
Jiangsu Yanghe Group Co., Ltd.	State-owned legal person	34.18%	514,858,939	0	0	514,858,939	N/A	0
Jiangsu Blue Alliance Co., Ltd.	Domestic Non-state-owned legal person	17.59%	264,991,926	0	0	264,991,926	N/A	0
Shanghai Haiyan Logistics Development Co., Ltd.	State-owned legal person	9.67%	145,708,137	0	0	145,708,137	N/A	0
Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	State-owned legal person	3.97%	59,744,099	0	0	59,744,099	N/A	0
Bank of China Limited - China Merchants CSI Baijiu Index Graded Securities Investment Fund	Others	3.94%	59,303,234	12,358,041	0	59,303,234	N/A	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.28%	19,219,879	-5,507,798	0	19,219,879	N/A	0
China Construction Bank Corporation - Penghua CSI Liquor Exchange Traded Open-end Index Securities Investment Fund	Others	1.07%	16,075,836	7,901,860	0	16,075,836	N/A	0
China Securities Finance Corporation Limited	Domestic Non-state-owned legal person	0.92%	13,790,044	0	0	13,790,044	N/A	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Open-end Index Securities Investment Fund	Others	0.66%	9,951,601	-462,191	0	9,951,601	N/A	0
Xing Fuping	Domestic natural person	0.63%	9,489,200	-1,456,800	0	9,489,200	N/A	0
Strategic investors or general legal persons becoming the top 10 shareholders due to placement of new shares (if any) (see Note 3)	NO							
Explanation of the related relationship or concerted action	NO							

of the above shareholders			
Explanation of the above-mentioned shareholders involving entrusted/entrusted voting rights and abstention from voting rights	NO		
Special instructions for the existence of a special repurchase account among the top 10 shareholders (if any) (see Note 10)	NO		
<b>Shareholdings of the top 10 shareholders without restrictions on sales</b>			
Name of shareholders	Number of unrestricted shares held at the end of the reporting period	Type of shares	
		Type	Amount
Jiangsu Yanghe Group Co., Ltd.	514,858,939	CNY ordinary shares	514,858,939
Jiangsu Blue Alliance Co., Ltd.	264,991,926	CNY ordinary shares	264,991,926
Shanghai Haiyan Logistics Development Co., Ltd.	145,708,137	CNY ordinary shares	145,708,137
Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	59,744,099	CNY ordinary shares	59,744,099
Bank of China Limited - China Merchants CSI Baijiu Index Graded Securities Investment Fund	59,303,234	CNY ordinary shares	59,303,234
Hong Kong Securities Clearing Company Limited	19,219,879	CNY ordinary shares	19,219,879
China Construction Bank Corporation - Penghua CSI Liquor Exchange Traded Open-end Index Securities Investment Fund	16,075,836	CNY ordinary shares	16,075,836
China Securities Finance Corporation Limited	13,790,044	CNY ordinary shares	13,790,044
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Open-end Index Securities Investment Fund	9,951,601	CNY ordinary shares	9,951,601
Xing Fuping	9,489,200	CNY ordinary shares	9,489,200
Description of the connected relationship or concerted action among the top 10 shareholders of unrestricted tradable shares, and between the top 10 shareholders of unrestricted tradable shares and the top 10 shareholders	NO		
Explanation on the participation of the top 10 ordinary shareholders in the securities margin trading (if any) (see Note 4)	As of the end of the reporting period, the Company's shareholder, Xing Fuping, held 9,489,200 shares of the Company through the client credit trading guarantee securities account of CITIC Securities Co., Ltd.		

Stock lending situation of shareholders holding more than 5%, top 10 shareholders, and top 10 unrestricted circulating shareholders involved in margin trading and securities lending business

Applicable  N/A

Changes in Top 10 Shareholders and Top 10 Unrestricted Circulating Shareholders Due to Securities Lending/Repayment in Margin Trading.

Applicable  N/A

Any of the Company's top 10 common shareholders or top 10 non-restricted common shareholders conducted any agreed buy-back in the reporting period?

Yes  No

No such case during the current reporting period.

## 2. Particulars about Controlling Shareholder of the Company

Nature of controlling shareholder: local state-owned holding

Type of controlling shareholder: Corporation

Name of Controlling Shareholder	Legal representative/ People in charge	Date of establishment	Organization Code	Business scope
Jiangsu Yanghe Group Co., LTD	Yang Weiguo	May 8, 1997	91321300142334989 Y	<p>The business scope includes grain procurement; import and export of various commodities and technologies on a self-operated or agency basis (excluding commodities and technologies restricted or prohibited from import and export by the state); sales of nickel, molybdenum iron, refined nickel-iron, nickel-chromium pig iron, nickel-chromium ore, furnace charge, steel, mechanical parts castings, light stabilizer 944, light stabilizer 622, antioxidant 3114, organic fertilizers, compound fertilizers, chemical raw materials (excluding dangerous goods), viscose staple fibers, cotton pulp pellets, electric bicycles and accessories, lithium batteries, hardware and electrical sales; sales of raw grains; property leasing; industrial investment; municipal public works, building construction projects, tourism and cultural industry investment (business activities shall be carried out with the approval of relevant departments as required by law).</p> <p>General projects: sales of communication equipment; sales of optical communication equipment; sales of</p>

				electronic products; sales of mobile communication equipment; sales of mobile terminal equipment; wholesale of computer hardware and auxiliary equipment; software development; information system integration services (business activities shall be carried out independently in accordance with the business license, except for projects that require approval by law).
The controlling shareholder reports on the equity status of other domestic and foreign listed companies held or invested in during the reporting period.	N/A			

Change of controlling shareholder during the reporting period

Applicable  N/A

The Company's controlling shareholder has not changed during the reporting period.

### 3. Particulars about the Company's Actual Controller & Concerted Parties

Nature of actual controller: local state-owned assets management organization

Actual controller type: Corporation

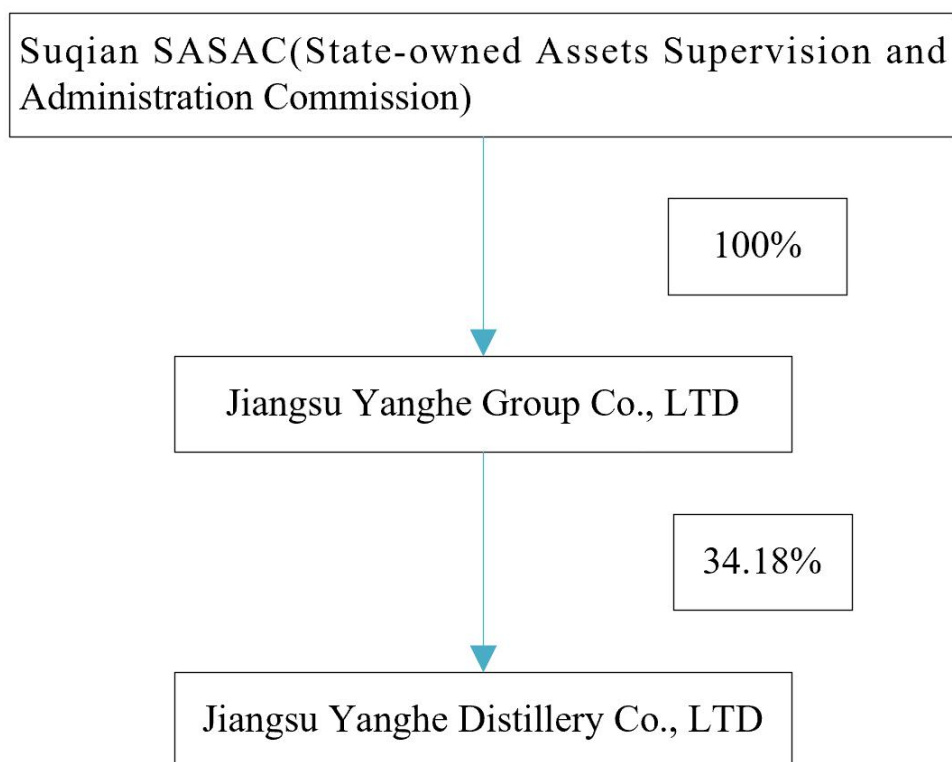
Name of Actual Controller	Legal representative/ People in charge	Date of establishment	Organization Code	Business scope
State-owned Assets Supervision and Administration Commission of Suqian Municipal People's Government	Yang Weiguo	October 22, 2005	11321300MB1575885U	On behalf of Suqian Municipal people's Government to execute the responsibilities of state-owned enterprise investors, implementing the supervision and management of state-owned assets and state-owned enterprises.
The equity of other domestic and foreign listed companies controlled by the actual controller during the reporting period	N/A			

Change of the actual controller during the reporting period

Applicable  N/A

No such change during the reporting period.

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



The actual controller controls the company through trust or other asset management methods

Applicable  N/A

**4. The Company's Controlling Shareholder or the Largest Shareholder and its Concerted Action Person's Cumulative Pledged Shares Account for 80% of the Company's Shares Held by Them**

Applicable  N/A

**5. Particulars about Other Corporate Shareholders with Shareholding Proportion over 10%**

Applicable  N/A

Name of Actual Controller	Legal representative/ People in charge	Date of establishment	Organization Code	Business scope
Jiangsu Blue Alliance Co., LTD	Cong Xuenian	28 July, 2016	CNY 105.6 million	Sales of daily necessities, biotechnology research and development, furniture production, business management consulting services, fruit tree planting, pre-packaged food sales.

**6. Particulars on Shareholding Decrease Restrictions for the Controlling Shareholders, Actual Controller, Restructurer or Other Committing Parties**

Applicable  N/A

**IV. The specific implementation of share repurchases during the reporting period**

The implementation progress of share repurchases

Applicable  N/A

The implementation progress of reducing repurchased shares by centralized bidding

Applicable  N/A

**V. Information about Preferred Shares**

Applicable  N/A

The Company had no preferred shares during the reporting period.

**Section VII Information about Bonds**

Applicable N/A

## Section VIII Financial Report

### I. Auditor's report

Type of audit report	Standard and unqualified opinion
Date of signature	24 April 2026
Name of Audit	Zhongxi CPA LLP.
No. of auditor's report	Zhongxi Audit 2026S01858
Names of auditors	Gong Zhaoping, Wang Wenjuan

### Body of Audit Report

To all the shareholders of Jiangsu Yanghe Distillery Co., Ltd.:

#### Opinion

We have audited the financial statements of Jiangsu Yanghe Distillery Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2025, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended and notes to the financial statements. In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the company as at 31 December 2025 and its operating results and cash flow for the year then ended.

#### Basis for opinion

We conducted our audit in accordance with the China Standards on Auditing ("CSAs") for Certified Public Accountants. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. In accordance with the independence requirements for the audit of financial statements of public interest entities under the China Standards on Independence for Certified Public Accountants and the Code of Professional Ethics for Certified Public Accountants in China, we are independent of Yanghe Co., Ltd. and have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>1. Recognition of revenue</b>	
Please refer to the accounting policies in Note 27 of Note III "Significant Accounting Policies and Accounting Estimates", and Note 38 of Note V "Main Items of the Consolidated Financial Statements".	
<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
The specific condition for Yanghe Co., Ltd. to recognize revenue from the sale of goods is that the Company recognizes sales revenue when the goods are delivered to the customer, i.e., when the control of the goods is transferred. The Company's operating revenues for 2025 amounted to CNY 19.211 billion, which is a significant amount, and operating revenue is a	Our procedures in relation to revenue recognition included: (1) Understood, tested and evaluated the effectiveness of internal control of sales and cash receipts cycle designed and executed by the management. (2) Through sampling inspection of the sales contract, identified the contractual rights and obligations, evaluated the point of time of performance obligations and evaluated whether the judgment of the transfer of control related to revenue recognition conforms to the Company's accounting policies and Accounting Standards for Business

<p>key component of the profit or loss statement. Therefore, we have identified revenue recognition as a key audit matter.</p>	<p>Enterprises.</p> <p>(3) Judged whether there is an abnormal fluctuation of revenue in the reporting period with the analytic review of revenue and gross profit margin in combination with product category.</p> <p>(4) Sampling inspection of supporting documents related to revenue recognition including sales contracts or orders, invoices, delivery lists or receiving reports, shipping lists and bank slips.</p> <p>(5) Implemented the external confirmation of selected major franchisers and inspected the payback of account receivables after the reporting period in combination with audit of accounts receivable and contract liabilities.</p> <p>(6) Sampling inspection of calculation and accounting treatment of sales discount and sales allowance.</p> <p>(7) Chose samples from sales revenue records before and after the balance sheet date, inspected related supporting documents and evaluated whether the revenue recorded in the appropriate accounting period.</p>
<p><b>2. Existence, valuation and allocation of inventories</b></p>	
<p>Please refer to note 13, “Significant Accounting Policies and Accounting Estimates” in Note III, and note 8 in Note V, "main Items of the Consolidated Financial Statements".</p>	
<p><b>Key audit matters</b></p>	<p><b>How our audit addressed the key audit matter</b></p>
<p>As at 31 December 2025, the book value of inventories of Yanghe Co., Ltd. amounted to CNY 20.375 billion, accounting for 34.77% of total assets and 47.85% of total current assets. The book value of inventories at the end of the period is significant and accounts for a relatively high proportion of total assets at the end of the period. Therefore, we have identified the existence, valuation and allocation of inventories as a key audit matter.</p>	<p>Our procedures in relation to existence, valuation, allocation of inventories included:</p> <p>(1) Understood, tested and evaluated the effectiveness of management's design and implementation of inventory-related internal control.</p> <p>(2) Carried out the inventory analysis review procedure.</p> <p>(3) Supervised the inventory at the end of the period.</p> <p>(4) Sample check of production cost calculation table and other cost accounting data, and conducted valuation test on inventory, and evaluated the accuracy of closing balance of inventory.</p> <p>(5) Obtained the calculation table of provision for stock obsolescence, conduct the inventory impairment test, reviewed the inventory impairment test process, and checked whether the provision for stock obsolescence is made sufficiently.</p>

**Other information**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors 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 this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of directors and those charged with governance for the financial statements**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is

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necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 CSAs, 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 directors.
- (4) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. 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 governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in

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internal control that we identify during our audit.

We also provide the governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Zhongxi CPA LLP

CPA of China:Gong Zhaoping

CPA of China:Wang Wenjuan

Beijing, China

24 April 2026

## II. Financial statements

### Consolidated balance sheet

Prepared by: Jiangsu Yanghe Distillery Co., Ltd.

As at 31 December 2025

Unit: CNY

Item	Ending Balance	Beginning Balance
<b>Current assets:</b>		
Cash and bank balances	13,263,361,737.62	21,748,297,978.37
Settlement reserves		
Lending funds		
Financial assets held for trading	7,293,889,826.00	6,380,145,437.14
Derivative financial assets		
Notes receivables	28,125,000.00	413,398,699.00
Accounts receivables	8,621,900.10	8,994,904.73
Account receivables financing	153,428,294.90	1,090,851,688.67
Prepayment	16,464,115.27	23,310,180.68
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve		
Other receivables	11,879,855.27	17,051,847.78
Including: Interests receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	20,375,489,436.78	19,732,881,051.73
Including: Data Resource		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,435,139,204.56	909,932,715.44
<b>Total current assets</b>	<b>42,586,399,370.50</b>	<b>50,324,864,503.54</b>
<b>Non-current assets:</b>		
Disbursement of loans and advances		
Investment in debt instruments		
Investment in other debt instruments		
Long-term receivables		
Long-term equity investments	1,246,705,850.94	1,235,408,741.87
Investment in other equity instruments		
Other non-current financial assets	3,709,534,982.94	4,614,148,799.21
Investment property		
Fixed assets	6,047,462,141.44	5,571,618,070.98
Construction in progress	1,455,654,146.89	1,912,601,220.28
Productive biological assets		
Oil and gas assets		
Right-of-use asset	83,465,648.71	66,814,914.62
Intangible assets	1,766,127,679.41	1,804,220,059.96

Including: Data Resource		
Development expenses		
Including: Data Resource		
Goodwill	150,886,645.81	276,001,989.95
Long-term deferred expenses	88,469,027.61	116,472,530.48
Deferred tax assets	1,278,911,402.35	1,242,507,668.92
Other non-current assets	182,327,550.20	180,606,719.81
<b>Total non-current assets</b>	<b>16,009,545,076.30</b>	<b>17,020,400,716.08</b>
<b>Total assets</b>	<b>58,595,944,446.80</b>	<b>67,345,265,219.62</b>
<b>Current liabilities:</b>		
Short-term loans	10,010,849.32	
Borrowings from the central bank		
Loans from other banks		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payables	817,813,067.63	1,264,620,215.06
Advance from customer		
Contract liabilities	7,529,047,335.12	10,343,779,848.07
Financial assets sold for repurchase		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Receivings from vicariously sold securities		
Employee benefits payable	195,258,531.57	299,707,073.73
Taxes payable	286,860,753.63	564,746,863.05
Other payables	2,344,267,193.49	2,066,406,374.07
Including: Interests payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts payables		
Liabilities held for sale		
Non-current liabilities due within one year	37,949,298.59	23,588,100.85
Other current liabilities	89,685,837.90	695,673,863.30
<b>Total current liabilities</b>	<b>11,310,892,867.25</b>	<b>15,258,522,338.13</b>
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term loans	81,000,000.00	
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	44,423,460.58	40,134,989.46
Long-term payables	195,299,274.53	195,638,914.53
Long-term payroll payables		
Accrued liabilities	2,059,818.69	2,000,000.00

Deferred income	40,273,066.67	45,530,066.67
Deferred tax liabilities	28,600,480.92	110,393,056.95
Other non-current liabilities		
Total non-current liabilities	391,656,101.39	393,697,027.61
<b>Total liabilities</b>	<b>11,702,548,968.64</b>	<b>15,652,219,365.74</b>
<b>Shareholders' equity</b>		
Share capital	1,506,445,074.00	1,506,445,074.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	930,146,459.78	930,146,459.78
Less: treasury stock		
Other comprehensive income	2,096,131.85	-1,225,575.49
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
General risk reserve		
Undistributed profits	43,604,991,847.74	48,399,383,170.36
<b>Total equity attributable to owners of the parent company</b>	<b>46,797,173,513.37</b>	<b>51,588,243,128.65</b>
Non-controlling interests	96,221,964.79	104,802,725.23
<b>Total owners' equity</b>	<b>46,893,395,478.16</b>	<b>51,693,045,853.88</b>
<b>Total liabilities and owners' equity</b>	<b>58,595,944,446.80</b>	<b>67,345,265,219.62</b>

Legal representative: Gu Yu

Person in charge of accounting affairs: Yin Qiuming

Person in charge of accounting department: Zhao GuangSheng

### Balance sheet of parent company As at 31 December 2025

Unit: CNY

Item	Ending Balance	Beginning Balance
<b>Current assets:</b>		
Cash and bank balances	11,579,639,041.08	18,026,699,995.33
Financial assets held for trading	5,087,653,013.69	5,880,053,441.08
Derivative financial assets		
Notes receivables		365,519,104.00
Accounts receivables	107,031,385.12	280,194,833.50
Account receivables financing		804,449,307.36
Prepayment	549,263,570.82	69,477,477.38
Other receivables	61,459,171.92	430,983,882.60
Including: Interests receivable		
Dividends receivable		
Inventories	13,140,499,546.03	12,737,571,701.91
Including: Data Resource		
Contract assets		
Assets held for sale		
Non-current assets due within one year		

Other current assets	231,688,798.59	46,583,153.33
<b>Total current assets</b>	<b>30,757,234,527.25</b>	<b>38,641,532,896.49</b>
<b>Non-current assets:</b>		
Investment in debt instruments		
Investment in other debt instruments		
Long-term receivables		
Long-term equity investments	9,520,696,895.67	9,532,358,054.59
Investment in other equity instruments		
Other non-current financial assets	982,876,742.35	1,713,315,303.51
Investment property		
Fixed assets	3,333,669,857.04	3,437,400,309.66
Construction in progress	225,786,198.47	332,536,085.42
Productive biological assets		
Oil and gas assets		
Right-of-use asset	2,538,791.25	3,503,051.26
Intangible assets	1,097,881,243.39	1,128,055,608.65
Including: Data Resource		
Development expenses		
Including: Data Resource		
Goodwill		
Long-term deferred expenses	76,433,481.07	102,297,788.44
Deferred tax assets	100,628,312.40	26,541,057.86
Other non-current assets	162,020,991.65	166,700,132.43
<b>Total Non-current Assets</b>	<b>15,502,532,513.29</b>	<b>16,442,707,391.82</b>
<b>Total Assets</b>	<b>46,259,767,040.54</b>	<b>55,084,240,288.31</b>
<b>Current liabilities:</b>		
Short-term loans		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payables	950,272,348.08	1,121,399,732.48
Advance from customer		
Contract liabilities	8,708,079,784.28	13,821,314,226.37
Employee benefits payable		
Taxes payable	109,546,460.13	306,330,294.15
Other payables	2,828,573,249.08	2,097,128,345.98
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	979,089.45	1,138,685.00
Other current liabilities	692,764,430.73	1,873,926,418.76
<b>Total current liabilities</b>	<b>13,290,215,361.75</b>	<b>19,221,237,702.74</b>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payable		
Including: preference shares		

Perpetual bonds		
Lease liabilities	1,660,848.07	2,455,456.12
Long-term payables	143,117,589.73	143,340,029.73
Long-term payroll payables		
Provisions		
Deferred income	6,791,666.67	7,791,666.67
Deferred tax liabilities	634,697.81	51,572,093.98
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>152,204,802.28</b>	<b>205,159,246.50</b>
<b>Total liabilities</b>	<b>13,442,420,164.03</b>	<b>19,426,396,949.24</b>
<b>Owners' equity (or shareholders' equity)</b>		
Share capital	1,506,445,074.00	1,506,445,074.00
Other equity instruments		
Including: preference shares		
Perpetual bonds		
Capital reserves	1,530,620,394.11	1,530,620,394.11
Less: treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserves	753,494,000.00	753,494,000.00
Undistributed profits	29,026,787,408.40	31,867,283,870.96
<b>Total owners' equity</b>	<b>32,817,346,876.51</b>	<b>35,657,843,339.07</b>
<b>Total liabilities and owners' equity</b>	<b>46,259,767,040.54</b>	<b>55,084,240,288.31</b>

### Consolidated Income Statement For the year ended 31 December 2025

Unit: CNY

Item	Year 2025	Year 2024
<b>1. Total operating revenue</b>	19,211,057,613.05	28,876,296,993.56
Including: Operating revenue	19,211,057,613.05	28,876,296,993.56
Interest income		
Earned premium		
Fee and commission income		
<b>2. Total operating costs</b>	15,729,399,843.33	19,512,180,569.56
Including: cost of sales	5,455,522,936.43	7,751,218,356.66
Interest expense		
Handling charges and commission expenses		
Refunded premiums		
Net payments for insurance claims		
Net provision for insurance contracts		
Bond insurance expense		
Reinsurance expenses		
Taxes and surcharges	3,417,617,382.91	4,826,086,952.64
Selling and distribution expenses	5,205,631,990.16	5,516,238,544.79
General and administrative expenses	1,789,690,987.76	1,924,730,302.35
Research and Development expenses	144,986,992.32	104,796,407.26

Financial expenses	-284,050,446.25	-610,889,994.14
Including: Interest expenses	3,903,744.94	2,955,080.49
Interest income	297,928,105.08	621,439,988.97
Plus: Other income	52,605,163.47	59,667,934.13
Investment income ("-" for losses)	357,822,739.44	146,415,168.80
Including: income from investment in associates and joint ventures	7,869,447.26	-7,094,112.58
Disposal of financial instruments at a mortised cost ("-" for losses)	-16,783,704.17	-14,336,475.80
Foreign exchange gains ("-" for losses)		
Net exposure to hedging gains("-" for loss)		
Gains from the changes in fair values ("-" for losses)	-288,294,721.85	-396,164,080.43
Losses from credit impairment ("-" for losses)	332,698.95	667,208.93
Losses from asset impairment ("-" for losses)	-128,361,162.93	-11,203,156.73
Gains from disposal of assets ("-" for losses)	1,352,575.79	-2,729,328.84
<b>3. Operating profits ("-" for losses)</b>	<b>3,477,115,062.59</b>	<b>9,160,770,169.86</b>
Plus: non-operating income	17,160,240.40	52,446,752.81
Less: non-operating expenses	30,340,963.35	70,140,310.99
<b>4. Total profits before tax ("-" for total losses)</b>	<b>3,463,934,339.64</b>	<b>9,143,076,611.68</b>
Less: income tax expenses	1,272,946,978.19	2,476,620,791.72
<b>5. Net profit ("-" for net loss)</b>	<b>2,190,987,361.45</b>	<b>6,666,455,819.96</b>
Classification by operating continuity		
Net profit from continuing operation ("-" for losses)	2,190,987,361.45	6,666,455,819.96
Net profit from discontinued operation ("-" for losses)		
Classification by owners		
Attributable to owners of the parent company	2,206,058,926.68	6,673,388,602.12
Attributable to non-controlling interests	-15,071,565.23	-6,932,782.16
<b>6. Net of tax from other comprehensive income</b>	<b>3,312,512.13</b>	<b>-3,239,896.10</b>
Net of tax from other comprehensive income to the owner of the parent company	3,321,707.34	-3,248,770.30
Other comprehensive income cannot reclassified into the profit and loss:		
Including: Changes in remeasured defined benefit obligations		
Share in other comprehensive income that cannot be classified into profit and loss under equity method		
Changes in the fair value of other equity instruments		
Fair value changes in enterprise's own credit risk		

Others		
Other comprehensive income that will be reclassified into the profit and loss	3,321,707.34	-3,248,770.30
Including: Share in other comprehensive income that will be classified into profit and loss under equity method		
Net gain on debt instruments at fair value through other comprehensive income		
The amount of financial assets reclassified into other comprehensive income		
Other debt investment credit impairment provision		
Cash flow hedging reserve		
Balance arising from the translation of foreign currency financial statements	3,321,707.34	-3,248,770.30
Others		
Net of tax from other comprehensive income to non-controlling interests	-9,195.21	8,874.20
<b>7. Total comprehensive income</b>	<b>2,194,299,873.58</b>	<b>6,663,215,923.86</b>
Total comprehensive income attributable to owners of the parent company	2,209,380,634.02	6,670,139,831.82
Total comprehensive income attributable to non-controlling interests	-15,080,760.44	-6,923,907.96
<b>8. Earnings per share</b>		
(1) Basic earnings per share	1.4644	4.4299
(2) Diluted earnings per share	1.4644	4.4299

Where an enterprise is merged under the same control in the current period, the net profit realized by the merged party before the merger is: CNY 0.00, and the net profit realized by the merged party in the previous period is: CNY 0.00.

Legal representative: Gu Yu

Person in charge of accounting affairs: Yin Qiuming

Person in charge of accounting department: Zhao GuangSheng

### Income statement of parent company For the year ended 31 December 2025

Unit: CNY

Item	Year 2025	Year 2024
<b>1. Operating revenue</b>	9,073,166,579.26	12,852,221,243.40
Less: Cost of sales	4,341,506,128.64	6,840,375,733.91
Taxes and surcharges	2,672,458,485.28	3,870,675,967.65
Selling and distribution expenses	62,091,417.61	43,493,351.83
General and administrative expenses	820,989,583.94	1,020,972,213.60
Research and Development expenses	139,435,444.25	102,303,188.29
Financial expenses	-268,166,421.13	-518,365,619.77
Including: Interest expenses	145,028.93	198,899.22

Interest income	274,278,566.05	525,826,877.54
Plus: Other income	15,974,224.84	11,169,819.69
Investment income ("-" for losses)	3,289,036,082.39	6,266,148,989.03
Including: income from investment in associates and joint ventures	1,338,841.08	-83,523.84
Disposal of financial instruments at a mortised cost ("-" for losses)	-16,783,704.17	-14,336,475.80
Net exposure to hedging gains ("-" for loss)		
Gains from the changes in fair values ("-" for losses)	51,942,992.45	39,708,601.59
Losses from credit impairment ("-" for losses)	409,664.38	-56,518,255.22
Losses from asset impairment ("-" for losses)	-1,039,289.28	-11,388,852.76
Gains from disposal of assets ("-" for losses)	-14,441.50	
<b>2. Operating profits ("-" For Losses)</b>	<b>4,661,161,173.95</b>	<b>7,741,886,710.22</b>
Plus: non-operating income	7,031,286.46	22,015,501.36
Less: non-operating expenses	14,423,784.19	8,430,010.79
<b>3. Total profits before tax ("-" For Total Losses)</b>	<b>4,653,768,676.22</b>	<b>7,755,472,200.79</b>
Less: income tax expenses	493,814,889.48	392,546,331.57
<b>4. Net profit ("-" For Net Loss)</b>	<b>4,159,953,786.74</b>	<b>7,362,925,869.22</b>
Net profit from continuing operation ("-" for losses)	4,159,953,786.74	7,362,925,869.22
Net profit from discontinued operation ("-" for losses)		
<b>5. Net of tax from other comprehensive income</b>		
Other comprehensive income cannot reclassified into the profit and loss:		
Including: Changes in remeasured defined benefit obligations		
Other comprehensive income that cannot be transferred under the equity method		
Net gain on equity instrument at fair value through other comprehensive income		
Fair value changes in enterprise's own credit risk		
Others		
Other comprehensive income that will be reclassified into the profit and loss		
Including: Share in other comprehensive income that will be classified into profit and loss under equity method		
Net gain on debt instruments at fair value through other comprehensive income		
The amount of financial assets reclassified into other comprehensive income		

Other debt investment credit impairment provision		
Cash flow hedging reserve		
Balance arising from the translation of foreign currency financial statements		
others		
<b>6. Total comprehensive income</b>	4,159,953,786.74	7,362,925,869.22
<b>7. Earnings per share</b>		
(1)Basic earnings per share		
(2)Diluted earnings per share		

### Consolidated Statement of Cash Flows For the year ended 31 December 2025

Unit: CNY

Item	Year 2025	Year 2024
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	19,411,626,550.67	30,813,853,834.25
Net increase in customer bank deposits and placement from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received from original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in placements from other financial institutions		
Net capital increase in repurchase business		
Net cash received for the sale of securities		
Refunds of taxes and surcharges		7,654,144.19
Cash received from other operating activities	528,379,958.15	1,123,602,383.62
Sub-total of cash inflows from operating activities	19,940,006,508.82	31,945,110,362.06
Cash paid for goods purchased and services received	5,304,809,320.99	8,265,541,593.44
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks and financial institutions		
Cash paid for original insurance contract claims		

A net increase in divested funds		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	3,458,608,324.34	3,691,944,709.50
Cash paid for taxes and surcharges	7,533,955,716.31	10,470,592,260.63
Cash paid for other operating activities	4,405,673,473.97	4,888,320,561.21
<b>Sub-total of cash outflows from operating activities</b>	20,703,046,835.61	27,316,399,124.78
<b>Net cash flows from activities operating</b>	-763,040,326.79	4,628,711,237.28
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	26,027,853,825.63	13,628,114,333.52
Cash received from returns on investments	349,953,292.18	153,509,281.38
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	753,404.20	1,862,196.56
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Sub-total of cash inflows from investing activities</b>	26,378,560,522.01	13,783,485,811.46
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	678,481,688.46	1,454,019,811.57
Cash paid for investments	26,329,011,685.12	13,631,711,455.57
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
<b>Sub-total of cash outflows from investing activities</b>	27,007,493,373.58	15,085,731,267.14
<b>Net cash flows from investing activities</b>	-628,932,851.57	-1,302,245,455.68
<b>3. Cash flows from financing activities</b>		
Cash received from investors	6,500,000.00	
Including: cash received by subsidiaries from investments by minority shareholders	6,500,000.00	
Cash received from borrowings	100,000,000.00	
Cash received from other financing activities		
<b>Sub-total of cash inflows from financing activities</b>	106,500,000.00	
Cash paid for debt repayments	2,250,000.00	
Cash paid for distribution of dividends and profits or payment of interest	7,001,938,098.40	7,020,034,044.84
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	33,713,597.91	29,771,076.14
<b>Sub-total of cash outflows from</b>	7,037,901,696.31	7,049,805,120.98

<b>financing activities</b>		
<b>Net cash flows from financing activities</b>	-6,931,401,696.31	-7,049,805,120.98
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-2,909,240.97	3,627,396.73
<b>5. Net increase in cash and cash equivalents</b>	-8,326,284,115.64	-3,719,711,942.65
Plus: balance of cash and cash equivalents at the beginning of the period	21,481,311,610.75	25,201,023,553.40
<b>6. Balance of cash and cash equivalents at the end of the period</b>	13,155,027,495.11	21,481,311,610.75

**Cash flow statements of parent company  
For the year ended 31 December 2025**

Unit: CNY

<b>Item</b>	<b>Year 2025</b>	<b>Year 2024</b>
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	8,725,216,555.81	10,760,412,245.05
Refunds of taxes and surcharges		7,589,257.55
Cash received from other operating activities	1,522,511,648.56	5,701,098,312.94
<b>Sub-total of cash inflows from operating activities</b>	10,247,728,204.37	16,469,099,815.54
Cash paid for goods purchased and services received	4,687,241,172.53	9,173,435,682.10
Cash paid to and on behalf of employees	1,442,518,464.17	1,530,381,430.54
Cash paid for taxes and surcharges	4,416,519,513.65	4,594,080,593.05
Cash paid for other operating activities	3,712,548,536.71	3,281,240,424.57
<b>Sub-total of cash outflows from operating activities</b>	14,258,827,687.06	18,579,138,130.26
<b>Net cash flows from activities operating</b>	-4,011,099,482.69	-2,110,038,314.72
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	23,826,761,981.00	10,688,548,668.50
Cash received from returns on investments	3,287,697,241.31	6,266,751,733.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	628,164.78	90,265.49
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Sub-total of cash inflows from investing activities</b>	27,115,087,387.09	16,955,390,667.13
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	186,133,579.65	396,128,024.47
Cash paid for investments	22,238,980,000.00	12,110,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		

<b>Sub-total of cash outflows from investing activities</b>	22,425,113,579.65	12,506,128,024.47
<b>Net cash flows from investing activities</b>	4,689,973,807.44	4,449,262,642.66
<b>3. Cash flows from financing activities</b>		
Cash received from investors		
Cash received from loans		
Cash received from other financing activities		
<b>Sub-total of cash inflows from financing activities</b>		
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	7,000,450,249.30	7,020,034,044.84
Cash paid for other financing activities	1,371,262.02	1,533,750.64
<b>Sub-total of cash outflows from financing activities</b>	7,001,821,511.32	7,021,567,795.48
<b>Net cash flows from financing activities</b>	-7,001,821,511.32	-7,021,567,795.48
<b>4. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	208,106.28	424,015.80
<b>5. Net increase in cash and cash equivalents</b>	-6,322,739,080.29	-4,681,919,451.74
Plus: balance of cash and cash equivalents at the beginning of the period	17,828,133,467.90	22,510,052,919.64
<b>6. Balance of cash and cash equivalents at the end of the period</b>	11,505,394,387.61	17,828,133,467.90

**Consolidated statement of changes in shareholders' equity**  
**For the year ended 31 December 2025**

Unit: CNY

Item	Year 2025														
	Equity attributable to owners of the parent company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Share capital	Other equity instruments	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferr ed stock	Perpetual bond	Others												
<b>1. Balance as at 31 December of last year</b>	1,506,445,074.00				930,146,459.78		1,225,575.49		753,494,000.00		48,399,383,170.36		51,588,243,128.65	104,802,725.23	51,693,045,853.88
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Others															
<b>2. Balance as at January 1 of the current year</b>	1,506,445,074.00				930,146,459.78		1,225,575.49		753,494,000.00		48,399,383,170.36		51,588,243,128.65	104,802,725.23	51,693,045,853.88
<b>3. Increases/decreases in the current year ("-" for decreases)</b>							3,321,707.34				4,794,391,322.62		4,791,069,615.28	8,580,760.44	4,799,650,375.72
(1) Total comprehensive income							3,321,707.34				2,206,058,926.68		2,209,380,634.02	15,080,760.44	2,194,299,873.58
(2) Capital contributed or reduced by owners														6,500,000.00	6,500,000.00
Capital contributions by owners														6,500,000.00	6,500,000.00
Capital contributions by															

other equity instruments holders															
Amounts of share-based payments recognized in owners' equity															
Others															
(3) Profit distribution										-	-				-
										7,000,450,249.30	7,000,450,249.30				7,000,450,249.30
Withdrawal of surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)										-	-				-
										7,000,450,249.30	7,000,450,249.30				7,000,450,249.30
Others															
(4) Internal carry-forward of owners' equity															
Conversion of capital reserves into paid-in capital															
Conversion of surplus reserves into paid-in capital															
Surplus reserves offsetting losses															
Amount of Changes in setting benefit plan transfer to retained earnings															
Other comprehensive income transferred to retained earnings															

Others															
(5) Special reserves															
Withdrawal for the period															
Use for the period															
(6) Others															
<b>4. Balance as at 31 December of the current year</b>	1,506,44 5,074.00				930,146, 459.78		2,096,13 1.85		753,494,0 00.00		43,604,99 1,847.74		46,79 7,173, 513.3 7	96,221,96 4.79	46,893,39 5,478.16

Item	Year 2024														
	Equity attributable to owners of the parent company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less : Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred stock	Perpetual bond	Others												
<b>1. Balance as at 31 December of last year</b>	1,506,44 5,074.00				930,524,4 63.31		2,023,194.8 1		753,494,0 00.00		48,746,02 8,613.08		51,938,51 5,345.20	111,348,62 9.66	52,049, 863,974 .86
Plus: adjustments for changes in accounting policies															
Adjustments for correction of accounting errors in prior year															
Others															
<b>2. Balance as at January 1 of the current year</b>	1,506,44 5,074.00				930,524,4 63.31		2,023,194.8 1		753,494,0 00.00		48,746,02 8,613.08		51,938,51 5,345.20	111,348,62 9.66	52,049, 863,974 .86
<b>3. Increases/decreases in the current year ("-" for decreases)</b>					- 378,003.5 3		- 3,248,770.3 0				- 346,645,4 42.72		- 350,272,2 16.55	- 6,545,904. 43	- 356,818 ,120.98

(1) Total comprehensive income							3,248,770.30				6,673,388,602.12		6,670,139,831.82	6,923,907.96	6,663,215,923.86
(2) Capital contributed or reduced by owners							378,003.53						378,003.53	378,003.53	
Capital contributions by owners															
Capital contributions by other equity Instruments holders															
Amounts of share-based payments recognized in owners' equity															
Others							378,003.53						378,003.53	378,003.53	
(3) Profit distribution															
Withdrawal of surplus reserves															
Withdrawal of general risk reserve															
Profit distributed to owners (or shareholders)															
Others															
(4) Internal carry-forward of owners' equity															
Conversion of capital reserves															

into paid-in capital															
Conversion of surplus reserves into paid-in capital															
Surplus reserves offsetting losses															
Carry-forward of retained earnings from changes in defined benefit plans															
Other comprehensive income transferred to retained earnings															
Others															
(5) Special reserves															
Withdrawal for the period															
Use for the period															
(6) Others															
<b>4. Balance as at 31 December of the current year</b>	1,506,445,074.00				930,146,459.78		1,225,575.49		753,494,000.00		48,399,383,170.36		51,588,243,128.65	104,802,725.23	51,693,045,853.88

**Statement of changes in shareholders' equity of parent company  
For the year ended 31 December 2025**

Unit: CNY

Item	Year 2025											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholder's equity
		Preferred stock	Perpetual bond	Others								
<b>1. Balance as at 31 December of last year</b>	1,506,445,074.00				1,530,620,394.11				753,494,000.00	31,867,283,870.96		35,657,843,339.07

Plus: adjustments for changes in accounting policies												
adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,506,445,074.00				1,530,620,394.11				753,494,000.00	31,867,283,870.96		35,657,843,339.07
<b>3. Increases/decreases in the current year (“-” for decreases)</b>												
(1) Total comprehensive income										4,159,953,786.74		4,159,953,786.74
(2) Capital contributed or reduced by owners												
Capital contributions by owners (common stock)												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												
Others												
(3) Profit distribution										7,000,450,249.30		7,000,450,249.30
Withdrawal of surplus reserves												

Profit distributed to owners (or shareholders)											7,000,450,249.30	-	7,000,450,249.30
Others													
(4) Internal carry-forward of owners' equity													
Conversion of capital reserves into paid-in capital													
Conversion of surplus reserves into paid-in capital													
Surplus reserves offsetting losses													
Amount of Changes in setting benefit plan transfer to retained earnings													
Other comprehensive income transferred to retained earnings													
Others													
(5) Special reserves													
Withdrawal for the period													
Use for the period													
(6) Others													
<b>4. Balance as at 31 December of the current year</b>	1,506,445,074.00				1,530,620,394.11				753,494,000.00	29,026,787,408.40			32,817,346,876.51

Item	Year 2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other Comprehensive	Special reserve	Surplus reserve	Undistributed profit	Others	Total shareholder s' equity
		Preferred stock	Perpetual bond	Others								

<b>1. Balance as at 31 December of last year</b>	1,506,445,074.00				1,530,620,394.11				753,494,000.00	31,524,392,046.58		35,314,951,514.69
Plus: adjustments for changes in accounting policies												
adjustments for correction of accounting errors in prior year												
Others												
<b>2. Balance as at January 1 of the current year</b>	1,506,445,074.00				1,530,620,394.11				753,494,000.00	31,524,392,046.58		35,314,951,514.69
<b>3. Increases/decreases in the current year (“-” for decreases)</b>										342,891,824.38		342,891,824.38
(1) Total comprehensive income										7,362,925,869.22		7,362,925,869.22
(2) Capital contributed or reduced by owners												
Capital contributions by owners (common stock)												
Capital contributions by other equity instruments holders												
Amounts of share-based payments recognized in owners' equity												
Others												
(3) Profit										-7,020,034,044.84		-

distribution												7,020,034,044.84
Withdrawal of surplus reserves												
Profit distributed to owners (or shareholders)										-7,020,034,044.84		-7,020,034,044.84
Others												
(4) Internal carry-forward of owners' equity												
Conversion of capital reserves into paid-in capital												
Conversion of surplus reserves into paid-in capital												
Surplus reserves offsetting losses												
Amount of Changes in setting benefit plan transfer to retained earnings												
Other comprehensive income transferred to retained earnings												
Others												
(5) Special reserves												
Withdrawal for the period												
Use for the period												
(6) Others												
<b>4. Balance as at 31 December of the current year</b>	1,506,445,074.00				1,530,620,394.11				753,494,000.00	31,867,283,870.96		35,657,843,339.07

### III. Company profile

Jiangsu Yanghe Distillery Co., Ltd.(hereinafter referred to as “the Company”)was established on 26 December 2002, verified by the Government of Jiangsu Province, details referred to Reply on The approval of Establishment of Jiangsu Yanghe Distillery Co., Ltd. by the provincial government (SuZhengFu [2002]No.155), and it was a company founded by Jiangsu Yanghe Group Co., Ltd., Shanghai Haiyan Logistics Development Co., Ltd., Nantong Zongyi Investment Co., Ltd., Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd., Jiangsu Venture Capital Co.,Ltd., China National Research Institute of Food and Fermentation Industries Co. Ltd., Nantong Shengfu Industrial Trade Co., Ltd. and Yang Yandong and other totally 14 nature persons.

On 13 October 2009, the Company was verified by China Securities Regulatory Commission, according to the document Reply on Approving Initial Public Offering of Jiangsu Yanghe Distillery Co., Ltd. (Zheng Jian Approval [2009] No.1077). The Company announced the initial public offering of 45,000,000 common shares on 27 February 2009 and was listed for transactions in SZSE since 6 November 2009.

According to the Proposal of the cancellation of the remaining shares in the repurchase special securities account approved by 2023 first extraordinary general meeting of shareholders on 15 September 2023, the company cancelled 542,926 shares. The share cancellation procedures were completed on October 12, 2023. After this share cancellation, the company's registered capital changed to 1,506,445,074 yuan, and the total number of shares became 1,506,445,074 shares.

Registered address of the Company: 118 Middle Avenue, Yanghe Town, Suqian City, Jiangsu Province

Company type: Incorporated company (Listed)

Industry of the Company: Brewing food industry

Business scope of the Company: production and sale of liquor, wholesaling and retailing of prepackaged food, grain purchase, self-operating and agency of import and export of various types of merchandise and technology excluding merchandise and technology limited or prohibited by the state for import and export, domestic trade, construction of e-commerce platform and online sales. ( Business activities of projects needed to be approved by law must be approved according to related departments )

Parent company of the Company:Jiangsu Yanghe Group Co.,Ltd.

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

#### Scope of Consolidated Financial Statements

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

Changes in the scope of the consolidated financial statements are as follows:

1. Subsidiaries that are newly incorporated into the scope of consolidation are shown in the following table:

Name	Measure of acquisition
Jiangsu Yanghe Cultural Media Co., Ltd.	Newly establishment
Shuyang Dream Blue Trading Co., Ltd.	Newly establishment

2. Entities No Longer Included in the Scope of Consolidation During the Current Period:

Name	Reasons for exclusion from consolidation
Yanghe Hong Kong Wine Industry Co., Ltd.	deregister

3. Details of the subsidiaries incorporated into the consolidated financial statements show on “Note 10. 1.Interests in subsidiaries”, Changes in the scope of consolidation show on “Note 9. Change in consolidated scope”.

### IV. Basis of preparation of financial statements

1. Basis of preparation

The Company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various concrete accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Going concern

The Company has sustainable operation ability for at least 12 months from the end of the reporting period. In addition, there is no significant event affecting going concern.

## V. Significant accounting policies and accounting estimates

The disclosure requirements of food and wine manufacturing-related industries in the Guidelines for Self-regulation NO.3 of Listed Companies of Shenzhen Stock Exchange -Industry Information Disclosure shall be observed

### 1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the group's financial position, the Company's and results of operations, and changes in shareholders' equity, cash flows and other related information for the reporting period.

### 2. Accounting period

The Company's accounting period is calendar year as its accounting year, i.e. from 1 January to 31 December.

### 3. Operating cycle

The Company's accounting period is 12 months.

### 4. Functional currency

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

### 5. Methods for Determining Importance Standards and Selection Criteria.

Applicable  N/A

Project	importance criteria
Significant individual provision for bad debts on accounts receivable	Individual amount exceeds 1% of total assets
Significant construction in progress	Individual amount exceeds 1% of total assets
Significant non-wholly-owned subsidiaries	Net profit accounts for 10% of the consolidated financial statements.

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

(1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

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

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.

b) The cost of acquisition shall be respectively determined for the following conditions;

i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.

c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

i. All assets of the acquiree obtained by the Company through business combination (not limited to those that have

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been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations is expected to bring future economic benefits to the Company and the fair value can be reliably measured.

iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs;

After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

(3) Treatment of relevant expenses arising from the Company's business combination

a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.

b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

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

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

## **7. Criteria for determining control and Preparation of consolidated financial statements**

(1) Criteria for determining control

The determination of the scope of consolidation of the consolidated financial statements is based on control. Control refers to the investor having power over the investee, enjoying variable returns through involvement in the investee's activities, and having the ability to influence the amount of returns through the exercise of power over the investee. When changes in relevant facts and circumstances lead to changes in the elements involved in the definition of control, the company will conduct a reassessment.

(2) Preparation of consolidated financial statements

(a) Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

(b) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial

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statement.

(c) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling shareholders exceed those non-controlling shareholders' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(d) Changes in number of subsidiaries during the reporting period

a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the opening balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

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

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed subsidiaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

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

(1) Classification of joint venture arrangements

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures only have the rights to the net assets under this arrangement.

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

A joint arrangement that is structured through a separate vehicle is usually classified as a joint venture. However, when a joint arrangement provides clear evidence that it meets any of the following requirements and complies with applicable laws and regulations as a joint operation:

a) The legal form of the joint arrangement indicates that the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

b) The terms of the joint arrangement specify that the parties that have joint control have the rights to the assets, and the obligations for the liabilities, relating to the arrangement.

c) Other facts and circumstances indicate that the parties that have joint control have rights to the assets, and the obligations for the liabilities, relating to the arrangement---for example, the parties that have joint control have rights to substantially all of the output of the arrangement, and the arrangement depends on the parties that have joint control on a continuous basis for settling the liabilities of the arrangement.

(2) Accounting treatment of a joint operation

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

a) Its solely-held assets, and its share of any assets held jointly;

b) Its solely-assumed liabilities, and its share of any liabilities incurred jointly;

c) Its revenue from the sale of its share of the output arising from the joint operation;

d) Its share of the revenue from sale of the output by the joint operation; and

e) Its solely-incurred expenses and its share of any expenses incurred jointly.

## **9. Cash and cash equivalents**

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Cash comprises cash on hand and deposits that can be readily withdrawn on demand.

Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **10. Foreign currency transactions and translation of foreign currency statements**

##### **(1) Accounting method of foreign currency transactions**

###### **a) Initial recognition of foreign currency transactions**

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

###### **b) Adjustment or settlement on the balance sheet date or settlement date**

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

###### **i. Accounting principles for handling foreign currency monetary items**

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

###### **ii. Accounting principles for handling foreign currency non-monetary items**

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date, with their amounts in functional currency remaining unchanged and no exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

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

##### **(2) Accounting treatment method for translation of foreign currency statements**

###### **a) The Company shall translate the financial statements of foreign operations in accordance with the following methods:**

i. Assets and liabilities in the balance sheets shall be translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur.

ii. Revenue and expense items in the income statement are translated at the spot exchange rates on the dates when the transactions occur or at the exchange rate determined in a systematical and reasonable method and similar to the spot exchange rate on the day when the transactions occur.

Differences arising from the above translations of foreign currency financial statements are separately listed under 'other comprehensive income' in the consolidated balance sheet.

The translation of comparative financial statements is handled by reference to the above approach.

###### **b) The Company shall translate the financial statements of foreign operations that are in virulent inflation economy in accordance with the following methods:**

i. The Company restates the items in the balance sheet by using the general price index, and restates the items in the income statement by using the changes in general price index, and then converts those items at the spot exchange rate on the latest balance sheet date.

ii. Where the foreign operations are no longer in virulent inflation economy, the Company ceases to restate the financial statements and converts the financial statements restated according to the price level on such cease.

c) Where the Company disposes of an overseas business, it shall transfer the foreign currency financial statements exchange difference, which relates to the business disposed of and is presented under the items of the other

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comprehensive income in the balance sheet, from the other comprehensive income item to the gain or loss on disposal for the current period. If the overseas business is partly disposed of, the foreign currency financial statements exchange difference shall be calculated in proportion to the percentage of disposal and transferred to gain or loss on disposal for the current period.

## **11. Financial Instruments**

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

### (1) Classification of financial instruments

#### a) Classification of financial assets

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income); and financial assets measured at fair value through the current profit or loss.

#### b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at fair value through current profit and loss (including financial liabilities held for trading and financial liabilities directly designated to be at fair value through current profit and loss); and financial liabilities measured at amortized cost.

### (2) Recognition basis and measurement method of financial instruments

#### a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

#### b) Measurement method of financial instruments

##### i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognized. Accounts receivable or notes receivable arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognized based on the amount of consideration expected to be entitled to receive according to Accounting Standard for Business Enterprises No. 14 - Revenue.

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

These assets are subsequently measured at amortized cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortized cost and are not a part of any hedging relationship shall be recognized in profit or loss when the financial asset is derecognised or reclassification or amortized using the effective interest method or recognized the impairment allowance.

##### ② Financial assets measured at fair value through other comprehensive income

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognized in profit or loss; other gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets measured at fair value through other comprehensive income; the company shall recognize the relevant dividend income of such financial assets into the current profit and loss, and recognize the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognized in current profit and loss.

##### ③ Financial assets measured at fair value through profit or loss

The Company classifies the financial assets, except for financial assets measured at amortized cost or at fair value through other comprehensive income as mentioned above, into the financial assets measured at fair value through profit or loss for the current period. In addition, the company may designate some financial assets as financial assets measured at fair value through profit or loss for the current period upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

##### ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at fair value through profit or loss for the

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current period upon initial recognition and other financial liabilities. For financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

① Financial liabilities measured at fair value through profit or loss

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at fair value through profit or loss, fair value changes caused by the Company's own credit risk changes which is recognized in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit and loss.

② Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognizes the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognizes the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

(4) Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit and loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed number of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(6) Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence,

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it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

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

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

(8) Impairment of Financial Assets

Based on the expected credit loss, the Company shall recognize the impairment loss on financial assets measured at amortized cost, debt instrument investment at fair value through other comprehensive income.

a) The approach of recognition loss allowance for expected credit losses

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and confirms the expected credit loss.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month expected credit losses; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime expected credit losses; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime expected credit losses. For financial instruments with low credit risk on the balance sheet data (e.g., fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss provision according to the expected credit loss in the next 12 months.

ii. Simplified approach

For accounts receivable, contract assets, lease receivables and Income-related notes receivable that do not contain significant financing components or do not consider the financing components in the contracts for no more than one year old, the company adopts simplified approach and shall always measure the loss allowance at an amount equal to lifetime expected credit losses

For accounts receivable, contract assets and lease receivables are defined by the Accounting Standards for Business Enterprises No. 21-Leasing that include significant financing components, the company recognizes a loss allowance equal to the lifetime expected credit losses.

b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payment delay exceeds 30 days, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition. Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different notes receivables,

accounts receivables, contract assets, lease receivables and other receivables with the following characteristics. Such as: accounts receivables in dispute with the other party or involving litigation or arbitration; notes receivables, accounts receivables that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the expected credit loss information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the expected credit loss on collective basis. The basis for determining the portfolio is as following:

Name	Approach of assessing expected credit risk
Bank acceptance bill Portfolio; Commercial acceptance bill Portfolio	For notes receivables divided into portfolio, the bank acceptance bill and commercial acceptance bill refer to the historical credit loss experience, and combines the current situation and the forecast of future economic situation respectively. The Company calculates the expected credit loss based on the default risk exposure and the expected credit loss rate of the whole duration.
Risk Portfolio	For accounts receivables divided into risk portfolio, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and prepares a comparison table between overdue ages of accounts receivables and expected credit loss rate of the whole duration to calculate the expected credit loss.
Other Portfolio	The Company classifies items without significant recovery risk receivables as other portfolio such as items from subsidiaries in the consolidation scope, tax refunds receivable, collection and withholding of funds. There is no provision for bad debt for them.
Lease receivables	For Lease receivables classified into combinations, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate of the whole duration according to the historical credit loss experience, the current situation and the forecast of the future economic situation

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

## 12. Contract assets

A contract asset is a company's right to receive consideration for goods transferred to a customer, and this right depends on factors other than the passage of time. The company's contract assets mainly include completed and unsettled assets and quality guarantee deposit. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

For the determination method and accounting treatment method of expected credit loss of contract assets, refer to "Impairment of Financial Assets" in Note 11 (8).

## 13. Inventory

### (1) Classification of inventory

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

Measurement method of dispatched inventories

Dispatched materials and stock commodities are accounted for by using the weighted average method.

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

#### a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on

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the basis of contract price. If the quantities of inventories specified in the 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.

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

b) Provision for stock obsolescence

i. Provisions for stock obsolescence are made at the lower of costs or net realizable values on a single basis.

ii. For inventories with large quantity and relatively low unit prices, the provision for stock obsolescence shall be made on the ground of the categories of inventories.

iii. consolidated accruals

For inventories that are related to product lines produced and sold in the same region, share the same or similar ultimate use or purpose, and are difficult to be measured separately from other items, a consolidated provision for obsolete stock is made.

(3) Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

(4) Amortization method of revolving materials

a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

b) Amortization method of packaging materials

Packing materials are amortized in full at once when fetched for use by the Company.

#### **14. Assets held for sale**

(1) Assets held for sale

a) Scope of a non-current asset held for sale and a disposal group

A non-current asset or disposal group is classified as held for sale when a company recovers its carrying value primarily through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of such a group.

A disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

b) Recognition criteria of a non-current asset held for sale and a disposal group

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

i. The assets or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups;

ii. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

c) Accounting treatment and presentation of a non-current asset held for sale and a disposal group

The non-current asset or disposal group is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards. When the Company measure a non-current asset or disposal group held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair valueless costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

The Company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non-controlling interests in its former subsidiary after the sale. In the balance sheets of parent company, the investment should be classified as held for sale in full. In the consolidated financial statements, all assets and liabilities of the subsidiaries are classified as held for sale.

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(2) Termination of business operations

a) Criteria for determining termination of operations

Termination means any separate part which satisfies one of the following conditions and which has been disposed of or classified as being held for sale:

- i. The component represents a separate principal business or a separate principal area of operation;
- ii. The component is part of an associated plan to dispose of a separate principal business or a separate principal operating area;
- iii. The component is a subsidiary acquired specifically for resale.

b) Presentation of discontinued operations

The Company separately presents the profit or loss from continuing operations and discontinued operations in the income statement. For non-current assets or disposal groups held for sale that do not meet the definition of discontinued operations, their impairment losses, reversal amounts, and disposal gains or losses are presented as part of the profit or loss from continuing operations. Impairment losses, reversal amounts, operating results, and disposal gains or losses related to discontinued operations are presented as part of the profit or loss from discontinued operations.

## 15. Long-term equity investment

(1) Recognition of the initial investment costs of long-term equity investments

a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in Notes 3(5). Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:

i. For the long-term equity investments obtained by cash paid, the Company recognizes the actual purchase price as the initial investment costs. The initial investment costs include directly related expense, taxes and other necessary expenses of obtaining long-term equity investments.

ii. For the long-term equity investments acquired by the issue of equity securities (equity instrument), the initial investment cost shall be the fair value of the equity securities (equity instrument) issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities (equity instrument), including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities (debt instrument), reference through the issuance of equity securities (equity instrument).

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

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

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtaining of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

a) Long-term equity investment measured under cost method

i. If accompany can control an investee, namely investment in subsidiary, the long-term equity investment shall be measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of

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net profits realized by the investee before investment or after investment.

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

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

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

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

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

(3) Basis for judgment of common control or significant influence over the investee

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

b) Basis for judgment of significant influence over investee

The term "significant influence" refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

**16. Fixed assets**

(1) Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

- a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- b) The cost of the fixed assets can be measured reliably.

(2) Depreciation of fixed assets

Category	Depreciation method	Estimated useful life (Yr)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings And constructions	Straight-line method	20 ~25	5	3.80 ~4.75
Machinery equipments	Straight-line method	10	5	9.50
Transportation equipments	Straight-line method	10	5	9.50
Other equipments	Straight-line method	8	5	11.88

### 17. Construction in progress

(1) Categories of constructions in progress

Constructions in progress are accounted on individual project basis.

(2) Criteria and commencement of conversion of constructions in progress into fixed assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self- operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

### 18. Borrowing costs

(1) Scope of borrowing costs

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

(2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

(3) Recognition of capitalization period of borrowing costs

a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

b) Recognition of period of capitalization suspension of borrowing costs

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If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

(4) Recognition of capitalized amounts of borrowing costs

a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

b) Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.

c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

## 19. Intangible assets

(1) Useful life and the basis for its determination, estimation, amortization methodology or review procedures

a) Initial measurement of intangible assets

i. Initial measurement of outsourcing intangible assets

Costs of outsourcing intangible assets shall be recognized according to the purchase price, related taxes and other expenses directly attributed to reaching the working condition for their intended use. The cost of intangible assets shall be recognized based on present value of purchase price when deferred payment over normal credit conditions with financial nature. The difference between actual payment and purchase price, except for capitalized amount, shall be included into the current profit and loss in the period of credit.

ii. Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

b) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

i. Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	50	0	2.00
Trademark Right	7-10	0	14.29-10.00
Computer software	10	0	10.00
Non-Patent Technology	10	0	10.00

The useful lives and amortization methods of intangible assets with limited useful lives on the balance sheet date shall be reviewed.

ii. Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

c) Estimates of useful lives of intangible assets

i. For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

ii. Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

iii. If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(2) The scope of R&D expenditures and the related accounting treatment

a) Specific criteria for delineating the research and development phases of in-house R&D projects

i. The scope of R&D expenditures

It usually includes research and development staff salary expense, direct input expense, depreciation and long-term amortization expense, design expense, equipment commissioning expense, amortization expense for intangible assets, commissioned external research and development expense, and other expense, including expensed research expense and capitalized development expenditures.

ii. Specific criteria for delineating the research and development phases

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

① Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

② Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design,

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prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

b) Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

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

## 20. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

## 21. Long-term deferred expenses

### (1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

### (2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

### (3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

## 22. Contract liability

Contract liabilities refer to the obligation of a company to transfer commodities to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained an unconditional right to receive the goods prior to the company's transfer of the goods to the customer,

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the company will show the amount received or receivable as a contractual liability in which earlier the customer actually pays the amount or the amount becomes due. The contract assets and contract liabilities under the same contract shall be shown on a net basis, and the contract assets and contract liabilities under different contracts shall not be set off.

### **23. Employee benefits**

#### **(1) Accounting treatment of short-term benefits**

Short-term benefits are the benefits that the Company expect to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination. Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short-term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

#### **(2) Accounting treatment of post-employment benefits**

The defined contribution plan of the Company includes payments of basic pension, unemployment insurance, annuity, etc. that accord to relevant provisions. The amount which the Company deposit on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

#### **(3) Accounting treatment of termination benefits**

Termination benefits are the benefits the Company provide to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

- a) When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally;
- b) When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

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

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

- a) Service cost;
- b) Net amount of interest from other long-term employee benefits net liabilities or assets;
- c) Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

### **24. Provisions**

#### **(1) Recognition principles of provision**

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

- a) This obligation is a present obligation of the Company;
- b) The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and
- c) The amount of the obligation can be measured reliably.

#### **(2) Measurement method of provision**

The amount of provision is measured at the best estimate of expenses required for contingencies.

- a) If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.
- b) The best estimate shall be accounted as follows in other cases:
  - i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.
  - ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

### **25. Share-based payment**

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Share-based payment is classified as equity-settled share-based payment and cash-settled share-based payment.

(1) Accounting treatment on the date of granting

The Company does not make any accounting treatment on the date of granting, neither for equity-settled share-based payment nor for cash-settled share-based payment, except that the right of the share-based payment can be exercised immediately.

(2) Accounting treatment on each balance sheet date within vesting period

On each balance sheet date within vesting period, the Company records the service provided by employees or other party as cost and expense, and recognizes equity or liability at the same time.

For the share-based payment attached with market conditions, once employees satisfy all conditions except market conditions, the service acquired can be recognized. If the performance condition is not market condition, the estimate for previous periods can be revised when the vesting period is determined and subsequent information shows that the estimate for conditions of exercising rights requires adjustments.

For equity-settled share-based payment related with employees, charge the service into costs, expenses and capital reserve (other capital reserve), using the fair value of the equity instrument on the date of granting. The subsequent changes of fair value should not be recognized. For cash-settled share-based payment related with employees, recalculate fair value of the equity instrument at each balance sheet date and recognize related costs, expenses and employee benefit payable.

At each balance sheet date within vesting period, the Company makes the best estimate and revises the number of equity instrument that can be exercised according to the latest subsequent information such as change of number of employees who can exercise rights.

Use fair value and the number of equity instrument stated above to calculate cumulative amount of costs and expenses that should be recognized by this period and then deduct the cumulative amount already recognized in the previous period. The balance is the amount of cost and expense that should be recognized in the current period.

(3) Accounting treatment after the date when rights can be exercised

For equity-settled share-based payment, after the date when rights can be exercised, no adjustment shall be made to the total amount of the cost expense and equity already recognized. The Company recognizes share capital and capital premium, and carry forward the capital reserve (other capital reserve) recognized within vesting period at the he dates when rights can be exercised.

For cash-settled share-based payment, the Company shall not recognize costs and expenses. The change of fair value of liability (employee benefit payable) should be recorded into current profit or loss (profit or loss arising from fair value changes) after the date when rights can be exercised.

(4) Accounting treatment for repurchasing shares regarding employee option incentive.

When the Company encourages employees in the form of repurchasing shares, total expenditure of repurchasing shares is regarded as treasury stock and registered for check. At each balance sheet date within vesting period, charge the employee service acquired into costs and expenses, and meanwhile increase capital reserve (other capital reserve), using fair value of the equity instrument at the date of granting. When the employee exercises the right to buy the Company's shares and receives the amount, write off the cost of treasury stock delivered to the employee and the cumulative amount of capital reserve (other capital reserve) recognized within the vesting period, meanwhile the balance adjusting capital reserve (share capital premium).

## **26.Revenue**

Accounting policies adopted in revenue recognition and measurement

(1) Principle and measurement method of revenue recognition

a) Revenue recognition

The Company has fulfilled its contractual performance obligation to recognize revenue when the customer acquires control of the relevant goods. On the beginning date of the contract, the Company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point. Then, the Company recognizes the revenue when the individual performance obligations are fulfilled.

b) Revenue measurement

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the commodity or service committed by each single performance obligation, and measure the revenue according to the transaction price apportioned to each single performance obligation. In determining the transaction price, the Company will take into account the impact of variable consideration, material financing elements existing in the contract, non-cash consideration and customer

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consideration payable, and it is assumed that the goods will be transferred to the customer in accordance with the provisions of the existing contract and that the contract will not be canceled, renewed or changed.

(2) Specific revenue recognition policies

a) Sales contract

The Company's sales products, promotional products and other goods belong to the performance obligations performed at a certain point.

The Company recognizes the sales revenue when the goods are delivered to the customer and the control of the goods is transferred. For export sales business, the Company recognizes the revenue after the goods are delivered and the customs clearance procedures are completed.

According to the marketing policy, and the distributor sales of final product, the Company gives the distributor a percentage discount, and regularly or irregularly settles with distributors. At the time of settlement, the discounts are recorded in a sales invoice issued. The net amount of invoice value after the deduction of the discount sales income is recognized as revenue according to the accrual principle. The discounts that have occurred and have not yet been settled at the end of the current period shall be taken provision from the sales revenue and recorded into the contract liabilities.

b) Service Contract

The service contract provided by the Company contains the performance obligation of the lease service provided. Since the customer obtains and consumes the economic benefits brought by the performance of the contract at the same time, it is regarded as the performance obligation performed within a certain period of time and is equally apportioned and confirmed during the service provision.

Cases where the same type of business adopts different business models involving different revenue recognition methods and measurement approaches.

## 27. Contract costs

Assets related to contract costs include contract acquisition costs and contract performance costs.

The cost of contract fulfillment incurred by the company to perform the contract shall be recognized as an asset if the following conditions are met:

- (1) The cost is directly related to a current or anticipated contract.
- (2) The cost increases the company's resources for future performance obligations.
- (3) The cost is expected to be recovered.

The incremental cost incurred by the company in obtaining the contract is expected to be recovered shall be recognized as an asset as the cost of obtaining the contract.

The Company amortizes the asset related to the contract cost on the same basis as the recognition of the revenue of the goods or services related to the asset, and includes it in the profit or cost for the current period.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make an impairment provision for the excess part and confirm it as the impairment loss of the assets:

- (1) The transfer of the goods or services related to the asset less the estimated cost;
- (2) Estimated impending costs for the transfer of the related goods or services.

If the impairment provision of the above asset is subsequently reversed, the book value of the asset after reversal shall not exceed the carrying amount the asset would have reached on the date of reversal had the provision for impairment been not made.

## 28. Government grants

(1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

(2) Recognition principles of government grants

Government grants are recognized when both of the following conditions are met:

- a) The Company can meet the attached conditions for the government grants;
- b) The Company can receive the grants.

(3) Measurement of government grants

- 
- a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.
  - b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

- a) The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.
- b) Government grants related to income shall be separately handled according to the following circumstances:
  - i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.
  - ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off of the related costs.
- c) Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.
- d) Government grants related to daily operation shall be recoded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.
- e) Government grants already recognized required to be refunded shall be handled according to the following circumstances:
  - i. If the grants have written down the book value of assets, the book value shall be adjusted.
  - ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.
  - iii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

**29. Deferred tax assets and deferred tax liabilities**

The Company adopts the balance sheet liability method to account for income tax.

(1) Recognition of deferred tax assets or deferred tax liabilities

a) The Company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities and the tax base. If there are temporary differences in book value of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

b) Recognition basis of deferred tax assets

- i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.
- ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.
- iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill; transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax

rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

- b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.
- c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.
- d) Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

**30. Lease**

(1) Accounting treatment for leases as lessee

On the commencement date of the lease term, the company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and subsequently recognizes depreciation expense and interest expense during the lease term.

a) Accounting treatment for right-of-use assets

A right-of-use asset is the right of the Company, as lessee, to use the leased asset during the lease term.

i. The initial measurement

On the lease commencement date, the company measures the right-of-use asset at its initial cost. This cost comprises four components: ① The initial measurement of the lease liability. ② Lease payments made at or before the commencement date, net of any lease incentives received, if any. ③ Incurred initial direct costs, representing the incremental costs of obtaining the lease. ④ Estimated costs expected to be incurred for dismantling and removing the leased asset, restoring the leased asset's site, or reinstating the leased asset to the condition specified in the lease agreement, excluding costs for inventory production purposes.

ii. Subsequent measurement.

After the lease commencement date, the company adopts the cost model for subsequent measurement of the right-of-use asset, which means the asset is measured at cost less accumulated depreciation and accumulated impairment losses. If the company re-measures the lease liability in accordance with the lease standards, the carrying amount of the right-of-use asset is adjusted accordingly.

Depreciation is recognized on the right-of-use asset from the lease commencement date. Depreciation on the right-of-use asset begins in the month of lease commencement. The amount of depreciation recognized is either capitalized to the cost of related assets or expensed in the current period, depending on the use of the right-of-use asset. The company applies the straight-line method to depreciate the right-of-use asset based on the expected pattern of consumption of the economic benefits associated with the right-of-use asset. If the right-of-use asset is impaired, subsequent depreciation is based on the carrying amount of the right-of-use asset after deducting impairment losses. The categories of right-of-use assets, their useful lives, and annual depreciation rates are as follows: [Categories, useful lives, and annual depreciation rates are not provided in the text you provided.]

The categories of right-of-use assets	The depreciation period (in years)	The annual depreciation rate (as a percentage)
buildings and structures	2-5	50-20

(2) The accounting treatment method for lease liabilities.

(a) Initial measurement

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that

a) Lease payment

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- i. fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commence date;
- iii. The exercise price of the purchase option, if the Company is reasonably certain to exercise that option;
- iv. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- v. The amount expected to be paid based on the residual value of the guarantee provided by the company.

b) The discount rate

When calculating the present value of lease payments, the interest rate in the lease is determined as the discount

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rate. If the rate cannot be readily determined, the Company shall use the lessee's incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate is based on the bank lending rate and adjusted by the Company considering relevant factors.

(b) Subsequent measurement

After the commencement date, the Company shall measure the lease liability by:

- ① increasing the carrying amount to reflect interest on the lease liability;
- ② reducing the carrying amount to reflect the lease payments made;
- ③ remeasuring the carrying amount to reflect any reassessment or lease modifications

After the lease commencement date, lease payment shall be remeasured if the following circumstances incurred, and the lease liability shall be remeasured at the present value which is based on the revised lease payment and revised discounting rate. The Company shall remeasure the lease liability to reflect changes to the lease payments. A lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognize any remaining amount of the remeasurement in profit or loss.

- ① change of in-substance fixed payments (subject to original discounting rate)
- ② change of amounts expected to be payable under residual value guarantees
- ③ change of an index or a rate used for future lease payments
- ④ change in assessment of a buy option

The interest expense during each period of the lease term shall be included in the current profit and loss, except for those that should be capitalized.

(3) The criteria and accounting treatment methods for short-term leases and leases of low-value assets.

For short-term leases, they refer to leases where the lease term does not exceed 12 months from the lease commencement date. Leases that include purchase options are not considered short-term leases. Low-value asset leases are leases where the individual lease asset has a low value when it is new. Leases of assets for sublease or expected sublease are excluded from low-value asset leases.

The company adopts a simplified approach for short-term leases and leases of low-value assets. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis or using another systematic and rational approach over the lease term in each reporting period. No right-of-use assets and lease liabilities are recognized for these leases.

(4) The accounting treatment methods for leases as the lessor

(a) Finance lease

At the commencement date of the lease term, the Company recognizes the finance lease receivable at the net value of lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term that are discounted at the interest rate in the lease) and derecognizes the finance lease asset. Over the term of the relevant lease, the Company calculates and recognizes interest income based on the interest rate in the lease.

The company shall account for a finance lease modification as a separate lease if both conditions are satisfied: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets or extending the contractual lease term. ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope or the contractual lease term extension and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract. Stand-alone price to reflect the circumstances of the particular contract.

(b) Operating lease

According to the nature of the assets, the company will include the assets used as operating lease in the relevant items of the balance sheet. The Company shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the lease income. Lease payment received shall be recognized as lease income on a straight-line basis within the period. The depreciation policy for depreciable underlying fixed assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets. Amortization for other underlying assets subject to operating lease shall be on reasonable systematic basis. The variable lease payments

obtained by the company related to operating leases, which are not included in the lease payment received, shall be included in the current profit and loss when actually incurred.

A lessor 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.

### 31. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable N/A

(2) Changes in significant accounting estimates

Applicable N/A

(3) Adjustments to the financial statement items at the beginning of the fiscal year when implementing the new accounting standards for the first time starting from 2025

Applicable N/A

## VI. Taxes

### 1. Major tax types and rates

Tax type	Taxation basis	Tax rate
Value-added tax (VAT)	Output tax-deductible input tax	13%、9%、6%、19%
Consumption tax	Sales revenue or composite assessable price	please refer to the instructions
Urban maintenance and construction tax	Applicable turnover tax amount	7%、5%
Corporate income tax	Applicable income tax rate Taxable income	25%、16.5%、0%、27%

Disclosure statement if there are various taxpaying bodies with different corporate income tax rates

Company name	Applicable tax rate
JSSJ Industry (HK) Holdings Co., Ltd.	16.50%
Hong Kong Zhaiugou International Trade Co., Ltd.	16.50%
ZYG E-Commerce HK Limited	16.50%
Yanghe Hong Kong Distillery Co., Ltd.	16.50%
YANGHE CHILE SPA	27%
YangHe International Investment Ltd	0%
ZYG LTD	0%
ZYG TECHNOLOGY INVESTMENT LTD	0%

### 2. Other information

Note: Charging of Consumption Tax

(1) Ad valorem taxation: liquor consumption tax shall be calculated and paid according to 20% of the approved sales amount. The taxable liquor commissioned for processing shall be taxed according to the sales price of similar liquor of the entrusted party, and if there is no sales price of similar liquor, the taxable liquor shall be computed according to the composition assessable price. Consumption tax on red wine (wine) is calculated at 10% of sales.

(2) Quantity-based taxation: liquor consumption tax is calculated and paid according to CNY 1 per kg.

## VII. Notes to items in the consolidated financial Statements (all currency unit is CNY, except other statements)

### 1. Cash and Bank Balances

Unit: CNY

Item	Closing balance	Opening balance
Cash	292.01	292.01
Bank deposit	13,198,908,345.76	21,688,566,331.16
Other cash and cash equivalents	64,453,099.85	59,731,355.20
Total	13,263,361,737.62	21,748,297,978.37
Including: total amount of funds deposited overseas	69,866,115.55	64,173,058.27

Other notes

Among the closing balance of bank deposits, frozen funds amount to CNY 2,588,608.00; the closing balance of other monetary funds mainly consists of funds deposited on platforms such as Tenpay and Alipay.

Liquor manufacturing enterprises should disclose in detail whether there is any special interest arrangement such as the establishment of capital co-management accounts with relevant parties

Applicable N/A

## 2. Financial assets held-for-trading

Unit: CNY

Item	Closing balance	Opening balance
Financial asset at fair value through profit and loss	7,293,889,826.00	6,380,145,437.14
Including:		
Debt instruments	7,293,889,826.00	6,380,145,437.14
Including:		
Total	7,293,889,826.00	6,380,145,437.14

Other notes

The debt instrument investments mainly consist of structured bank deposits maturing within one year.

## 3. Notes receivables

### (1) Classification of notes receivables

Unit: CNY

Item	Closing balance	Opening balance
Bank acceptance bill	28,125,000.00	413,398,699.00
Total	28,125,000.00	413,398,699.00

### (2) Disclosure by classification of provision for bad debts method

Unit: CNY

Item	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	amount	proportion	amount	proportion		amount	proportion	amount	proportion	
Including:										
Provision for bad debt of notes receivables by portfolio	28,125,000.00	100.00%			28,125,000.00	413,398,699.00	100.00%			413,398,699.00
Including:										
Bank acceptance bill portfolio	28,125,000.00	100.00%			28,125,000.00	413,398,699.00	100.00%			413,398,699.00
Total	28,125,000.00	100.00%			28,125,000.00	413,398,699.00	100.00%			413,398,699.00

Provision for bad debt by individual: 0.00

Unit: CNY

Item	Closing balance		
	Book balance	Provision for bad debt	Proportion

Bank acceptance bill portfolio	28,125,000.00		
Total	28,125,000.00		

Notes to determine provision for bad debt by portfolio:

If provision for bad debt of notes receivable is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information about provision for bad debt:

Applicable N/A

#### 4. Accounts receivables

##### (1) Disclosed by aging

Unit: CNY

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	7,272,520.74	8,992,241.30
1-2 years	1,678,040.53	132,228.46
2-3 years	45,883.43	75,528.52
Over 3 years	3,079,688.07	3,236,677.55
3-4 years	13,120.52	137,146.47
4-5 years	70,257.47	122,145.00
Over 5 years	2,996,310.08	2,977,386.08
Total	12,076,132.77	12,436,675.83

##### (2) Disclosed by categories

Unit: CNY

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Provision for bad debt by portfolio	12,076,132.77	100.00%	3,454,232.67	28.60%	8,621,900.10	12,436,675.83	100.00%	3,441,771.10	27.67%	8,994,904.73
Including:										
Risk portfolio	12,076,132.77	100.00%	3,454,232.67	28.60%	8,621,900.10	12,436,675.83	100.00%	3,441,771.10	27.67%	8,994,904.73
Total	12,076,132.77	100.00%	3,454,232.67	28.60%	8,621,900.10	12,436,675.83	100.00%	3,441,771.10	27.67%	8,994,904.73

Provision for bad debts by portfolio: Risk portfolio

Unit: CNY

Aging	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion of provision
Within 1 year (including 1 year)	7,272,520.74	218,175.61	3.00%
1-2 years	1,678,040.53	167,804.05	10.00%
2-3 years	45,883.43	9,176.69	20.00%
Over 3 years	3,079,688.07	3,059,076.32	99.33%
Total	12,076,132.77	3,454,232.67	

Notes to determine provision for bad debt by portfolio:

If provision for bad debt of accounts receivables is calculated according to the general model of expected credit loss, please refer to the disclosure method of other receivables to disclose the relevant information about provision for bad debt:

Applicable N/A

### (3) Provision for bad debt that is accrued, recovered or reversed during this period

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write off	Others	
Provision	3,441,771.10	12,461.57				3,454,232.67
Total	3,441,771.10	12,461.57				3,454,232.67

Significant amount of reversal or recovery during this period

Unit: CNY

Company name	Amount recovered or reversed	Reason	Method	Basis and reasonableness

### (4) Top five entities with the largest balances of the accounts receivables and contract assets

Unit: CNY

Company's name	Closing balance of the accounts receivables	Closing balance of the contract asset	Closing balance of accounts receivable and contract assets	Percentage of combined accounts receivable and contract assets closing balances	Closing balances of accounts receivable, provision for bad debts and allowance for impairment of contract assets
First	1,514,390.00		1,514,390.00	12.54%	78,338.00
Second	1,059,556.68		1,059,556.68	8.78%	31,786.70
Third	992,416.43		992,416.43	8.22%	29,772.49
Fourth	832,000.00		832,000.00	6.89%	65,875.00
Fifth	807,081.35		807,081.35	6.68%	24,212.44
Total	5,205,444.46		5,205,444.46	43.11%	229,984.63

## 5. Receivables for Financing

### (1) Classification of accounts receivable financing

Unit: CNY

Item	Closing Balance	Opening Balance
Bank acceptance bill	153,428,294.90	1,090,851,688.67
Total	153,428,294.90	1,090,851,688.67

## 6. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Other receivables	11,879,855.27	17,051,847.78
Total	11,879,855.27	17,051,847.78

### (1) Other receivables

#### a) Other receivables by nature

Unit: CNY

Nature of other receivables	Closing balance	Opening balance
Savings deposits (infringement dispute)	22,839,924.27	22,839,924.27
Deposit	20,438,817.25	19,783,602.54
Cooperation	3,910,000.00	3,910,000.00
Business loans, petty cash and others	16,410,984.95	22,635,223.49

Total	63,599,726.47	69,168,750.30
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**b) Disclosure by aging**

Unit: CNY

Aging	Closing balance	Opening balance
Within 1 year(including 1 year)	7,899,740.39	13,466,023.07
1-2 years	2,020,645.51	3,873,955.54
2-3 years	2,418,740.28	386,554.71
Over 3 years	51,260,600.29	51,442,216.98
3-4 years	239,809.20	57,942.16
4-5 years	57,942.16	100,099.68
Over 5 years	50,962,848.93	51,284,175.14
Total	63,599,726.47	69,168,750.30

**c) Disclosed by categories**

Unit: CNY

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Including:										
Including:										

provision for bad debt of notes receivable is calculated according to the general model of expected credit loss.

Unit: CNY

Bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for lifetime (No credit loss occurred)	Expected credit loss for lifetime (Credit loss occurred)	
Balance as at 1 January 2025	554,107.69		51,562,794.83	52,116,902.52
Change of opening balance as at 1 January 2025 in current period				
Provision in 2025	-179,657.24		-165,503.28	-345,160.52
Recovery in 2025			50,463.61	50,463.61
Other changes	-1.71		-1,405.48	-1,407.19
Balance as at 31 December 2025	374,448.74		51,345,422.46	51,719,871.20

Basis for each stage division and provision ratio for bad debt provision

Stage	Book balance	Provision ratio for bad debts(%)	bad debts	Book balance
Stage 1	11,554,626.18	3.24	374,448.74	11,180,177.44
Stage 2				
Stage 3	52,045,100.29	98.66	51,345,422.46	699,677.83
total	63,599,726.47	81.32	51,719,871.20	11,879,855.27

Changes in the carrying amount of the provision for losses that are material during the period

Applicable N/A

**d) Provision for bad debt that is accrued, recovered or reversed during this period**

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in current period				Changes in current period
		Provision	Recovered or reversed	Write off	Other changes	
Other receivables bad debt provision	52,116,902.52	-345,160.52		50,463.61	-1,407.19	51,719,871.20
Total	52,116,902.52	-345,160.52		50,463.61	-1,407.19	51,719,871.20

Significant amount of reversal or recovery during this period:

Unit: CNY

Company name	Amount recovered or reversed	Reason	Method	Basis and reasonableness
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### e) Actual write-off of other receivables in the current period

Unit: CNY

Item	Write-off Amount
Other receivables	50,463.61

Among which, the write-off of significant other receivables:

Unit: CNY

Name of entity	Nature of other receivables	Write-off amount	Reason	Write-off procedure performed	Whether the amount arises from related party transactions
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Explanation of write-off of other receivables:

### f) Top five entities with the largest balances of other receivables

Unit: CNY

Company's name	Category	Closing balance	Aging	Proportion in total receivable	Provisioning amount at period end
Kaifeng Haode Sub-branch, Industrial and Commercial Bank of China Limited	Savings deposit (infringement dispute)	22,839,924.27	Over 5 years	35.91%	22,839,924.27
Bankruptcy Administrator of Jiangsu Juntai Real Estate Co., Ltd. and Suqian Guotai Department Store Co., Ltd.	Deposit	15,000,000.00	Over 5 years	23.59%	15,000,000.00
Nanjing Peilong Sports Culture Co., Ltd.	Cooperation fund	3,910,000.00	Over 5 years	6.15%	3,910,000.00
People's Government of Yanghe Town, Yanghe New District, Suqian City	Prepaid amount	1,317,920.66	Over 5 years	2.07%	1,317,920.66
Nanjing Baiyang Business Management Co., Ltd.	Deposit	1,248,918.00	1-2 years	1.96%	24,978.36
Total		44,316,762.93		69.68%	43,092,823.29

## 7. Prepayment

### (1) Analysis by aging

Unit: CNY

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	15,285,357.22	92.84%	19,339,444.03	82.97%
1-2 years	223,558.29	1.36%	3,442,486.62	14.77%
2-3 years	845,881.71	5.14%	99,056.60	0.42%
Over 3 years	109,318.05	0.66%	429,193.43	1.84%

Total	16,464,115.27	23,310,180.68
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Significant prepayment aging over 1 year without settlement on time:

## (2) Top five entities with the largest balances of prepayment

Company's name	Closing balance	Proportion in the total prepayment (%)
First	3,708,037.11	22.52
Second	3,622,124.58	22.00
Third	1,037,110.53	6.30
Fourth	960,669.40	5.83
Fifth	909,895.61	5.53
Total	10,237,837.23	62.18

Other notes:

## 8. Inventories

Does the Company need to comply with the disclosure requirements for the real estate industry?

Applicable  N/A

### (1) Categories of Inventories

Unit: CNY

Portfolio Name	Closing balance			Opening balance		
	Book balance	Provision for stock obsolescence	Book value	Book balance	Provision for stock obsolescence	Book value
Raw material	252,575,595.61	11,462,411.85	241,113,183.76	374,097,980.62	23,952,619.82	350,145,360.80
Work in progress	715,438,587.78		715,438,587.78	725,622,441.56		725,622,441.56
Stock goods	1,861,275,063.22	1,196,077.31	1,860,078,985.91	2,527,102,468.33		2,527,102,468.33
semi-finished goods	17,559,764,186.89	905,507.56	17,558,858,679.33	16,130,010,781.04		16,130,010,781.04
Total	20,389,053,433.50	13,563,996.72	20,375,489,436.78	19,756,833,671.55	23,952,619.82	19,732,881,051.73

The disclosure requirements of food and wine manufacturing-related industries in the Guidelines for Self-regulation NO.3 of Listed Companies of Shenzhen Stock Exchange -Industry Information Disclosure shall be observed

### (2) Provision for stock obsolescence and impairment provision of contract cost

Unit: CNY

Item	Opening balance	Increases in current period		Decreases in current period		Closing balance
		obsolete stocks	Other	obsolete stocks	Other	
Raw material	23,952,619.82	1,144,233.92		13,634,441.89		11,462,411.85
Finished goods		1,196,077.31				1,196,077.31
Semi-finished goods		905,507.56				905,507.56
Total	23,952,619.82	3,245,818.79		13,634,441.89		13,563,996.72

#### Provision for obsolete stocks by portfolio

Item	Closing			Opening		
	Closing balance	Provision for stock obsolescence	Provision for stock obsolescence	Opening balance	Provision for stock obsolescence	Provision for stock obsolescence

Criteria for making provision for obsolete stocks by portfolio

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## 9. Other current assets

Unit: CNY

Item	Closing balance	Opening balance
VAT to be deducted	785,932,152.73	529,561,363.52
Consumption tax to be deducted	1,478,684.31	1,273,596.46
Advance payment of income tax	647,728,367.52	379,097,755.46
Total	1,435,139,204.56	909,932,715.44

Other notes:

## 10. Long-term equity investments

Unit: CNY

Investee	Opening balance	Opening balance of provision for impairment	Changes in current period							Closing balance	Closing balance of provision for impairment	
			Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment			Other
1. Joint venture												
2. Associated enterprise												
Jiangsu Su Wine Culture Transmission Co., Ltd.	5,610,768.12				113,347.34					127,661.81	5,851,777.27	
Nanjing Hesong Culture Technology Co., Ltd.	3,806,413.47			1,700,000.00	578,612.74	-					1,527,800.73	
Jiangsu Xinghe Investment Management Co., Ltd.	15,817,606.78				2,344,544.58						18,162,151.36	
Nanjing Huatai Yanghe Equity Investment Master Fund (limited partnership)	1,192,792,067.08				2,235,173.35						1,195,027,240.43	
Jiangsu Zhibo Brewing Technology Co., Ltd.	5,216,675.65		5,000,000.00		1,338,841.08						11,555,516.73	
Nanjing Xinglun Venture Capital Management Co., Ltd.	12,165,210.77				2,416,153.65						14,581,364.42	
Subtotal	1,235,408,741.87		5,000,000.00	1,700,000.00	7,869,447.26					127,661.81	1,246,705,850.94	
Total	1,235,408,741.87		5,000,000.00	1,700,000.00	7,869,447.26					127,661.81	1,246,705,850.94	

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The recoverable amount is determined as the net of fair value less costs of disposal.

Applicable N/A

The recoverable amount is determined by the present value of estimated future cash flows

Applicable N/A

Reasons for differences between the foregoing information and information used for impairment testing in previous years or external information that is clearly inconsistent with the information.

Reasons for differences between the information used in the company's impairment tests in previous years and the actual situation in the current year that are clearly inconsistent.

Other note:

## 11. Other non-current financial assets

Unit: CNY

Item	Closing balance	Opening balance
equity instrument investment	3,709,534,982.94	4,614,148,799.21
<b>Total</b>	<b>3,709,534,982.94</b>	<b>4,614,148,799.21</b>

Other note:

## 12. Fixed assets

Unit: CNY

Item	Closing balance	Opening balance
Fixed Assets	6,047,462,141.44	5,571,618,070.98
Fixed asset disposal		
<b>Total</b>	<b>6,047,462,141.44</b>	<b>5,571,618,070.98</b>

### (1)Details of fixed assets

Unit: CNY

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Other equipment	Total
<b>Original cost of fixed assets</b>					
1. Opening balance	8,947,818,368.01	3,474,113,203.75	68,680,926.24	520,996,647.28	13,011,609,145.28
2. Increase in current period	686,709,378.66	197,261,146.30	5,868,857.35	221,671,423.79	1,111,510,806.10
(1) External purchase	166,057.82	76,321.01	5,868,857.35	18,724,152.64	24,835,388.82
(2) Transfer from construction in progress	686,543,320.84	197,184,825.29		202,947,271.15	1,086,675,417.28
(3) Increase from business combination					
3. Decrease in current period	2,528,358.21	6,406,173.99	4,245,114.17	4,608,084.51	17,787,730.88
(1) Disposal or retirement	2,528,358.21	6,406,173.99	4,245,114.17	4,608,084.51	17,787,730.88
4. Closing balance	9,631,999,388.46	3,664,968,176.06	70,304,669.42	738,059,986.56	14,105,332,220.50
<b>Accumulated depreciation</b>					
1. Opening balance	4,215,947,312.33	2,763,036,739.77	48,835,414.91	412,171,607.29	7,439,991,074.30
2. Increase in current period	444,602,753.82	140,179,225.29	7,123,785.33	40,503,133.10	632,408,897.54
(1) Provision	444,602,753.82	140,179,225.29	7,123,785.33	40,503,133.10	632,408,897.54
3. Decrease in current period	1,210,615.90	4,963,180.73	4,013,465.20	4,342,630.95	14,529,892.78
(1) Disposal or retirement	1,210,615.90	4,963,180.73	4,013,465.20	4,342,630.95	14,529,892.78
4. Closing balance	4,659,339,450.25	2,898,252,784.33	51,945,735.04	448,332,109.44	8,057,870,079.06
<b>Provision for fixed asset impairment</b>					
1. Opening balance					
2. Increase in current period					
(1) Provision					
3. Decrease in current period					
(1) Disposal or retirement					
4. Closing balance					
<b>Book value</b>					
1. Closing book value	4,972,659,938.21	766,715,391.73	18,358,934.38	289,727,877.12	6,047,462,141.44

2. Opening book value	4,731,871,055.68	711,076,463.98	19,845,511.33	108,825,039.99	5,571,618,070.98
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## (2) Investment properties without certification of right

Unit: CNY

Item	Book value	Reason for not having the certification of right
Yanghe Blue-collar workers apartment	22,802,662.65	In process
Yanghe Base 20,000,000, 60,000 and 80,000 tons of ceramic altar warehouse	372,213,953.07	In process
Yanghe Base Plant and Warehouse	167,753,812.65	In process
Guizhou Wine Base Workshop Plant	79,742,210.35	In process
Su Wine Trade Office House	5,630,998.48	In process
<b>Total</b>	<b>648,143,637.20</b>	

Other note:

## 13. Construction in progress

Unit: CNY

Item	Closing balance	Opening balance
Construction in progress	1,455,654,146.89	1,912,601,220.28
<b>Total</b>	<b>1,455,654,146.89</b>	<b>1,912,601,220.28</b>

**(1) Details of the construction in progress**

Unit: CNY

Item	Closing balance			Opening balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book value
Shuanggou 120000 ton pottery jar storage project	377,216,361.88		377,216,361.88	318,984,997.36		318,984,997.36
Nanjing operation center building project	23,749,584.29		23,749,584.29	654,286,668.55		654,286,668.55
Sesame Fragrant Intelligent brewing Project (Workshop 115, District 3)				26,802,475.88		26,802,475.88
Yanghe base 20,000 tons of pottery altar warehouse				29,788,124.36		29,788,124.36
Yanghe base wastewater treatment capacity expansion and reconstruction project				5,574,551.34		5,574,551.34
80,000 tons of pottery jar warehouse project	15,803,341.74		15,803,341.74	32,794,603.51		32,794,603.51
Six-span brewery workshop	1,385,840.71		1,385,840.71	3,926,760.50		3,926,760.50
Renovation of the seasoning distillery at Shuanggou Base	39,567,942.24		39,567,942.24	39,730,232.60		39,730,232.60
Upgrade and renovation project of Shuanggou Liquor Industry and Liquor Culture Tourism Area	68,050,413.77		68,050,413.77	93,926,659.69		93,926,659.69
Construction of new liquor fermentation workshop at Siyang Base	84,884,920.77		84,884,920.77	149,900,234.88		149,900,234.88
Phase II of Gui wine project	16,450,145.65		16,450,145.65	30,748,105.10		30,748,105.10
Phase III of Gui wine project	216,667,564.01		216,667,564.01	138,571,436.19		138,571,436.19
Fruit wine and fruit vinegar production line project	1,671,890.28		1,671,890.28	27,964,257.07		27,964,257.07
Lhasa Langjie Liquor Village Project	304,354,195.45		304,354,195.45	209,604,115.08		209,604,115.08
Shuanggou Liquor Culture Experience Center Project	93,069,636.76		93,069,636.76			
Yanghe Base TK Shaped Liquor Project	32,916,743.89		32,916,743.89			
Yanghe Base Intelligent Rice Husk Processing Project	15,311,769.05		15,311,769.05			
Yanghe Base 4,000K Ton Liquor Storage	15,936,175.76		15,936,175.76			
Other projects	148,617,620.64		148,617,620.64	149,997,998.17		149,997,998.17
Total	1,455,654,146.89		1,455,654,146.89	1,912,601,220.28		1,912,601,220.28

**(2) Significant changes in construction in progress**

Unit: CNY

Item	Budget	Opening balance	Increase in current period	Transfer into fixed	Other decrea	Closing balance	Proportion of accumulative	Progre ss	Interest capitaliz	Include:Ca pitalized	Capital ization	Sourc e of
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				assets	ses		project input in budget (%)		ation rate	interest for the period	rate for the period	funds
Shuanggou 120000 ton pottery jar storage project	1,000,000,0 00.00	318,984,997.3 6	58,628,090.17	396,725.65		377,216,361.8 8	37.76%	Late stage				Other
Nanjing operation center building project	800,000,000 .00	654,286,668.5 5	117,414,474.0 9	747,951,558 .35		23,749,584.29	96.47%	Late stage				Other
Sesame Fragrant Intelligent brewing Project (Workshop 115, District 3)	68,842,800. 00	26,802,475.88	2,186,611.90	28,989,087. 78			131.53%	Late stage				Other
Yanghe base 20,000 tons of pottery altar warehouse	62,000,000. 00	29,788,124.36		29,788,124. 36			135.12%	Late stage				
Yanghe base wastewater treatment capacity expansion and reconstructio n project	23,000,000. 00	5,574,551.34		5,574,551.3 4			108.53%	Late stage				Other
80,000 tons of pottery jar warehouse project	240,000,000 .00	32,794,603.51	2,966,117.53	19,957,379. 30		15,803,341.74	94.59%	Late stage				Other
Six-span brewery workshop	40,000,000. 00	3,926,760.50	201,636.95	2,742,556.7 4		1,385,840.71	103.79%	Late stage				Other
Renovation of the seasoning distillery at Shuanggou Base	50,600,000. 00	39,730,232.60	4,658,507.98	4,820,798.3 4		39,567,942.24	102.85%	Late stage				Other

Upgrade and renovation project of Shuanggou Liquor Industry and Liquor Culture Tourism Area	80,000,000.00	93,926,659.69		25,876,245.92		68,050,413.77	117.76%	Late stage				Other
Construction of new liquor fermentation workshop at Siyang Base	600,000,000.00	149,900,234.88	74,129,132.64	139,144,446.75		84,884,920.77	57.15%	Medium stage				Other
Phase II of Gui wine project	139,540,200.00	30,748,105.10	2,553,330.27	16,851,289.72		16,450,145.65	71.49%	Late stage				Other
Phase III of Gui wine project	2,000,000,000.00	138,571,436.19	78,096,127.82			216,667,564.01	11.68%	Early stage				Other
Fruit wine and fruit vinegar production line project	80,000,000.00	27,964,257.07	17,504,835.98	43,797,202.77		1,671,890.28	142.67%	Late stage				Other
Lhasa Langjie Liquor Village Project	248,280,000.00	209,604,115.08	94,750,080.37			304,354,195.45	122.58%	Late stage				Other
Shuanggou Liquor Culture Experience Center Project	220,000,000.00		93,069,636.76			93,069,636.76	42.30%	Medium stage				Other
Yanghe Base TK Shaped Liquor Project	43,000,000.00		32,916,743.89			32,916,743.89	76.55%	Medium stage				Other
Yanghe Base Intelligent Rice Husk Processing Project	26,000,000.00		15,311,769.05			15,311,769.05	58.89%	Medium stage				Other
Yanghe Base 4,000K Ton Liquor Storage	40,700,000.00		15,936,175.76			15,936,175.76	39.16%	Medium stage				Other
<b>Total</b>	<b>5,761,963,000.00</b>	<b>1,762,603,222.11</b>	<b>610,323,271.16</b>	<b>1,065,889,967.02</b>		<b>1,307,036,526.25</b>						



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**(3) Impairment testing of the construction in progress**

Applicable  N/A

**14. Right-of-use Assets**

**(1)Details of right-to-use assets**

Unit: CNY

Item	Building and construction	Total
<b>Total original carrying amount</b>		
1. Opening balance	133,265,330.30	133,265,330.30
2. Increased	56,019,175.22	56,019,175.22
New Lease	56,040,128.13	56,040,128.13
Other	-20,952.91	-20,952.91
3. Decreased	56,246,229.71	56,246,229.71
Disposal	56,246,229.71	56,246,229.71
4. Closing balance	133,038,275.81	133,038,275.81
<b>Accumulated depreciation</b>		
1. Opening balance	66,450,415.68	66,450,415.68
2. Increased	28,127,269.00	28,127,269.00
(1) Provisions	28,146,149.48	28,146,149.48
	-18,880.48	-18,880.48
3. Decreased	45,005,057.58	45,005,057.58
(1) Disposal	45,005,057.58	45,005,057.58
4. Closing balance	49,572,627.10	49,572,627.10
<b>Provision for Right-of-use Assets impairment</b>		
1. Opening balance		
2. Increase in current period		
(1) Provision		
3. Decrease in current period		
(1) Disposal or retirement		
4. Closing balance		
<b>Total book value</b>		
1. Closing balance on book value	83,465,648.71	83,465,648.71
2. Opening balance on book value	66,814,914.62	66,814,914.62

**15. Intangible assets****(1) Details of intangible assets**

Unit: CNY

Item	Land use right	Patent right	No-patent right technology	Trademark right	Computer software	Total
<b>Original cost of intangible assets</b>						
1. Opening balance	2,193,136,365.67		228,495.90	399,936,371.09	199,114,275.89	2,792,415,508.55
2. Increase in current period	3,077,959.62			25,742.57	22,571,732.22	25,675,434.41
(1) Including: Acquired	3,077,959.62			25,742.57	22,571,732.22	25,675,434.41
(2) Internally developed						
(3) Business combination						
3. Decrease in current period						
(1) Including: Disposal						

4.Closing balance	2,196,214,325.29		228,495.90	399,962,113.66	221,686,008.11	2,818,090,942.96
<b>Accumulated amortization of intangible assets</b>						
1.Opening balance	487,195,101.61		32,370.21	396,617,914.04	104,350,062.73	988,195,448.59
2.Increase in current period	44,834,801.07		22,849.56	1,209,279.14	17,700,885.19	63,767,814.96
(1)Including: Provision	44,834,801.07		22,849.56	1,209,279.14	17,700,885.19	63,767,814.96
3.Decrease in current period						
(1)Including: Disposal						
4.Closing balance	532,029,902.68		55,219.77	397,827,193.18	122,050,947.92	1,051,963,263.55
<b>Provision for impairment</b>						
1.Opening balance						
2.Increase in current period						
(1)Including: Provision						
3.Decrease in current period						
(1)Including: Disposal						
4.Closing balance						
<b>Book value of intangible assets</b>						
Closing book value	1,664,184,422.61		173,276.13	2,134,920.48	99,635,060.19	1,766,127,679.41
Opening book value	1,705,941,264.06		196,125.69	3,318,457.05	94,764,213.16	1,804,220,059.96

The proportion of intangible assets formed through internal research and development of the Company in the balance of intangible assets at the end of this period is 0.00%.

## 16. Goodwill

### (1) Goodwill book value

Unit: CNY

Investee's name or items resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Business combination		Disposal		
Jiangsu Shuanggou Distillery Stock Co., Ltd.[Note]	276,001,989.95					276,001,989.95
Jiangsu Zhaiugou E-commerce Co., Ltd	6,940,018.79					6,940,018.79
Jiangsu Zhaibianli E-commerce Co., Ltd	21,250,284.80					21,250,284.80

Guizhou Guijiu Co., Ltd.	18,826,210.01					18,826,210.01
ZYG TECHNOLOGY INVESTMENT LTD	5,057,111.19					5,057,111.19
Guizhou Maotaizhen Guijiu Liquor Industry Co., Ltd	11,333,195.25					11,333,195.25
Total	339,408,809.99					339,408,809.99

## (2) Goodwill impairment provision

Unit: CNY

Investee's name or items resulting in goodwill	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision		Disposal		
Jiangsu Shuanggou Distillery Stock Co., Ltd.		125,115,344.14				125,115,344.14
Jiangsu Zhaiugou E-commerce Co., Ltd	6,940,018.79					6,940,018.79
Jiangsu Zhaibianli E-commerce Co., Ltd	21,250,284.80					21,250,284.80
Guizhou Guijiu Co., Ltd.	18,826,210.01					18,826,210.01
ZYG TECHNOLOGY INVESTMENT LTD	5,057,111.19					5,057,111.19
Guizhou Maotaizhen Guijiu Liquor Industry Co., Ltd	11,333,195.25					11,333,195.25
Total	63,406,820.04	125,115,344.14				188,522,164.18

## (3) Related information of asset groups or asset group portfolio containing goodwill

Name	The composition and basis of the asset group or combination to which it belongs	The affiliated operating branch and its basis	Whether consistent with previous years
The asset group related to the goodwill formed by the acquisition of 40.60% equity of Jiangsu Shuanggou Liquor Industry Co., Ltd. by Jiangsu Yanghe Distillery Co., Ltd.	The baijiu production and sales business corresponding to the asset group related to the goodwill of Shuanggou Liquor Industry		Yes

Changes in asset groups or combinations of asset groups

Name	Composition before changes	Composition after changes	Objective facts and basis
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Other note:

### (4) Specific determination of recoverable amount

The recoverable amount is determined as the net of fair value less costs of disposal.

Applicable  N/A

The recoverable amount is determined by the present value of estimated future cash flows

Applicable  N/A

Unit: CNY

Item	Book value	Recoverable amount	Impairment amount	Forecast period	Key parameters of the forecast period	Key parameters of the stable period	The basis for determining key parameters of the stable period
Jiangsu Shuanggou Distillery Stock Co., Ltd.	7,944,165.87 2.28	7,636,000.00 0.00	308,165,872.28	5 years	Revenue growth rate: 5%, Average gross profit margin: 47.89%	Revenue growth rate: 0%, Gross profit margin: 47.89%	The same with last year of the forecast period
Total	7,944,165.87 2.28	7,636,000.00 0.00	308,165,872.28				

Reasons for differences between the foregoing information and information used for impairment testing in previous years or external information that is clearly inconsistent with the information.

Reasons for differences between the information used in the company's impairment tests in previous years and the actual situation in the current year that are clearly inconsistent.

### 17. Long-term prepaid expenses

Unit: CNY

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decreases	Closing balance
Wine city night view Identification project	3,004,116.13		3,004,116.13		
Brighten old factory and packaging logistics center project	436,096.85		436,096.85		
Decoration expenses of hotel	585,956.94		585,956.94		
Exhibition and decoration project for the liquor history hall, liquor culture hall, and liquor ceremony hall in wine city	94,151,418.52		20,922,537.45		73,228,881.07
Renovation project for the coffee in the liquor culture hall of wine city	4,120,200.00		915,600.00		3,204,600.00
Renovation costs for leased fixed assets	14,174,742.04	1,609,780.16	3,748,975.66		12,035,546.54
Total	116,472,530.48	1,609,780.16	29,613,283.03		88,469,027.61

Other note:

### 18. Deferred tax assets/ deferred tax liabilities

#### (1) Deferred tax assets before offset

Unit: CNY

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	68,738,100.59	16,190,702.10	75,546,599.47	18,870,816.02
Unrealized profit from internal transaction	254,928,602.35	63,732,150.59	277,831,286.46	69,457,821.62
Deductible loss			109,730,103.87	27,432,525.97
The difference between book	4,631,164,142.27	1,157,752,827.90	4,507,120,830.82	1,126,746,505.31

value of debt and tax base				
Changes in Fair Value of Trading Financial Assets	164,942,887.06	41,235,721.76		
Total	5,119,773,732.27	1,278,911,402.35	4,970,228,820.62	1,242,507,668.92

## (2) deferred tax liabilities before offset

Unit: CNY

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Incremental valuation of assets in the consolidation of non-controlling interests	31,085,884.03	7,771,471.01	33,746,260.80	8,436,565.20
Changes in Fair Value of Trading Financial Assets			341,144,473.39	85,286,118.35
Right-of-use assets	83,465,648.71	20,829,009.91	66,814,914.62	16,670,373.40
Total	114,551,532.74	28,600,480.92	441,705,648.81	110,393,056.95

## (3) Details of unrecognized deferred tax assets

Unit: CNY

Item	Closing balance	Opening balance
Deductible temporary differences	688,826,216.36	342,148,098.81
Deductible losses	1,031,637,628.01	792,102,634.37
Total	1,720,463,844.37	1,134,250,733.18

## (4) Deductible losses for which deferred tax assets have not been recognized and their expiry by year

Unit: CNY

Year	Closing balance	Opening balance	Note
Year 2025		170,484,354.53	
Year 2026	251,889,684.35	251,889,684.35	
Year 2027	192,741,997.19	192,741,997.19	
Year 2028	74,516,542.40	41,986,881.20	
Year 2029	212,200,159.77	134,999,717.10	
Year 2030	300,289,244.30		
Total	1,031,637,628.01	792,102,634.37	

## 19. Other non-current assets

Unit: CNY

Item	Closing balance			Opening balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book value
Compensation for land demolition	165,818,556.90		165,818,556.90	165,818,556.90		165,818,556.90
Prepayment of construction equipment and house purchase	16,508,993.30		16,508,993.30	14,788,162.91		14,788,162.91
Total	182,327,550.20		182,327,550.20	180,606,719.81		180,606,719.81

Other note:

## 20. Assets with restricted ownership or use

Unit: CNY

Item	At the end of the period				At the beginning of the period			
	Book Balance	Book value	Restricted type	restricted situation	Book Balance	Book value	Restricted type	restricted situation
Monetary	2,588,608.00	2,588,608.00	Frozen funds	Litigation freeze	2,000,000.00	2,000,000.00	Frozen funds	Litigation freeze

Capital								
Total	2,588,608.0 0	2,588,608.0 0			2,000,000.0 0	2,000,000.0 0		

Other note:

## 21. Short-term borrowings

### (1) Classification of short-term borrowings

Unit: CNY

Item	At the end of the period	At the beginning of the period
Credit loan	10,000,000.00	
Interest payable	10,849.32	
Total	10,010,849.32	

Explanation of classification of short-term borrowings:

## 22. Accounts payables

### (1) Presentation of accounts payables

Unit: CNY

Item	Closing balance	Opening balance
Payments for goods	755,838,546.83	1,207,733,783.47
Payables on equipment	61,974,520.80	56,886,431.59
Total	817,813,067.63	1,264,620,215.06

## 23. Other payables

Unit: CNY

Item	Closing balance	Opening balance
Other payables	2,344,267,193.49	2,066,406,374.07
Total	2,344,267,193.49	2,066,406,374.07

### (1) Other payables

#### a) Categories by nature

Unit: CNY

Item	Closing balance	Opening balance
Dealer deposit	536,330,477.07	667,475,112.92
Dealer risk pledged deposit	616,110,852.40	640,952,605.43
Accrued expenses	844,145,143.73	426,779,055.57
Quality guarantee deposit and performance deposit	234,023,317.34	254,130,058.07
Other payables	113,657,402.95	77,069,542.08
Total	2,344,267,193.49	2,066,406,374.07

#### b) Significant other payables aged over one year or past due

Unit: CNY

Item	Closing balance	Reasons for non-settlement or carryforward
Payable Risk Deposit to Distributors and Distributor Security Deposit	566,131,690.39	Not Yet Due for Settlement
合计	566,131,690.39	

Other note:

## 24. Contract liabilities

Unit: CNY

Item	Closing balance	Opening balance
Advance from customers	3,063,977,585.29	5,982,340,689.50
Discounts and allowances payable to	4,465,069,749.83	4,361,439,158.57

the distributors that have not yet been settled		
Total	7,529,047,335.12	10,343,779,848.07

Significant contract liabilities with an aging of over 1 year

Unit: CNY

Item	Closing balance	Reasons for outstanding or carried-over balances
N/A		

Amounts and reasons for significant changes in book value during the reporting period

Unit: CNY

Item	Amount of change	Reason for change
N/A		

The company is required to comply with the disclosure requirements of the food and alcohol manufacturing related industries in the "Shenzhen Stock Exchange Listed Companies Self Regulatory Guidelines No. 3- Industry Information Disclosure"

## 25. Employee benefits payable

### (1) Employee benefits payable shown as follows:

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits	299,707,073.73	2,981,023,835.96	3,085,476,491.57	195,254,418.12
Post-employment benefits-defined contribution plans		372,884,576.78	372,880,463.33	4,113.45
Severance benefits		251,369.44	251,369.44	
Total	299,707,073.73	3,354,159,782.18	3,458,608,324.34	195,258,531.57

### (2) Short-term employee benefits payable shown as follows:

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants	296,440,029.33	2,506,891,175.27	2,608,791,626.72	194,539,577.88
Employees' welfare		117,464,251.89	117,464,251.89	
Social insurance premiums		150,320,957.99	150,318,489.94	2,468.05
Including: Medical Insurance		121,778,391.04	121,776,022.69	2,368.35
Work-related injury insurance		12,474,381.93	12,474,282.23	99.70
Maternity insurance premium		16,068,185.02	16,068,185.02	
Housing funds	1,234,389.80	194,411,102.26	195,645,492.06	
Labor union expenditures and employee education funds	2,032,654.60	11,936,348.55	13,256,630.96	712,372.19
Total	299,707,073.73	2,981,023,835.96	3,085,476,491.57	195,254,418.12

### (3) Defined Contribution Plan shown as follows:

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment		270,346,342.58	270,342,353.78	3,988.80

insurance premium				
Unemployment insurance premium		8,605,757.05	8,605,632.40	124.65
Enterprise Annuity Contributions		93,932,477.15	93,932,477.15	
Total		372,884,576.78	372,880,463.33	4,113.45

Other note:

## 26. Taxes payable

Unit: CNY

Item	Closing balance	Opening balance
Value-added tax	36,191,261.27	125,368,245.26
Consumption tax	129,062,628.93	291,725,718.18
Enterprise income tax	55,198,058.21	36,511,222.63
Individual Income Tax	20,108,448.21	37,035,658.86
Urban maintenance and construction tax	8,828,220.18	21,336,364.98
Education Surcharge	8,320,455.47	20,650,509.19
Property tax	17,794,126.63	15,926,027.13
Land use tax	4,643,043.22	4,636,450.48
Stamp tax	2,986,055.52	7,981,148.15
Other tax	3,728,455.99	3,575,518.19
Total	286,860,753.63	564,746,863.05

## 27. Non-current Liabilities Due within One Year

Unit: CNY

Item	Closing balance	Opening balance
Long-term borrowings due within one year	6,799,364.38	
Lease liabilities due within one year	31,149,934.21	23,588,100.85
Total	37,949,298.59	23,588,100.85

## 28. Other current liabilities

Unit: CNY

Item	Closing balance	Opening balance
Output VAT to be transferred	89,685,837.90	613,589,619.30
Notes endorsed but not derecognized		82,084,244.00
Total	89,685,837.90	695,673,863.30

## 29. Long-term borrowings

(1) Classification of long-term borrowings

Unit: CNY

Item	Closing balance	Opening balance
Credit loan	81,000,000.00	
Total	81,000,000.00	

Explanation of classification of long-term borrowings:

Other explanations, including interest rate ranges:

## 30. Lease liabilities

Unit: CNY

Item	Closing balance	Opening balance
Lease fee payable	44,423,460.58	40,134,989.46
Total	44,423,460.58	40,134,989.46

Other note:

### 31. Long-term payables

Unit: CNY

Item	Closing balance	Opening balance
Special accounts payables	195,299,274.53	195,638,914.53
Total	195,299,274.53	195,638,914.53

#### (1) Special accounts payables

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reason
Compensation for replacement of employee status	195,638,914.53		339,640.00	195,299,274.53	Formation of corporate restructuring
Total	195,638,914.53		339,640.00	195,299,274.53	

Other note:

### 32. Provision liability

Unit: CNY

Item	Closing balance	Opening balance	Reasons for formation
Pending litigation	2,059,818.69	2,000,000.00	Contract disputes
Total	2,059,818.69	2,000,000.00	

Other explanations, including significant assumptions and estimates relating to material provisions:

### 33. Deferred incomes

Projects involving government grants:

Unit: CNY

Liability item	Opening balance	Increase in current period	Cost reduction in current period	Closing balance	The reasons for the formation
Hubei Lihuacun liquor industry liquor brewing, filling project supporting facilities construction subsidies	4,768,600.00		4,257,000.00	511,600.00	Project subsidies
The second batch of provincial-level industrial and information industry transformation and upgrading special funds in 2020	7,791,666.67		1,000,000.00	6,791,666.67	Project subsidies
Supplementary funds for the Shuanggou Pottery Tan Warehouse project	32,969,800.00			32,969,800.00	Project subsidies
Total	45,530,066.67		5,257,000.00	40,273,066.67	

Other note:

### 34. Share capital

Unit: CNY

	Opening balance	Increases/decreases in the current period (+, -)					Closing balance
		Issuance of new shares	Share donation	Conversion of reserves funds into shares	Others	Subtotal	
Total shares	1,506,445,074.00						1,506,445,074.00

Other notes:

### 35. Capital reserves

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium	930,116,459.78			930,116,459.78
Other capital reserves	30,000.00			30,000.00
Total	930,146,459.78			930,146,459.78

Other notes:

### 36. Other comprehensive incomes

Unit: CNY

Item	Opening balance	Current period						Closing balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: previously recognized in other comprehensive income transferred to retained earnings	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
II. Other comprehensive income that will be reclassified to profit or loss	-1,225,575.49	3,312,512.13				3,321,707.34	-9,195.21	2,096,131.85
Effect on conversion of financial statements denominated in foreign currencies	-1,225,575.49	3,312,512.13				3,321,707.34	-9,195.21	2,096,131.85
Total other comprehensive income	-1,225,575.49	3,312,512.13				3,321,707.34	-9,195.21	2,096,131.85

Other notes, including adjustments for valid portion of the gains and or losses from cash flow hedging transferring to initial recognition amount of projects hedged.

### 37. Surplus reserves

Unit: CNY

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	753,494,000.00			753,494,000.00
Total	753,494,000.00			753,494,000.00

Explanation of Surplus Reserve, Including Movements During the Period and Reasons for the Changes:

### 38. Retained Earnings

Unit: CNY

Item	Current period	Previous period
Retained Earnings before adjustment at the end of the last year	48,399,383,170.36	48,746,028,613.08
The opening balance of retained earnings after adjustment	48,399,383,170.36	48,746,028,613.08
Add: net profit attributable to owners of the parent company for the current period	2,206,058,926.68	6,673,388,602.12
Less: Dividends payable on common shares	7,000,450,249.30	7,020,034,044.84
Retained earnings at the end of the current reporting period	43,604,991,847.74	48,399,383,170.36

Notes for adjusting undistributed profits at the beginning of the period:

(1) Retained Earnings at the beginning of the period were affected by CNY0.00 due to the retrospective adjustment under the Accounting Standards for Business Enterprises and related new regulations.

(2) Retained Earnings at the beginning of the period were affected by CNY0.00 due to changes in accounting policies.

(3) Undistributed profits at the beginning of the period were affected by CNY0.00 due to the correction of significant accounting errors.

(4) Retained Earnings at the beginning of the period were affected by CNY0.00 due to changes in the scope of consolidation resulting from business combination involving enterprises under common control.

(5) Retained Earnings at the beginning of the period were affected by CNY0.00 in total due to other adjustments

Detailed explanation of using capital reserve to cover losses:

### 39. Operating revenue and cost of sales

Unit: CNY

Item	Current period amount		Previous period amount	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Operating incomes	18,776,326,260.92	5,123,660,717.14	28,248,295,829.62	7,328,192,444.18
Other operating income	434,731,352.13	331,862,219.29	628,001,163.94	423,025,912.48
Total	19,211,057,613.05	5,455,522,936.43	28,876,296,993.56	7,751,218,356.66

Whether the net profit is negative or not after deducting non-recurring profits and losses by audit,

Yes  No

Information on Operating revenue and cost of sales

Unit: CNY

Category of Contra	Segment 1		Segment 2		Current period amount		Total	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Commodity type								
Including:								

liquor					18,776,326,260.92	5,123,660,717.14	18,776,326,260.92	5,123,660,717.14
Other					434,731,352.13	331,862,219.29	434,731,352.13	331,862,219.29
By operating regions								
Including:								
Type of market or customer								
Including:								
Type of contract								
Including:								
By the time of commodity transfer								
Including:								
By the contract time								
Including:								
By the selling channel								
Including:								
Total					19,211,057,613.05	5,455,522,936.43	19,211,057,613.05	5,455,522,936.43

Other note:

The information related to the transaction price allocated to the remaining performance obligations:  
The amount of revenue corresponding to performance obligations that have been contracted for but not yet fulfilled or not yet completely fulfilled as of the end of this reporting period is CNY 3,063,977,585.29. Of this amount, CNY 3,063,977,585.29 is expected to be recognized as revenue in the fiscal year 2026, nil is expected to be recognized in placeholder year, and nil is expected to be recognized in placeholder year..

Information on variable consideration in contracts:

Major contract changes or major transaction price adjustments

Unit: CNY

Item	Accounting treatment method	Impact on revenue amount
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Other note:

#### 40. Taxes and surcharges

Unit: CNY

Item	Current period amount	Previous period amount
Consumption tax	2,751,349,989.07	4,027,311,662.17
Urban maintenance and construction tax	263,285,032.33	332,521,680.10
Educational surcharge	260,197,619.10	327,244,327.65
Resource tax	5,295,712.42	1,087,416.08
Property tax	77,907,575.11	70,094,408.78
Land use tax	20,705,303.83	20,764,356.64
Vehicle and vessel tax	11,298.96	8,259.90
Stamp tax	38,734,112.86	46,104,635.68

Environmental protection tax	130,739.23	950,205.64
<b>Total</b>	<b>3,417,617,382.91</b>	<b>4,826,086,952.64</b>

Other note:

#### 41. General and administrative expenses

Unit: CNY

Item	Current period amount	Previous period amount
Payroll	751,150,538.33	825,591,922.36
Travel expense	25,793,220.35	31,334,670.57
Office allowance	7,437,800.99	7,059,860.21
Water, electric and steam expense	41,597,421.21	68,267,243.34
Business entertainment expense	28,881,963.03	36,329,981.04
Depreciation cost	385,268,117.97	366,927,532.26
Repair charge	53,387,761.57	50,368,445.90
Amortization of intangible assets	63,553,757.63	61,096,644.50
Vehicle use expense	17,600,905.63	20,934,476.56
Shipping and handling cost	21,656,905.31	27,325,505.21
Material consumption	103,835,678.86	81,337,647.08
Labor cost	37,648,562.20	40,767,488.04
Other expense	251,878,354.68	307,388,885.28
<b>Total</b>	<b>1,789,690,987.76</b>	<b>1,924,730,302.35</b>

Other note:

#### 42. Selling and distribution expenses

Unit: CNY

Item	Current period amount	Previous period amount
Advertising and promotion expense	3,568,410,430.48	3,648,740,884.77
Payroll	1,011,714,279.58	1,199,353,317.76
Travel expense	458,812,214.68	485,971,661.37
Labor expense	20,232,243.75	24,494,592.14
E-commerce expenses	44,576,760.80	68,031,081.97
Other expense	101,886,060.87	89,647,006.78
<b>Total</b>	<b>5,205,631,990.16</b>	<b>5,516,238,544.79</b>

Other note:

#### 43. Research & Development expenses

Unit: CNY

Item	Current period amount	Previous period amount
Material expenses	61,571,083.55	38,414,007.23
Payroll	62,033,293.89	47,717,944.83
Other expense	21,382,614.88	18,664,455.20
<b>Total</b>	<b>144,986,992.32</b>	<b>104,796,407.26</b>

Other note:

#### 44. Financial expenses

Unit: CNY

Item	Current period amount	Previous period amount
Interest expense on loans	1,548,062.80	
Amortization of unrecognized financing costs	2,355,682.14	2,955,080.49
Bill discount expense	4,525,384.70	4,903,825.46
Interest income	-297,928,105.08	-621,439,988.97
Losses from currency exchange (Less: income)	2,909,240.97	-3,627,396.73
Bank charges	2,539,288.22	6,318,485.61

Total	-284,050,446.25	-610,889,994.14
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#### 45. Other income

Unit: CNY

Sources of other income	Current period amount	Previous period amount
Government grants received	44,777,851.52	50,445,321.61
Withholding personal tax commission	7,827,311.95	9,222,612.52
Total	52,605,163.47	59,667,934.13

#### 46. Gains/losses of changes in fair value

Unit: CNY

Gains/losses of changes in fair value	Current period amount	Previous period amount
Held-for-trading financial assets	-288,294,721.85	-396,164,080.43
Total	-288,294,721.85	-396,164,080.43

Other note:

#### 47. Investment income

Unit: CNY

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	7,869,447.26	-7,094,112.58
Investment income arising from disposal of long-term equity investments	-61,989.19	
Investment income from financial assets held for trading during the holding period	12,846,997.32	14,472,318.38
Investment income from disposal of financial assets held for trading	353,951,988.22	153,373,438.80
Termination of recognition of financial assets measured at amortized cost and the related gains	-16,783,704.17	-14,336,475.80
Total	357,822,739.44	146,415,168.80

Other note:

#### 48. Credit Impairment Loss

Unit: CNY

Item	Current period amount	Previous period amount
Credit impairment losses of accounts receivables	-12,461.57	-247,028.15
Credit impairment losses of other receivables	345,160.52	914,237.08
Total	332,698.95	667,208.93

#### 49. Losses from asset impairment

Unit: CNY

Item	Current period amount	Previous period amount
Losses on inventory devaluation and Contract assets impairment loss	-3,245,818.79	-11,203,156.73
Goodwill impairment loss	-125,115,344.14	
Total	-128,361,162.93	-11,203,156.73

#### 50. Gains from disposal of assets

Unit: CNY

Gains from disposal of assets	Current period amount	Previous period amount
Gains from disposal of fixed assets	-200,005.24	-2,729,328.84
Gains from disposal of right-of-use assets	1,552,581.03	
Total	1,352,575.79	-2,729,328.84

## 51. Non-operating income

Unit: CNY

Item	Current period amount	Previous period amount	Amount included in non-recurring profit and loss in current period
Liquidated damages income	5,202,807.10	5,865,531.06	5,202,807.10
compensation income	7,239,776.51	13,181,980.36	7,239,776.51
Gain arising from the excess of the investor's share of the fair value of the identifiable net assets of an investee over the cost of the investment in an associate.		13,641,150.48	
Others	4,717,656.79	19,758,090.91	4,717,656.79
<b>Total</b>	<b>17,160,240.40</b>	<b>52,446,752.81</b>	<b>17,160,240.40</b>

## 52. Non-operating expenses

Unit: CNY

Item	Current period amount	Previous period amount	Amount included in non-recurring profit and loss in current period
External donation	18,650,693.07	18,008,000.00	18,650,693.07
Loss on Disposal of Non-Current Assets	2,304,428.66	37,519,936.37	2,304,428.66
Comprehensive Fund	27,854.25	55,808.14	
compensation expenses	401,533.88	2,806,650.92	401,533.88
Others	8,956,453.49	11,749,915.56	8,956,453.49
<b>Total</b>	<b>30,340,963.35</b>	<b>70,140,310.99</b>	<b>30,313,109.10</b>

## 53. Income tax expense

### (1) Details of income tax expense

Unit: CNY

Item	Current period amount	Previous period amount
Income tax for the current reporting period	1,391,143,548.57	2,516,808,714.60
Deferred income tax expenses	-118,196,570.38	-40,187,922.88
<b>Total</b>	<b>1,272,946,978.19</b>	<b>2,476,620,791.72</b>

### (2) Adjustment for accounting profit and income tax expense

Unit: CNY

Item	Current period amount
Total profit	3,463,934,339.64
Income tax expenses determined by statutory/applicable tax rate	865,983,584.91
Impact from subsidiaries' different tax rates	739,566.31
Adjust for impact from income tax expense in previous period	29,187,615.43
Tax effect of non-taxable income	-5,222,620.82
Impact of non-deductible costs, expenses and losses	112,359,142.68
Deductible from deferred tax assets in previous period	-1,021,997.41
Impact of deductible temporary differences or deductible losses for which no deferred income tax assets is recognized for the current period	189,115,651.84
Impact of additional deduction of R&D expenses	81,806,035.25
<b>Income tax expense</b>	<b>1,272,946,978.19</b>

## 54. Net other comprehensive income

Refer to note VII.36

## 55. Consolidated cash flow items

### (1) Cash related to operation activities

#### Cash received from other operation activities

Unit: CNY

Item	Current period amount	Previous period amount
Interest income	457,168,838.19	968,217,714.81
Liquidated damages income	2,390,054.63	5,865,531.06
Government grants	39,520,851.52	49,658,121.61
Charges of withholding individual income tax	7,827,311.95	9,222,612.52
Others	21,472,901.86	90,638,403.62
Total	528,379,958.15	1,123,602,383.62

#### Cash paid for other operating activities

Unit: CNY

Item	Current period amount	Previous period amount
Transportation fee	23,305,126.52	27,952,927.32
Advertising promotion expense	3,112,846,046.99	3,621,048,705.65
Repair charge	54,101,244.25	47,723,582.77
Travel expense	477,592,204.99	531,626,092.34
Entertainment expense	41,688,440.41	48,498,800.58
Labor expense	58,776,734.59	63,302,329.76
Others	637,363,676.22	548,168,122.79
Total	4,405,673,473.97	4,888,320,561.21

### (2) Cash paid for other financing activities

#### Other cash received relating to financing activities

Unit: CNY

Item	Current period amount	Previous period amount
------	-----------------------	------------------------

#### Other cash paid relating to financing activities

Unit: CNY

Item	Current period amount	Previous period amount
Lease payment	33,713,597.91	29,771,076.14
Total	33,713,597.91	29,771,076.14

Changes in liabilities generated from financing activities

Applicable  N/A

Unit: CNY

Item	Current period amount	Increase for the period		Decrease for the period		Previous period amount
		Cash change	Non-cash change	Cash change	Non-cash change	
Long-term borrowings (including long-term borrowings due within		90,000,000.00	49,364.38	2,250,000.00		87,799,364.38

one year)						
Short-term borrowings		10,000,000.00	10,849.32			10,010,849.32
Lease liabilities (including non-current liabilities due within one year)	63,723,090.31		55,925,565.05	33,713,597.91	10,361,662.66	75,573,394.79
Dividends payable			7,000,450,249.30	7,000,450,249.30		
Total	63,723,090.31	100,000,000.00	7,056,436,028.05	7,036,413,847.21	10,361,662.66	173,383,608.49

## 56. Supplementary Information about Cash Flow Statement

### (1) Supplementary information about of cash flow statement

Unit: CNY

Item	Current period amount	Previous period amount
<b>Reconciliation of net profit to cash flow from operating activities</b>		
Net profit	2,190,987,361.45	6,666,455,819.96
Add: Impairment of assets	128,028,463.98	10,535,947.80
Fixed assets depreciation	632,408,897.54	586,592,227.18
Right-of-use assets depreciation	28,146,149.48	32,397,883.52
Amortization of intangible assets	63,767,814.96	61,305,706.85
Amortization of long-term deferred expenses	29,613,283.03	17,125,968.18
Gains on disposal of fixed assets, intangible assets and other long-term assets	-1,352,575.79	37,268,976.98
Fixed asset scrapping losses	2,304,428.66	2,980,288.23
Losses (gains) from changes in fair value	288,294,721.85	396,164,080.43
Financial expense	6,812,985.91	-672,316.24
Investments income	-357,822,739.44	-146,415,168.80
Decrease in deferred tax asset	-36,403,733.43	83,804,944.67
Increase in deferred tax liabilities	-81,792,576.03	-123,993,077.06
Decrease in inventory	-578,126,921.52	-843,101,567.99
Decrease in operation receivables	1,335,472,725.07	-651,364,248.55
Increase in operation payables	-4,558,396,295.73	-1,830,670,724.59
Others	145,017,683.22	330,296,496.71
Net cash flow from operating activities	-763,040,326.79	4,628,711,237.28
<b>Significant investing and financing activities not Involving cash flow:</b>		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Assets under leases		
<b>Net change in cash &amp; cash equivalents</b>		
Closing balance of cash	13,155,027,495.11	21,481,311,610.75
Less: Opening balance of cash	21,481,311,610.75	25,201,023,553.40
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
<b>Net Increase (decrease) in cash and cash equivalents</b>	-8,326,284,115.64	-3,719,711,942.65

### (2) Composition of cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
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Cash	13,155,027,495.11	21,481,311,610.75
Including: cash on hand	292.01	292.01
Unrestricted bank deposit	13,090,574,031.25	21,421,579,963.54
Cash equivalents	64,453,099.85	59,731,355.20
Closing balance of cash and cash Equivalents	13,155,027,495.11	21,481,311,610.75

### (3) Monetary funds not classified as cash and cash equivalents

Unit: CNY

Item	Current period amount	Previous period amount	Reason
Interest receivable on time deposits	105,745,634.51	264,986,367.62	Interest accrued
Freeze funds	2,588,608.00	2,000,000.00	Funds frozen
Total	108,334,242.51	266,986,367.62	

## 57. Foreign currency transactions

### (1) Foreign currency balance

Unit: CNY

Item	Balance in foreign currency at the end of the reporting period	Exchange rate	Balance of CNY converted at the end of the reporting period
Cash and cash equivalents			69,995,894.49
Including : USD	4,543,661.17	7.0288	31,936,485.63
EUR	507,200.48	8.2355	4,177,049.55
HKD	9,025,164.45	0.90322	8,151,709.03
AUD	583,858.02	4.6892	2,737,827.03
CLP	2,943,487,032.00	0.007807	22,978,331.52
GBP	1,536.02	9.4346	14,491.73
Accounts receivables			
Including : USD			
EUR			
HKD			
Long-term borrowings			
Including : USD			
EUR			
HKD			
Other receivables			113,515.93
Including : HKD	125,679.16	0.90322	113,515.93
Other payable			76,118.78
Including : USD	512.13	7.0288	3,599.66
HKD	80,000.00	0.9032	72,257.60
CLP	33,500.00	0.007807	261.52

**(2) Description of the overseas business entity, including the important foreign business entity, which shall disclose its main foreign business place, bookkeeping standard currency and selection basis, and shall also disclose the reason for the change of the bookkeeping standard currency.**

Applicable   N/A

Foreign business entities	Operation site	Functional currency	Choosing reason
JSSJ Industry (HK) Holdings Co., Limited	Hong Kong, China	HKD	Currency in the main economic environment of business operations
Hong Kong Zhaiyigo International Trade Co., Ltd.	Hong Kong, China	HKD	Currency in the main economic environment of business operations
ZYG E-Commerce HK Limited	Hong Kong, China	HKD	Currency in the main economic environment of

Foreign business entities	Operation site	Functional currency	Choosing reason
			business operations
ZYG LTD	Cayman Islands	USD	Currency in the main economic environment of business operations
YangHe International Investment Ltd	British Virgin Islands	USD	Currency in the main economic environment of business operations
ZYG TECHNOLOGY INVESTMENT LTD	British Virgin Islands	USD	Currency in the main economic environment of business operations
YANGHE CHILE SPA	Santiago, Chile	CLP	Currency in the main economic environment of business operations
Yanghe Hong Kong Distillery Co., Ltd.	Hong Kong, China	HKD	Currency in the main economic environment of business operations

## VIII. Research and development expenditures

Item	Current period amount	Previous period amount
Material costs	61,571,083.55	38,414,007.23
Payroll	62,033,293.89	47,717,944.83
Other expenses	21,382,614.88	18,664,455.20
Total	144,986,992.32	104,796,407.26
Including : expensed R&D expenses	144,986,992.32	104,796,407.26

## IX. Changes in consolidated scope

### 1. Changes of Consolidation Scope due to Other Causes

Explain the change of merger scope caused by other reasons (such as new subsidiary, liquidation subsidiary, etc.) and the relevant situation

#### (1) Set up subsidiaries

a) Sujiu Group Trade Co., Ltd., a holding subsidiary, subscribed RMB 10.00 million to establish Jiangsu Yanghe Cultural Media Co., Ltd., which was included in the scope of the consolidated financial statements from April 2025.

b) Sujiu Group Trade Co., Ltd., a holding subsidiary, subscribed RMB 2.00 million to establish Shuyang Dream Blue Trade Co., Ltd., which was included in the scope of the consolidated financial statements from June 2025.

#### (2) Deregistration of Subsidiaries

a) Yanghe Hong Kong Distillery Co., Ltd., a holding subsidiary, has completed its deregistration procedures and will no longer be included in the scope of the consolidated financial statements from November 2025.

## X. Interests in other entities

### 1. Interests in subsidiaries

#### (1) Group composition:

Unit: CNY

Name of subsidiaries	Registered capital	Major business location	Place of registration	Nature of business	Shareholding		Acquisition method
					Direct	Indirect	

Nanjing Yanghe Blue Classic Co., Ltd	1,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Establishment
Beijing Yanghe Commerce and Trade Co., Ltd.	3,000,000.00	Fengtai, Beijing	Fengtai, Beijing	Commerce		100.00%	Establishment
Jiangsu Huaqu Wine Group Co., Ltd.	50,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		97.00%	Establishment
Suqian Tianhai Commerce and Trade Co., Ltd.	500,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Suqian Yanghe Guibinguan Co., Ltd.	700,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Hotel industry	100.00%		Establishment
Su Wine Group Trade Co., Ltd	334,400,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	83.63%	16.37%	Establishment
Jiangsu Yanghe Liquor Operation Management Co., Ltd.	10,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Shuanggou Liquor Operation Co., Ltd.	5,000,000.00	Sihong, Jiangsu province	Sihong, Jiangsu province	Commerce		100.00%	Establishment
Jiangsu Dongdi Union International Trade Co., Ltd.	5,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Jiangsu Dongdixinghui International Trade Co., Ltd.	5,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce	100.00%		Establishment
Suqian Blue Dream Trade Co., Ltd.	500,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		80.00%	Establishment
Siyang Lantu Liquor Operation Co., Ltd.	3,000,000.00	Siyang, Jiangsu province	Siyang, Jiangsu province	Commerce	100.00%		Establishment
JSSJ Industry (HK) Holdings Co., Limited		Hong Kong, China	Hong Kong, China	CORP		100.00%	Establishment
Hubei Lihuacun Trade Co., Ltd.	2,000,000.00	Shiyan, Hubei province	Yunxian, Hubei province	Commerce		100.00%	Establishment
Jiangsu Shuanggou Distillery Stock Co., Ltd.	110,000,000.00	Sihong, Jiangsu province	Sihong, Jiangsu province	Liquor manufacture and sales	99.99%	0.01%	Business combinations involving enterprises not under common control
Sihong Shuanggou Antai Waste Recycling Co., Ltd.	2,500,000.00	Sihong, Jiangsu province	Sihong, Jiangsu province	Waste material recycle		100.00%	Business combinations involving enterprises not under common control
Hubei Lihuacun Liquor Industry Co., Ltd.	5,000,000.00	Shiyan, Hubei province	Yunxian, Hubei province	Process liquor, wine and fruit wine	100.00%		Business combinations involving enterprises not under common control
Ningxiang Miluochun Liquor Industry Co., Ltd.	500,000.00	Ningxiang, Hunan province	Ningxiang, Hunan province	Manufacture and sale of liquor and compound wine	100.00%		Business combinations involving enterprises not under common control
Harbin Binzhou Brewery Co., Ltd.	2,200,000.00	Binxian, Heilongjian	Binxian, Heilongjia	Liquor-making	100.00%		Business combinations

		g province	ng province				involving enterprises not under common control
Su Wine Group Jiangsu Wealth Management Co., Ltd.	3,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Assets/investment management, information consultation	100.00%		Establishment
Ningxiang Miluochun Trade Co., Ltd.	2,000,000.00	Ningxiang, Hunan province	Ningxiang, Hunan province	Commerce		100.00%	Establishment
Suqian Blue Sky Trade Co., Ltd.	2,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Shiyan Yunyang Lihuacun Package Service Co.,Ltd.	2,000,000.00	Shiyan, Hubei province	Shiyan, Hubei province	Liquor, compound wine, health wine packaging service		100.00%	Establishment
Jiangsu Zhaiougou E-commerce Co., Ltd	198,670,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common control
NanjingTongmeng City Logistics Co., Ltd.	20,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		99.99%	Business combinations involving enterprises not under common control
Nanjing Jinling Tongmeng City Logistics Co., Ltd.	10,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Huaian Tongmeng City Logistics Co., Ltd.	10,000,000.00	Huaian, Jiangsu province	Huaian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Changzhou Jiezhong Tongmeng City Logistics Co., Ltd.	10,000,000.00	Changzhou, Jiangsu province	Changzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Nantong Tongmeng City Logistics Co., Ltd.	10,000,000.00	Nantong, Jiangsu province	Nantong, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Suzhou Tongmeng City Logistics Co., Ltd.	10,000,000.00	Suzhou, Jiangsu province	Suzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Taizhou Tongmeng City Logistics Co., Ltd.	10,000,000.00	Taizhou, Jiangsu province	Taizhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Wuxi Tongmeng City Logistics Co., Ltd.	10,000,000.00	Wuxi, Jiangsu province	Wuxi, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Yancheng Tongmeng City	10,000,000.00	Yancheng, Jiangsu	Yancheng, Jiangsu	Freight Transport,		51.00%	Business combinations

Logistics Co., Ltd.		province	province	Warehouse service			involving enterprises not under common control
Zhenjiang Tongmeng City Logistics Co., Ltd.	10,000,000.00	Zhenjiang, Jiangsu province	Zhenjiang, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Yangzhou Tongmeng City Logistics Co., Ltd.	10,000,000.00	Yangzhou, Jiangsu province	Yangzhou, Jiangsu province	Freight Transport, Warehouse service		53.00%	Business combinations involving enterprises not under common control
Suqian Tongmeng City Logistics Co., Ltd.	10,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Pizhou Tongmeng City Logistics Co., Ltd.	10,000,000.00	Xuzhou, Jiangsu province	Xuzhou, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Lianyungang Huaxing Tongmeng City Logistics Co., Ltd.	10,000,000.00	Lianyungang, Jiangsu province	Lianyungang, Jiangsu province	Freight Transport, Warehouse service		51.00%	Business combinations involving enterprises not under common control
Jiangsu Zhaibianli E-commerce Co., Ltd	10,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Commerce		100.00%	Business combinations involving enterprises not under common control
Hongkong Zhaiugou International Trade Co., Ltd		Hong Kong, China	Hong Kong, China	Commerce		100.00%	Business combinations involving enterprises not under common control
Guizhou Guijiu Liquor Operation Management Co., Ltd.	816,000,000.00	Guiyang, Guizhou province	Guiyang, Guizhou province	Commerce	100.00%		Business combinations involving enterprises not under common control
Guizhou Guijiu Trade Co., Ltd.	2,000,000.00	Guiyang, Guizhou province	Guiyang, Guizhou province	Commerce		100.00%	Establishment
ZYG E-Commerce HK Limited		Hong Kong, China	Hong Kong, China	Industrial investment		100.00%	Business combinations involving enterprises not under common control
ZYG LTD		Cayman Islands	Cayman Islands	Industrial investment		69.08%	Business combinations involving enterprises not under common control
YangHe International Investment Ltd		British Virgin Islands	British Virgin Islands	Industrial investment		100.00%	Establishment
Jiangsu Shuanggou Healthy Liquor Research institute Co., Ltd.	10,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Healthy wine, nutrition and health food research and development		100.00%	Establishment
ZYG TECHNOLOGY INVESTMENT		British Virgin Islands	British Virgin Islands	Industrial investment		71.03%	Business combinations involving enterprises

LTD							not under common control
Jiangsu Blue Dream E-commerce Co., Ltd.	10,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Commerce		100.00%	Establishment
Kweichow Moutai Town Guijiu Liquor Industry Co., Ltd	260,000,000.00	Renhuai, Guizhou province	Renhuai, Guizhou province	Liquor manufacture and sales		100.00%	Business combinations involving enterprises not under common control
Suqian Su Wine Logistics Co., Ltd.	5,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Road general cargo transport, cargo distribution, freight forwarder	100.00%		Establishment
YANGHE CHILE SPA		Santiago, Chile	Santiago, Chile	Movable and real estate investment services, building construction services	100.00%		Establishment
Jiangsu Yanghe Investment Management Co., Ltd.	3,000,000.00	Suqian, Jiangsu province	Suqian, Jiangsu province	Foreign investment, Asset management, Investment consulting	50.00%	50.00%	Establishment
Su Wine Group Nanjing Operation Management Co., Ltd.	500,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Enterprise management consulting; Industrial investment; Food sales; Gift sales; House lease; Hotel management		100.00%	Establishment
Jiangsu Yangming Liwei liquor Co., Ltd.	10,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Food sales, Gift sales		100.00%	Establishment
Jiangsu Yanghe Calligraphy and Painting Academy	2,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Painting and calligraphy creation, exhibition; Academic research; Public art education; Cultural and creative products development and promotion		100.00%	Establishment
Jiangsu Shuanggou Wine Sales Co., Ltd	100,000,000.00	Sihong, Jiangsu Province	Sihong, Jiangsu Province	Commerce		100.00%	Establishment
Jiangsu Jiushang Internet Technology Co., LTD	20,000,000.00	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Internet information service, alcohol sales	51.00%		Establishment
Jiangsu Yanghe Cultural Tourism Co., LTD	50,000,000.00	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Tobacco retail, catering, accommodation, tourism	100.00%		Establishment

				business			
Jiangsu Yanghe Cultural Tourism Operation Co., LTD.	20,000,000.00	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Tobacco retail, catering, accommodation, tourism business		80.00%	Establishment
Siyang Blue Sky Packaging Service Co., Ltd	24,000,000.00	Sihong, Jiangsu Province	Sihong, Jiangsu Province	Wine production and packaging services	100.00%		Establishment
Tibet Earth's Third Pole Liquor Co., Ltd.	400,000,000.00	Lhasa City, Tibet Autonomous Region	Lhasa City, Tibet Autonomous Region	Liquor sales, food production, and food retailing	60.00%		Establishment
Guizhou Guijiu Liquor Industry Operation Co., Ltd	500,000.00	Zunyi City, Guizhou Province	Zunyi City, Guizhou Province	Commerce		100.00%	Establishment
Jiangsu Ulan Shangyin Catering Management Co., Ltd.	10,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Catering Management	100.00%		Establishment
Jiangsu Yanghe Dream Investment Management Co., Ltd	3,000,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Equity investment	100.00%		Establishment
Jiangsu Yanghe Blue Investment Management Co., Ltd.	10,000,000.00	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Equity investment		100.00%	Establishment
Jiangsu Yiguoxiang Biotechnology Co., Ltd	150,000,000.00	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Food production, beverage production, liquor production, liquor sales, and food retailing		75.00%	Establishment
Jiangsu Yangmi Liwei Distillery Co., Ltd.	10,000,000.00	Lhasa City, Tibet Autonomous Region	Lhasa City, Tibet Autonomous Region	Food Sales; Food Import and Export; Online Food Sales; Alcoholic Product Manufacturing ; Liquor Business; Food Production; Beverage Production		100.00%	Establishment
Jiangsu Yiguo Xiang Biotechnology Co., Ltd.	2,000,000.00	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Food Sales; Online Food Sales; Liquor Business; Internet Information Services, Etc.		100.00%	Establishment
Jiangsu Yiguo Xiang Biotechnology Co., Ltd.	1,000,000.00	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Online Food Sales; Food Sales; Liquor Business; Performance Brokerage;		100.00%	Establishment

				Brand Management; Trade Brokerage, etc.			
Hainan Yanghe Trading Co., Ltd.,	20,000,000.00	Dongfang , Hainan Province	Dongfang , Hainan Province	Food Production; Beverage Production; Alcoholic Product Manufacturing ; Liquor Business; Food Sales; Online Food Sales, etc.	100.00 %		Establishment
Jiangsu Yanghe Cultural Media Co., Ltd.	10,000,000.00	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Organization of cultural and artistic exchange; brokerage agency; advertising production, agency, and distribution, etc.		100.00%	Establishment
Shuyang Dream Blue Trade Co., Ltd.	2,000,000.00	Suqian, Jiangsu Province	Suqian, Jiangsu Province	Food sales; liquor trading		100.00%	Establishment

The shareholding ratio in the subsidiary is different from the voting ratio:

The basis for holding half or less of the voting rights but still controlling the invested entity, and for holding more than half of the voting rights but not controlling the invested entity:

For important structural subjects included in the scope of merging, the basis of control:

Basis for determining whether the company is an agent or a principal:

Other note:

## 2. Interests in joint ventures and associates

### (1) Important joint ventures or associates

Name of Joint venture or associate company	Main operating location	Registered location	Nature of business	Equity ownership percentage		Accounting treatment for investments in joint ventures or associates
				Direct	Indirect	
Nanjing Huatai Yanghe Equity Investment Fund (Limited Partnership)	Nanjing, Jiangsu province	Nanjing, Jiangsu province	Equity investment, venture capital		60.00%	Equity method

Explanation of the difference between equity ownership percentage and voting rights in joint ventures or associates:

Huatai Purple Gold Investment Co., Ltd. and Jiangsu Yanghe Blue Investment Management Co., Ltd. are general partners, while Jiangsu Yanghe Dream Investment Management Co., Ltd. and Nanjing Jiangning High-tech Zone Technology Entrepreneurship Investment Management Co., Ltd. are limited partners. Huatai Purple Gold Investment Co., Ltd. subscribed for CNY1,000 million with a contribution ratio of

20%; Jiangsu Yanghe Blue Investment Management Co., Ltd. subscribed for CNY10 million with a contribution ratio of 0.20%; Jiangsu Yanghe Dream Investment Management Co., Ltd. subscribed for CNY2,990 million with a contribution ratio of 59.80%; Nanjing Jiangning High-tech Zone Technology Entrepreneurship Investment Management Co., Ltd. subscribed for CNY1,000 million with a contribution ratio of 20%. The partnership has established an Investment Decision Committee consisting of five members, with Huatai Purple Gold Investment Co., Ltd. appointing 2 members, Jiangsu Yanghe Blue Investment Management Co., Ltd. appointing 2 members, and Nanjing Jiangning High-tech Zone Technology Entrepreneurship Investment Management Co., Ltd. appointing 1 member. The executive managing partner is Huatai Purple Gold Investment Co., Ltd.

## (2) Summary of financial information of significant joint ventures and associates

Unit: CNY

	Closing balance/Current period amount	Opening balance/Previous period amount
Current assets	1,986,171,585.84	1,983,501,827.93
Non-current assets	5,540,481.54	4,484,950.53
Total assets	1,991,712,067.38	1,987,986,778.46
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to owners of the parent company	1,991,712,067.38	1,987,986,778.46
Net assets attributable to shareholders based on ownership proportion	1,195,027,240.43	1,192,792,067.08
Adjustments:		
--Goodwill		
--Unrealized profits from internal transactions		
--Others		
Carrying value of investments in associates' equity	1,195,027,240.43	1,192,792,067.08
Fair value of equity investments in associates with publicly quoted prices		
Revenue	30,865,481.45	40,674,811.06
Net profit	3,725,288.92	-6,797,335.27
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	3,725,288.92	-6,797,335.27
Dividends received from associates during the current year		

## (3) Summary of financial information of insignificant joint ventures and associates

Unit: CNY

	Closing balance/Current period amount	Opening balance/Previous period amount
Associates:		
The aggregate amount of the following items calculated based on the Company's equity share percentage of		

the associates		
joint ventures:		
Total carrying amount of investment	51,678,610.51	42,616,674.79
The sum of the following items calculated according to the shareholding ratio		
--Net profit	5,634,273.91	-3,015,711.42
-- Total comprehensive income	5,634,273.91	-3,015,711.42

## XI. Government grants

1. Government grants recognized in the current period's income statement

Applicable  N/A

Unit: CNY

Accounting item	Current period amount	Previous period amount
Other income	44,777,851.52	50,445,321.61

## XII. Risks related to financial instruments

The Group is exposed to various financial risks in the ordinary course of business, mainly including: credit risk, liquidity risk, market risk, etc. The Company's management is fully responsible for the formulation of risk management objectives and policies, and takes responsibility for risk management objectives and policies. The objective of the Company's risk management is to identify and analysis risk, minimizing the adverse impact of financial risks without excessive influence on the company's competitiveness and resilience.

### 1. Credit risks

Credit risk refers to the risk that one party of the financial instruments fails to perform its obligations and causes the financial losses of the other party. Credit risk mainly related to notes receivables and accounts receivable, in order to control the risk, the Company takes the following measures:

#### (1) Bank deposit

The company's bank deposits are mainly deposited in state-owned holding banks, large and medium-sized listed banks and other commercial banks with high credit. There is no significant credit risk and no significant loss caused by default.

#### (2) Notes receivables and accounts receivables

The Company mainly trades with distributors, according to company credit policy, and adopts the way of delivery after the payments finished. For some group purchase business, it only deals with the reputable group clients, and continuously monitors the balance of notes receivables and accounts receivables, as a result, there is no collateral required, and credit risk management concentrates on the clients. The balance of notes receivables and accounts receivables are small till 31 December 2024. The Company does not hold any collateral or other credit enhancement for the balance of accounts receivables.

#### (3) Other receivable

The other receivables are mainly saving deposits involving infringement dispute, deposits and petty cash, employee business loan and so on. The Company manages other receivables and continuously monitors its balance, to ensure the Company not to face significant bad debt risks.

### 2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when enterprise performs its obligations related to financial liabilities. The Company uses various financing methods such as bill clearing and bank loan to optimize the financing structure and maintain the balance between financing continuity and flexibility.

The maturity of the financial liabilities held by the Company according to the undiscounted remaining contractual obligations is analyzed as follows:

Item	Closing balance				Total
	Within 1 year	1-2 years	2-3 years	Over 3 years	
Account payables	817,813,067.63				817,813,067.63

Item	Closing balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Other payables	2,344,267,193.49				2,344,267,193.49
Long-term payables				195,299,274.53	195,299,274.53

(Continued)

Item	Opening balance				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Account payables	1,264,620,215.06				1,264,620,215.06
Other payables	2,066,406,374.07				2,066,406,374.07
Long-term payables				195,638,914.53	195,638,914.53

### 3. Market risk

Market risk is the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of market price, and it mainly includes: interest rate risk, foreign exchange risk, etc.

#### (1) Interest rate risk

Interest rate risk refers to the fair value of financial instrument or future cash flow fluctuates due to the fluctuation of interest rate. The Company faces the risk of market interest rate change mainly related to the Company's borrowing limit.

#### (2) Foreign exchange risk

Foreign exchange risk arises from fluctuation in exchange rate, relevant to the assets and liabilities in foreign currency. The less import and export business happened, the lower impact of exchange rate fluctuation on company's operation.

The amount in CNY of the Company's assets and liabilities shown in foreign currencies as follows:

Item	Closing balance			Opening balance		
	Balance in foreign currency	Exchange rate	Balance in CNY	Balance in foreign currency	Exchange rate	Balance in CNY
Cash and cash equivalents						
Include: USD	4,543,661.17	7.0288	31,936,485.63	3,453,081.61	7.1884	24,822,131.85
EUR	507,200.48	8.2355	4,177,049.55	743,307.25	7.525700	5,593,907.37
AUD	583,858.02	4.6892	2,737,827.03	305,995.50	4.507000	1,379,121.72
HKD	9,025,164.45	0.90322	8,151,709.03	5,441,513.18	0.9260	5,039,058.87
CLP	2,943,487,032.00	0.007807	22,978,331.52	1,806,447,619.00	0.007232	13,063,382.32
GBP	1,536.02	9.4346	14,491.73	58,385.26	9.076500	529,933.81
Other receivables						
Include:HKD	125,679.16	0.90322	113,515.93	125,679.16	0.9260	116,383.93
Other payables						
Include: USD	512.13	7.0288	3,599.66			
HKD	80,000.00	0.9032	72,257.60	80,000.00	0.9260	74,083.20
CLP	33,500.00	0.007807	261.52			
Net amount			70,033,291.64			50,469,836.67

The amount of foreign currency financial assets and financial liabilities of the company is small, and exchange rate fluctuations have little impact on the company's business performance.

## XIII. Fair value disclosure

### 1. The Financial Assets and Financial Liabilities Measured at Fair Value at the end of the Reporting Period

Unit: CNY

Item	Closing fair value			
	Level 1	Level 2	Level 3	Total
Continuous fair value measurement	--	--	--	--

(1) Financial assets measured at fair value with changes recognized in profit or loss.			7,293,889,826.00	7,293,889,826.00
a) Debt instrument investment			7,293,889,826.00	7,293,889,826.00
2. Other non-current financial assets	506,590,409.50		3,202,944,573.44	3,709,534,982.94
Equity instrument investment	506,590,409.50		3,202,944,573.44	3,709,534,982.94
3. Receivables Financing:			153,428,294.90	153,428,294.90
Bank acceptance bill			153,428,294.90	153,428,294.90
Total assets continuously measured at fair value	506,590,409.50		10,650,262,694.34	11,156,853,103.84
<b>Non-Continuous fair value measurement</b>	--	--	--	--

## 2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

Item	Fair value	Active market price	
		Trading price	Information source
<b>Continuous fair value measurement</b>			
Other non-current financial assets	506,590,409.50		
Equity instrument investment	506,590,409.50	Closing price	Local open market closing price
Total assets continuously measured at fair value	506,590,409.50		

## 3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement it

Item	Fair value	Valuation techniques
<b>Continuous fair value measurement</b>		
1. Trading financial assets:	7,293,889,826.00	
Debt instrument investment	7,293,889,826.00	Using expected rate of return as a key reference for evaluating fair value.
2. Other non-current financial assets:	3,202,944,573.44	
Equity instrument investment	3,202,944,573.44	Using cost or the investee's net assets at the end of the period as a significant reference for assessing fair value.
3. Receivables Financing:	153,428,294.90	
Bank acceptance bill	153,428,294.90	Using face value as a key reference for evaluating fair value.
Total assets continuously measured at fair value	10,650,262,694.34	

## 4. Changes in valuation techniques during the current period and reasons for the changes

## 5. Fair value information of financial assets and financial liabilities not measured at fair value

## 6. Others

## XIV. Related parties and related party transactions

### 1. The parent company of the Company

Name of parent company	Registration place	Business nature	Registered capital	Shareholding ratio by the parent company	Voting Ratio by the parent company
Jiangsu Yanghe Group Co., Ltd.	Suqian, Jiangsu	Grain purchase; self-supporting and agent of all kinds of goods and technology import and export business (except for goods and technology that the state limits enterprises to operate or prohibits the import and export); nickel, ferromolybdenum, refined ferronickel, nickel-chromium pig iron, nickel-chromium ores, furnace materials, steel, machinery parts castings, light stabilizer 944, light stabilizer 622, antioxidant 3114, organic fertilizers, compound fertilizers, chemical raw materials (except for hazardous materials), viscose Staple fiber, cotton balances, electric bicycles and their accessories, lithium batteries, hardware and electricity sales; raw grain sales; housing rental; industrial investment; municipal utility projects, building construction projects, tourism and cultural industries investment. (Items subject to approval according to law, can only carry out business activities after approval by the relevant departments) General: sales of communications equipment; optical communications equipment sales; electronic product sales; mobile communications equipment sales; mobile terminal equipment sales; computer software, hardware and auxiliary equipment wholesale; software development; information systems integration services (in addition to projects subject to approval according to law, with a business license to carry out business activities	CNY 2.5 billion	34.18%	34.18%

		independently according to law)			
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Information about the Company's parent company:

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Suqian Municipal People's Government.

Other statements:

## 2. Subsidiaries of the Company:

The information about the subsidiaries of the Company refers to Note V.1 Interests in Subsidiaries.

## 3. Joint venture and associate of the Company

The information about the joint venture and associate of the Company refers to the Note V.2.

Other joint ventures and associates whose related party transactions with the Company in the current period or balance formed from related party transactions with the Company in the prior period as follows:

Name of joint venture and associate	Relationship with the Company
Jiangsu Su Wine Cultural Transmission Co., Ltd.	Associate
Nanjing Hesong Culture Technology Co., Ltd.	Associate
Jiangsu Xinghe Investment Management Co., Ltd.	Associate
Jiangsu Zhibo Brewing Technology Co., Ltd.	Associate

## 4. Other related party

Name of other related party	Relationship with the Company
Shanghai Haiyan Logistics Development Co., Ltd.	Shareholder holding 9.67% shares of the Company
VSPT, Viña San Pedro Tarapacá S.A.	Investee company, holding 12.50% equity interest in it
Shanghai Jieqiang Tobacco, Sugar & Liquor Group Distribution Co., Ltd.	The former supervisor of the Company, Ma Wenxiang, served as the general manager of the parent company of this entity within the past 12 months
Jiangsu Churun Information Technology Co., Ltd.	An enterprise controlled by the parent company of the Company's controlling shareholder
Jiangsu Churun Digital Technology Co., Ltd.	An enterprise controlled by the parent company of the Company's controlling shareholder
Suqian Data Trading Center Co., Ltd.	An enterprise controlled by the parent company of the Company's controlling shareholder
Shanghai Suqian Industrial Development Co., Ltd.	An enterprise controlled by the parent company of the Company's controlling shareholder
Suqian Talent Group Co., Ltd.	An enterprise controlled by the parent company of the Company's controlling shareholder
Suqian Citizen Card Co., Ltd.	An enterprise controlled by the parent company of the Company's controlling shareholder

## 5. Related party transactions

### (1) Related party transactions regarding sales and purchases of goods, provision of services and receiving services

Statement of purchase of goods / Receipt of labor services

Unit: CNY

Related Party	Transaction Content	Amount for the current period	Approved transaction amount	Whether exceeding the approved transaction amount	Amount for the prior period
VSPT, Viña San Pedro Tarapacá S.A.	Red wine (including packaging materials)	27,667,581.68		No	14,824,418.75
Nanjing Hesong Culture Technology Co., Ltd.	Cultural publicity and advertising expenses, etc.	10,605,990.34		No	2,793,997.43

Jiangsu Su Wine Cultural Transmission Co., Ltd.	Advertising expenses	2,030,188.68		No	2,745,551.69
Jiangsu Zhibo Brewing Technology Co., Ltd.	Workshop fermentation cellar renovation	17,449,332.31		No	18,106,902.65
Suqian Talent Group Co., Ltd.	Procurement of recruitment assessment products	47,169.81		No	

Statement of sales of goods/ rendering of labor services

Unit: CNY

Related Party	Transaction Content	Current period amount	Previous period amount
Shanghai Haiyan Logistics Development Co., Ltd.	Liquor sales (including freight charges)	3,092,989.38	6,853,890.08
Jiangsu Su Wine Cultural Transmission Co., Ltd.	Liquor sales		64,838.75
Shanghai Jieqiang Tobacco, Sugar & Liquor Group Distribution Co., Ltd.	Liquor sales (including freight charges)	6,723,189.11	2,845,281.41
Nanjing Huatai Yanghe Equity Investment Master Fund (Limited Partnership)	Management consulting services	23,584,905.65	38,291,095.89
Jiangsu Churun Information Technology Co., Ltd.	Equipment procurement services	429,079.64	
Jiangsu Churun Digital Technology Co., Ltd.	Information technology services	85,660.38	
Suqian Data Trading Center Co., Ltd.	Information technology services	26,415.09	
Suqian Citizen Card Co., Ltd.	Scenic spot annual tourist card revenue sharing	114,075.05	

**(2) Related party lease**

The Company as a lessor

Unit: CNY

Related party	Types of Leased Assets	Amount in current period	Amount in previous period
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The Company as a lessee

Unit: CNY

Related party	Types of Leased Assets	Simplified rental fees for short-term leases and low value asset leases (If Applicable)		Variable lease payments not included in the measurement of lease liabilities (If Applicable)		Rent paid		Interest expense on lease liabilities assumed		Increased use rights assets	
		Current period amount	Previous period amount	Current period amount	Previous period amount	Current period amount	Previous period amount	Current period amount	Previous period amount	Current period amount	Previous period amount
Jiangsu Yanghe Group Co., Ltd	lease of houses					96,330.28	96,330.28	8,782.19		272,029.49	
Shanghai Suqian Industri	lease of houses	142,418.46				142,418.46					

al Develo pment Co., Ltd.											
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## 6. Receivables from and payables to related parties

### (1) Payables

Item	Related Party	Closing Balance		Opening Balance	
		Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Accounts receivable	Jiangsu Churun Information Technology Co., Ltd.	375,300.00	11,259.00		
Accounts receivable	Jiangsu Churun Digital Technology Co., Ltd.	90,800.00	2,724.00		
Accounts receivable	Suqian Data Trading Center Co., Ltd.	28,000.00	840.00		

### (2) Payables

Unit: CNY

Item	Related party	Closing balance	Opening balance
Contract liabilities	Shanghai Haiyan Logistics Development Co., Ltd.	129,646.02	2,225,250.44
Contract liabilities	Jiangsu Su Wine Cultural Transmission Co., Ltd.	3,715,442.12	3,715,442.12
Contract liabilities	Shanghai Jieqiang Tobacco, Sugar & Liquor Group Distribution Co., Ltd.	24,778.76	3,714,513.27
Accounts payables	VSPT, Viña San Pedro Tarapacá S.A.	929,426.97	7,709,524.65
Other Payables	Shanghai Haiyan Logistics Development Co., Ltd.	80,000.00	80,000.00
Other Payables	Jiangsu Zhibo Brewing Technology Co., Ltd.	2,033,700.00	2,033,700.00
Other Payables	Jiangsu Su Wine Cultural Transmission Co., Ltd.	950,000.00	950,000.00
Other Payables	Shanghai Jieqiang Tobacco, Sugar & Liquor Group Distribution Co., Ltd.	50,000.00	106,143.60
Other Payables	Nanjing Hesong Culture Technology Co., Ltd.	25,000.00	

## XV. Commitments and contingencies

### 1. Significant commitments

Significant commitments as of the balance sheet date

By the end of 31 December 2025, there were no significant commitments needed to be disclosed.

### 2. Contingencies

(1) Significant contingencies existing at the balance sheet date

By the end of 31 December 2025, there were no significant commitments needed to be disclosed.

(2) If the Company has no significant contingencies that require disclosure, this fact should also be stated.

The Company has no significant contingencies that require disclosure.

## XVI. Post balance sheet event

### 1. Profit distribution

Unit: CNY

Proposed dividend per 10 shares (yuan)	14.70
Proposed bonus shares per 10 shares (shares)	0
Proposed bonus shares per 10 shares (shares)	0
Dividend per 10 shares declared and approved for distribution (yuan)	14.70
Bonus shares per 10 shares declared and approved for distribution (shares)	0
Bonus shares per 10 shares declared and approved for distribution (shares)	0
Profit distribution plan	The Company intends to distribute a cash dividend of CNY 14.70 (including tax) per 10 shares to all shareholders based on the existing total share capital of 1,506,445,074 shares, totaling a cash distribution of CNY 2,214,474,258.78 (including tax) with no bonus shares and no capitalization. If there is any change in the total share capital of the Company before the share registration date for the implementation of the equity distribution, the distribution ratio will be adjusted in accordance with the principle that the total amount of distribution remains unchanged.

### 2. Explanation of post-balance sheet date events for other assets and liabilities

According to the "Proposal on the 2025 Profit Distribution Plan" reviewed and approved at the 19th meeting of the 8th Board of Directors held on April 24, 2026, the Company plans to distribute a cash dividend of RMB 14.70 (tax inclusive) for every 10 shares held to all shareholders based on the existing total share capital of 1,506,445,074 shares, using undistributed profits. The total cash dividend to be distributed is RMB 2,214,474,258.78 (tax inclusive). No bonus shares will be issued, and no capital reserves will be converted into share capital. If the total share capital of the Company changes before the record date for the implementation of the equity distribution, the distribution ratio will be adjusted in accordance with the principle of keeping the total distribution amount unchanged. This proposal remains to be submitted to the shareholders' meeting of the Company for deliberation.

As of April 24, 2026, the Company has no other subsequent events after the balance sheet date that require disclosure.

## XVII. Notes to major items of financial statements of parent company

### 1. Accounts receivable

#### (1) Analysis by aging

Unit: CNY

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	101,161,017.46	280,389,316.67
1-2 years	5,978,478.15	
Total	107,139,495.61	280,389,316.67

#### (2) Disclosure of accounts receivable by categories

Unit: CNY

Type	Closing balance					Opening balance				
	Carrying balance		Credit loss provision		Book value	Carrying balance		Credit loss provision		Book value
	Amount	Percentage (%)	Amount	Proportion of provision		Amount	Percentage (%)	Amount	Proportion of provision	
Including:										
Provision for bad debts by portfolio	107,139,495.61	100.00%	108,110.49	0.10%	107,031,385.12	280,389,316.67	100.00%	194,483.17	0.07%	280,194,833.50
Including:										
Risk portfolio	2,506,806.43	2.34%	108,110.49	4.31%	2,398,695.94	6,482,772.23	2.31%	194,483.17	3.00%	6,288,289.06
Other portfolio	104,632,689.18	97.66%			104,632,689.18	273,906,544.44	97.69%			273,906,544.44
Total	107,139,495.61	100.00%	108,110.49	0.10%	107,031,385.12	280,389,316.67	100.00%	194,483.17	0.07%	280,194,833.50

Provision for bad debts by portfolio: risk portfolio

Unit: CNY

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion
Within 1 year	2,036,716.43	61,101.49	3.00%
1-2 years	470,090.00	47,009.00	10.00%
Total	2,506,806.43	108,110.49	

Notes to determine provision for bad debt by portfolio:

Provision for bad debts by portfolio: other portfolio

Name of portfolio	Closing balance		
	Accounts receivables	Provision for bad debt	Proportion
other portfolio	104,632,689.18		
Total	104,632,689.18		

Notes to determine provision for bad debt by portfolio:

If the Company uses the accounts receivable provision for bad debts according to the general model of expected credit loss, please disclose the relevant information of provision for bad debt by referring to the disclosure method of other receivables

Applicable N/A

Unit: CNY

**(3) Provision for bad debt that is accrued, recovered or reversed during this period**

Provision for bad debts during this period:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write off	Others	
Provision on a portfolio basis	194,483.17	-86,372.68				108,110.49
<b>Total</b>	<b>194,483.17</b>	<b>-86,372.68</b>				<b>108,110.49</b>

Significant amount of reversal or recovery during this period

Unit: CNY

Company name	Amount recovered or reversed	Method
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**(4) Top five entities with the largest balances of the accounts receivables and contractual assets**

Unit: CNY

Company's name	Closing balance of the accounts receivables	Closing balance of the contractual assets	Total closing balance of the accounts receivables and contractual assets	Proportion in the total accounts' receivables and contractual assets (%)	Provision amount
First	86,863,571.80		86,863,571.80	81.08%	
Second	16,735,553.68		16,735,553.68	15.62%	
Third	1,514,390.00		1,514,390.00	1.41%	78,338.00
Fourth	992,416.43		992,416.43	0.93%	29,772.49
Fifth	596,141.84		596,141.84	0.56%	
<b>Total</b>	<b>106,702,073.75</b>		<b>106,702,073.75</b>	<b>99.60%</b>	<b>108,110.49</b>

**2. Other receivables**

Unit: CNY

Item	Closing balance	Opening balance
Other receivables	61,459,171.92	430,983,882.60
<b>Total</b>	<b>61,459,171.92</b>	<b>430,983,882.60</b>

**(1) Other receivables****1) Disclosure of other receivable by nature**

Unit: CNY

Nature of other receivables	Closing balance	Opening balance
Payments by related parties within the Group	117,117,139.40	486,966,579.28
Guarantee deposit	15,000,000.00	15,000,000.00
Business loans and petty cash	268,639.11	386,218.75
Other receivables	2,664,943.56	2,570,110.19
<b>Total</b>	<b>135,050,722.07</b>	<b>504,922,908.22</b>

**2) Other receivables by aging**

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	61,481,257.91	386,165,395.17
1-2 years	42,200,597.00	84,447,915.02

2-3 years	190,000.00	2,983,896.32
Over 3 years	31,178,867.16	31,325,701.71
3-4 years	230,000.00	400,000.00
4-5 years	400,000.00	460,000.00
Over 5 years	30,548,867.16	30,465,701.71
Total	135,050,722.07	504,922,908.22

Unit: CNY

### 3) According to the general model for expected credit losses

Provision for bad debts is made on the basis of a general model of expected credit losses:

Unit: CNY

Provisions for debts	Phase 1	Phase 2	Phase 3	Total
	Future 12-month ECL	Lifetime ECL(without credit impairment)	Lifetime ECL(with credit impairment)	
Balance as at 1 January 2025	14,460.66		73,924,564.96	73,939,025.62
Change of opening balance as at 1 January 2025 in current period				
Provision in 2025	18,522.33		-341,814.03	-323,291.70
Reversal in 2025			24,183.77	24,183.77
Balance as at 31 December 2025	32,982.99		73,558,567.16	73,591,550.15

Basis of classification of stages and percentage of provision for bad debts

Stage	Book balance	Provision ratio for bad debts(%)	Bad debts	Book value
Stage 1	61,492,154.91	0.05	32,982.99	61,459,171.92
Stage 2				
Stage 3	73,558,567.16	100.00	73,558,567.16	
total	135,050,722.07	54.49	73,591,550.15	61,459,171.92

The provision for bad debts at the end of the period is based on a three-stage model as follows:

Significant change of the book balance of provision during the period

Applicable N/A

### 4) Provision, recovery or reversal for bad debt during this period

Provision for bad debts in the current period:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Write off	Other changes	
Provision for other receivables bad debt	73,939,025.62	-323,291.70		24,183.77		73,591,550.15
Total	73,939,025.62	-323,291.70		24,183.77		73,591,550.15

Significant amount of reversal or recovery during this period:

### 5) Details of other receivables actually written off in the current period

Unit: CNY

Item	Write-off Amount

Other receivables	24,183.77
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Among which, the write-off of significant other receivables:

Unit: CNY

Name of entity	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedure performed	Whether the amount arises from related party transactions
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Explanation of write-off of other receivables:

### 6) Top five entities with the largest balances of the other receivables

Unit: CNY

Company's Name	Category	Closing balance	Aging	Proportion in total receivables	Provisioning amount at period end
Harbin Binzhou Brewery Co., Ltd.	Fund transactions	56,392,100.00	1-2 years: 41,410,000.00; 2-3 years: 190,000.00; 3-4 years: 230,000.00; 4-5 years: 400,000.00; Over 5 years: 14,162,100.00	41.76%	56,392,100.00
Guizhou Maotai Town Guijiu Liquor Industry Co., Ltd.	Fund transactions	50,273,847.47	Within 1 year	37.23%	
Bankruptcy Administrator of Jiangsu Juntai Real Estate Co., Ltd. and Suqian Guotai Department Store Co., Ltd.	Deposit	15,000,000.00	Over 5 years	11.11%	15,000,000.00
Jiangsu Weilan Shangyin Catering Management Co., Ltd.	Fund transactions	10,451,191.93	Within 1 year	7.74%	
People's Government of Yanghe Town, Yanghe New District, Suqian City	Prepaid amount	1,317,920.66	Over 5 years	0.98%	1,317,920.66
<b>Total</b>		<b>133,435,060.06</b>		<b>98.82%</b>	<b>72,710,020.66</b>

### 3. Long-term equity investments

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	9,511,141,378.94	2,000,000.00	9,509,141,378.94	9,529,141,378.94	2,000,000.00	9,527,141,378.94
Investments in joint ventures and associates	11,555,516.73		11,555,516.73	5,216,675.65		5,216,675.65
<b>Total</b>	<b>9,522,696,895.67</b>	<b>2,000,000.00</b>	<b>9,520,696,895.67</b>	<b>9,534,358,054.59</b>	<b>2,000,000.00</b>	<b>9,532,358,054.59</b>

#### (1) Investment in subsidiaries

Unit: CNY

Investee	Opening	Opening	Increase or decrease in the current period	Closing	Closing
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	balance	balance of provision for impairment	Increase	Decrease	Provision for impairment	Others	balance	balance of provision for impairment
Suqian Yanghe Guibinguan Co., Ltd.	700,000.00						700,000.00	
Jiangsu Shuanggou Distillery Stock Co., Ltd.	1,737,859,729.86						1,737,859,729.86	
Su Wine Trade Group Co., Ltd.	411,027,669.08						411,027,669.08	
Jiangsu Yanghe Liquor Operation Management Co., Ltd	10,983,280.00						10,983,280.00	
Jiangsu Dongdi Union International Trade Co., Ltd.	5,000,000.00						5,000,000.00	
Jiangsu Dongdixinghui International Trade Co., Ltd	5,000,000.00						5,000,000.00	
Siyang Lantu Liquor Operation Co., Ltd.	3,161,700.00						3,161,700.00	
Hubei Lihuacun Liquor Industry Co., Ltd.	3,000,000.00						3,000,000.00	
Ningxiang Miluochun Liquor Industry Co., Ltd.	2,129,000.00						2,129,000.00	
Harbin Binzhou Brewery Co., Ltd.		2,000,000.00						2,000,000.00
Su Wine Group Jiangsu Wealth Management Co., Ltd.	3,000,000,000.00						3,000,000,000.00	
Guizhou Guijiu Co., Ltd.	943,300,000.00						943,300,000.00	
YANGHE CHILE SPA	456,880,000.00						456,880,000.00	
Jiangsu Yanghe Investment Management Co., Ltd.	1,500,000,000.00						1,500,000,000.00	
Yanghe Hong Kong Liquor Co., Ltd.	18,000,000.00			18,000,000.00				
Jiangsu Jiushang Internet Technology Co., LTD	5,100,000.00						5,100,000.00	
Tibet Earth Third Pole Liquor Industry Co., Ltd	204,000,000.00						204,000,000.00	

Jiangsu Yanghe Dream Investment Management Co., Ltd	1,206,000,000.00									1,206,000,000.00	
Suqian City Sujiu Logistics Co., Ltd.	5,000,000.00									5,000,000.00	
Jiangsu Blue Sky Drink and Catering Management Co., Ltd.	10,000,000.00									10,000,000.00	
<b>Total</b>	<b>9,527,141,378.94</b>	<b>2,000,000.00</b>				<b>18,000,000.00</b>				<b>9,509,141,378.94</b>	<b>2,000,000.00</b>

(2) Investment in joint ventures and associates

Investee	Opening balance (book value)	Opening balance of impairment provision	Current period changes							Closing balance (book value)	Closing balance of provision for impairment	
			Additonal investment	Reduction of investment	Investment gains or losses recognized under the equity method	Adjustment for other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Provision for impairment			Others
1. Joint ventures												
2. Associates												
Suqian Yanghe Guibinguan Co., Ltd.	5,216,675.65		5,000,000.00		1,338,841.08						11,555,516.73	
Subtotal	5,216,675.65		5,000,000.00		1,338,841.08						11,555,516.73	
Total	5,216,675.65		5,000,000.00		1,338,841.08						11,555,516.73	

Unit: CNY

recoverable amount is determined as the net of fair value less costs of disposal.

Applicable N/A

The recoverable amount is determined by the present value of estimated future cash flows

Applicable N/A

Reasons for differences between the foregoing information and information used for impairment testing in previous years or external information that is clearly inconsistent with the information.

Reasons for differences between the information used in the company's impairment tests in previous years and the actual situation in the current year that are clearly inconsistent.

Other note:

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

Unit: CNY

Item	Current period amount		Previous period amount	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Primary business	8,910,701,189.73	4,259,138,642.52	12,502,235,509.11	6,605,640,905.29

Other business	162,465,389.53	82,367,486.12	349,985,734.29	234,734,828.62
Total	9,073,166,579.26	4,341,506,128.64	12,852,221,243.40	6,840,375,733.91

Information relating to revenue

Unit: CNY

Category of Contra	Segment 1		Segment 2		Current period amount		Total	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Commodity type								
Including:								
liquor					8,910,701,189.73	4,259,138,642.52	8,910,701,189.73	4,259,138,642.52
Other					162,465,389.53	82,367,486.12	162,465,389.53	82,367,486.12
By operating regions								
Including:								
Type of market or customer								
Including:								
Type of contract								
Including:								
By the time of commodity transfer								
Including:								
By the contract time								
Including:								
By the selling channel								
Including:								
Total					9,073,166,579.26	4,341,506,128.64	9,073,166,579.26	4,341,506,128.64

Information relating to performance obligations

N/A

Information related to the transaction prices allocated to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted for but not yet fulfilled or not yet completely fulfilled as of the end of this reporting period is RMB 8,708,079,784.28. Of this amount, RMB 8,708,079,784.28 is expected to be recognized as revenue in the fiscal year 2026, RMB nil is expected to be recognized in [placeholder] year, and RMB nil is expected to be recognized in [placeholder] year.

## 5. Investment income

Unit: CNY

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the cost method	3,067,583,025.23	6,139,967,261.75
Investment income from long-term equity investments under the equity method	1,338,841.08	-83,523.84
Investment income from disposal of financial assets held for trading	-10,002,050.39	134,177.91
Investment income from financial assets	3,705,351.48	7,746,336.16

held for trading during the holding period		
Investment income from disposal of financial assets held for trading	243,194,619.16	132,721,212.85
Termination of recognition of financial assets measured at amortized cost and the related gains	-16,783,704.17	-14,336,475.80
Total	3,289,036,082.39	6,266,148,989.03

## XVIII. Supplementary information

### 1. Detailed statement of non-recurring profits and losses

Applicable N/A

Unit: CNY

Item	Amount	Note
Profit or loss from disposal of non-current assets	-1,013,842.06	
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and given at a fixed amount or quantity in accordance with the state's uniform standards)	44,777,851.52	
In addition to the effective hedging business related to the company's normal business operations, changes in fair value from holding financial assets held for trading, derivative financial assets, financial liabilities held for trading, fair value changes, and investment income from disposal of financial assets held for trading and derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	65,657,266.37	
Other non-operating income and expense except the items mentioned above	-10,848,440.04	
Less: Effect of income tax	27,092,861.74	
Effect of minority equity	150,459.67	
Total	71,329,514.38	--

Specific details of other profit and loss items that conform to the definition of non-recurring profits and losses

Applicable N/A

The Company does not have any Specific details of other profit and loss items that conform to the definition of non-recurring profits and losses

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

Applicable N/A

### 2. Return on equity and earnings per share

Profit during reporting period	Weighted average ROE	EPS (CNY/Share)	
		Basic EPS	Diluted EPS

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Net profits attributable to ordinary shareholders of the Company	4.62%	1.4644	1.4644
Net profits attributable to ordinary shareholders of the Company after deduction of extraordinary gain and loss	4.47%	1.4171	1.4171