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ZJLD Group Inc

珍酒李渡集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6979)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025**

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024, as below.

FINANCIAL HIGHLIGHTS

The following table sets forth our key financial data for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024 and the change (expressed in percentages).

	For the year ended December 31,		Change (%)
	2025 (RMB'000)	2024 (RMB'000)	
Revenue	3,650,459	7,066,784	-48.3
Gross profit	2,134,559	4,143,040	-48.5
Profit attributable to equity shareholders of the Company for the year	538,469	1,323,622	-59.3
Adjusted net profit (non-IFRS measure) ⁽¹⁾	523,394	1,676,275	-68.8
Net cash (used in)/generated from operating activities	(885,612)	781,003	-213.4
Earnings per share			
– Basic (RMB) ⁽²⁾	0.163	0.404	-59.7
– Diluted (RMB) ⁽³⁾	0.163	0.400	-59.3
Non-IFRS adjusted earnings per share			
– Basic (RMB) ⁽⁴⁾	0.158	0.511	-69.1
– Diluted (RMB) ⁽⁵⁾	0.158	0.506	-68.8

The following table sets forth certain of our key financial ratios for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024.

	For the year ended December 31,	
	2025	2024
	<i>(%)</i>	<i>(%)</i>
Gross profit margin	58.5	58.6
Net profit margin	14.8	18.7
Adjusted net profit margin (non-IFRS measure) ⁽¹⁾	14.3	23.7

Notes:

- (1) For more details on the non-IFRS measures, please see the section headed “Non-IFRS Measures” in this announcement.
- (2) The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue. For more details, please see note 7(a) to the annual consolidated financial statements set out in this announcement.
- (3) Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the year ended December 31, 2025. For more details, please see note 7(b) to the annual consolidated financial statements set out in this announcement.
- (4) The calculation of adjusted basic earnings per share is based on the adjusted net profit (non-IFRS measure) and the weighted average number of ordinary shares in issue. For more details, please see the section headed “Non-IFRS Measures” and note 7(a) to the annual consolidated financial statements set out in this announcement.
- (5) The calculation of adjusted diluted earnings per share is based on the adjusted net profit (non-IFRS measure) and the weighted average number of ordinary shares (dilutive). For more details, please see the section headed “Non-IFRS Measures” and note 7(b) to the annual consolidated financial statements set out in this announcement.
- (6) Any discrepancies between the change percentages of earnings per share in this table and percentages as calculated based on the above earnings per share figures are due to rounding.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a leading baijiu company in China devoted to offering high-quality baijiu products. We produce and sell sauce aroma, mixed aroma and strong aroma baijiu, with sauce aroma baijiu serving as our major growth engine.

In 2025, the baijiu industry faced certain challenges, notably with a continuously weakened consumption demand resulting from certain anti-graft policies in the second quarter of 2025. In response to such challenges within the current economic climate and diminished baijiu consumption demand, we put great efforts into reducing channel inventories and maintaining profitability and pricing systems of our distribution channels. In particular, we have adopted the following strategic initiatives during 2025: (i) we proactively explore and implement more effective business models to better address industry challenges and capitalize on emerging growth opportunities. In June 2025, the Company officially introduced the Premier Retailers Alliance model (萬商聯盟模式), designed to attract high-quality distributors and foster long-term strategic alliances that will be mutually beneficial to the Company and our distributors; (ii) we have put significant effort in upgrading the digitalization and intelligence of our brand promotion. Through new media platforms such as the video account personally managed by Mr. Wu Xiangdong, the chairman of the Board, we have created significant awareness on the internet. Seamlessly complemented by offline activities and traditional channels, we have built a multi-dimensional communication matrix which integrates online and offline channels. This remarkably enhanced the consumer reach for our brands and further solidified its premium brand identity; (iii) as for our product strategy, we have concentrated our efforts on promoting products designed for consumption scenarios that were less impacted by the macro-environment, notably those for celebratory occasions including birthdays and wedding ceremony banquets, while enhancing market penetration of premium and mid-range products to meet diversified and rational consumer demands; (iv) we have performed disciplined sales pacing, particularly the acceleration of channel inventories reduction in the second half of 2025 to effectively alleviate distributor pressure and create a sound foundation for sustainable growth in the future; (v) we continuously recruit and cultivate high-quality distributors and consumers through our immersive marketing events; and (vi) we further optimize the allocation of resources across production costs and marketing expenses.

Our Brands and Products

We have developed a three-tier growth engine. *Zhen Jiu*, our flagship brand featuring premium and above sauce aroma baijiu, served as our major growth engine which captures the strong growth potential of the sauce aroma baijiu market. *Li Du*, our second growth engine and a brand mainly featuring premium and above mixed aroma baijiu products, delivered high growth and is expected to create additional momentum for continued growth as we are determined to further strengthen its brand recognition and nationwide sales network outside of Jiangxi Province. *Xiang Jiao* and *Kai Kou Xiao*, our regional leading brands in the Hunan market, are expected to make steady and ongoing contribution to our long-term sustainable growth. We tactically position these four baijiu brands to target different consumer preferences and geographical regions in China, with our product portfolio covering three aroma profiles (i.e. sauce aroma, mixed aroma and strong aroma) across different price ranges, and an overall focus on the premium and above baijiu market. As the four brands are in different phases of development, they complement one another and work in concert to drive our long-term growth.

Zhen Jiu

As our flagship brand, *Zhen Jiu* has remained steadfast in its mission to meet the demands of sauce aroma baijiu enthusiasts for premium-quality products. With a continued focus on deepening its presence in the sauce aroma baijiu segment, *Zhen Jiu* concentrates on the premium and above price ranges, advancing its market share and delivering sustainable growth in sales performance. For the year ended December 31, 2025, *Zhen Jiu* generated approximately 52.6% of our revenue.

Since its launch, *Zhen Jiu* has continuously refined its product recipes to craft iconic flavour profiles that resonate with consumers across China, reinforcing its brand strength and market standing. This momentum has been further underscored by a series of notable accolades received in 2025, with particular recognition accorded to Da Zhen (大珍) and the Premier Retailers Alliance model.

On the product front, Da Zhen received the Grand Gold Medal and the Innovative Product Award (創新力產品獎) at the 2025 China Light Industry Wanhua Cup Brewing Quality Competition hosted by the China National Light Industry Council (中國輕工業聯合會 – 2025 中輕萬花杯釀酒質量大賽), and was further honored with the Product with Most Resale Value (最具代理價值產品) and the Most Popular Product among Consumers (最受消費者歡迎單品) at the 2025 China Alcohol Golden Honor Award (2025 中國酒業金盛獎). *Zhen 10 Series* also claimed the Grand Gold Medal at the 27th Spirits Selection by Concours Mondial de Bruxelles (第 27 屆布魯塞爾國際烈性酒大獎賽大金獎).

Particularly, the Premier Retailers Alliance model was recognized as a 2025 National Consumer Innovation Case (2025 國民消費創新案例) by People’s Daily Online (人民網), and received the 2025 Best Marketing and Promotion Case in China’s Alcoholic Drinks Industry (2025 中國酒業最佳營銷推廣案例) at the 2025 China Alcohol Golden Honor Award (2025 中國酒業金盛獎). Mr. Wu was conferred the honorary title of “Significant Contribution to 30 Years of China’s Liquor Industry” (中國酒業 30 年重要貢獻) by the China National Association for Liquor and Spirits Circulation (中國酒類流通協會), named among the 2025 Top 10 Annual Economic Figures of China (2025 年中國十大經濟年度人物) by Sina Finance (新浪財經), and selected as one of the 2025 Top 10 Annual Brand Figures of China (2025 年中國十大品牌年度人物) at the 20th China Brand Figures Annual Conference in 2025 (2025 第二十屆中國品牌人物年會) hosted by the Brand Alliance (品牌聯盟) and the Huaxia Culture Promotion Association (華夏文化促進會).

Zhen Jiu continues to introduce new product series to increase market penetration. Throughout 2025, *Zhen Jiu* has successively launched multiple iconic products, including (i) the Zhen 50 Series under our deluxe product portfolio, (ii) 2014 Real Vintage Baijiu (2014真實年份酒) and (iii) the Zhen 10 Series which tailored for banquet experiences. In particular, Zhen 50 Series was introduced to commemorate the 50th anniversary of the Company's establishment, showcasing our spirits of craftsmanship and innovation that has been passed down to this day, and marking a foundational milestone in the brand's development journey. Furthermore, in June 2025, we launched Zhenjiu·Vintage 2020 (珍酒·2020真實年份) (marketed as “Da Zhen” (大珍)), aiming to establish synergistic positioning with the Zhen 15 Series and Zhen 30 Series to enhance our comprehensive product matrix. As our strategic flagship product, we have pioneered a continuous value-creation mechanism for Da Zhen, coupled with strict market pricing control measures to preserve healthy distribution channels and safeguard distributor profitability. We also continue to intensively develop exclusive cultural and creative products. For example, our latest innovation brings history to life with our unique baijiu products inspired by historical relics, introducing the Inlaying Gold Series, inspired by sacred zodiacal beasts like the Inscription Tigers, Rabbit, Loong, and Snake, each honoring the magnificent stories of the Chinese zodiac.

Li Du

Li Du is a thriving brand featuring premium and above mixed aroma baijiu products, which has gained great success and has significant growth potential. Our *Li Du* products distinguish themselves from other baijiu products by their signature taste and fine quality, unique immersive marketing approach stemming from the traditional Chinese culture, and premium brand positioning and operation. With these features, *Li Du* has gained a strong foothold in its base market, Jiangxi Province, and is strategically expanding its geographic reach across China to support its incremental and long-term growth. For the year ended December 31, 2025, *Li Du* generated approximately 29.7% of our revenue.

Li Du was established to honor its origin from Lidu, Jiangxi Province, an ancient town in China that is steeped in its long-standing tradition of making baijiu. The baijiu-making techniques of *Li Du* were recognized as an Intangible Cultural Heritage of Jiangxi. In 2002, an ancient baijiu distillery of the Yuan Dynasty (1271 AD to 1368 AD) was discovered during the renovation of our production facility in Lidu, Jiangxi Province and was subsequently named on the list of Major National Historical and Cultural Sites, significantly bolstering *Li Du*'s brand image, which is consistently rooted in its rich history and cultural heritage. On April 27, 2023, *Li Du*, together with six other leading baijiu companies, jointly applied for Chinese baijiu to be included in China's tentative list of world cultural heritage. *Li Du* achieved notable recognition in 2024, as it was named among the Eighth Batch of National Key Leading Enterprises in Agricultural Industrialization (第八批農業產業化國家重點龍頭企業) and awarded the title of “Chinese Time-honored Brand” (中華老字號) by the Ministry of Commerce of the People's Republic of China.

Rooted in a centuries-old distilling heritage, our *Li Du* brand offers a carefully curated portfolio of distinguished mixed aroma baijiu products, featuring *Li Du Sorghum 1308* (李渡高粱 1308), *Li Du Sorghum 1955* (李渡高粱 1955) and *Li Du Sorghum 1975* (李渡高粱 1975). The brand's commitment to uncompromising quality has earned it consistent international recognition, with *Li Du Sorghum 1955* and *Li Du Sorghum 1308* receiving the Grand Gold Medals from the Spirits Selection by Concours Mondial de Bruxelles in 2015 and 2019, respectively, and *Li Du Sorghum 1975* being awarded the Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles in 2023. In 2025, *Li Du*'s legacy of excellence was further affirmed when *Li Du Sorghum 1955* was selected for the "30 Classic Products of China's Liquor Distribution" (中國酒類流通經典 30 產品) recommendation list, and *Li Du* itself was honored as a "Classic Case of 30 Years of China's Liquor Distribution" (中國酒類流通 30 年經典案例) in recognition of its pioneering approach to value reconstruction and premiumization.

Building on the product upgrades and new launches undertaken in 2024, *Li Du* further strengthened its portfolio and market positioning in 2025. In 2025, we introduced *Li Du Sorghum 1965* (李渡高粱 1965), a compelling new addition to the *Li Du Sorghum* family that preserves the distinctive aesthetic of our signature package-free baijiu series whilst meaningfully broadening the product's price range. *Li Du Sorghum 1965* gained professional recognition shortly after its launch, receiving the Gold Medal from the 2025 International Spirits Grand Challenge (China) (2025 ISGC 國際烈酒 (中國)大獎賽). Complementing this, in 2025, *Li Du King Series* (李渡王系列) launched two new expressions – the Crystal Blue (水晶藍) and Full Red (滿堂紅) – as a strategic initiative within *Li Du*'s mid-range and below products, specifically targeting banquet occasions. Both expressions achieved strong market acceptance within this segment, reflecting the growing resonance of the *Li Du* brand beyond its traditional premium positioning.

Xiang Jiao

Xiang Jiao is a regional leading premium baijiu brand in Hunan Province, with strong brand awareness and entrenched channel penetration in local market, which lays the groundwork for the brand's long-term sustainable development. Originally established in 1957, *Xiang Jiao* was synonymous with the rich cultural heritage of baijiu-making in Hunan Province and was awarded the title of Hunan Provincial Governor Quality Award in 2012 and China Well-known Trademark in 2012. At *Xiang Jiao*, we offer a wide range of premium and deluxe baijiu products covering strong aroma, sauce aroma and mixed aroma profiles, represented by *Xiang Jiao Long Jiang* (湘窖•龍匠) series, *Xiang Jiao Yao Qing* (湘窖•要情), *Xiang Jiao Red Diamond* (湘窖•紅鑽) and *Xiang Jiao Crystal Diamond* (湘窖•水晶鑽). In particular, *Xiang Jiao* has been undergoing rapid growth on its premium and deluxe sauce aroma baijiu products, mainly *Xiang Jiao Long Jiang* series. In the second half of 2024, *Xiang Jiao* launched *Iron Cover Long Jiang* (鐵蓋龍匠) as a strong addition within the *Xiang Jiao Long Jiang* series, which widely captured the market's acclaim, significantly boosting *Xiang Jiao*'s brand recognition and unlocking new avenues for growth. In addition, in 2025, in response to market demand, *Xiang Jiao* has created a new product *Iron Cover Long Jiang Hong Yun* (鐵蓋龍匠•紅蘊) strategically positioned for the banquet segment in the premium price range. *Xiang Jiao Long Jiang* was also awarded the Grand Gold Medal from the International Spirits Grand Challenge (China) in 2024. *Iron Cover Long Jiang Hong Yun* was designated as a "Regional Landmark Product" (地域標誌產品) at the 2025 Central-South Core Production Region Liquor Body Design Innovation Competition organized by the Baijiu Professional Committee of the China National Food Industry Association (中國食品工業協會白酒專業委員會). *Xiang Jiao* generated approximately 12.8% of our revenue for the year ended December 31, 2025.

Kai Kou Xiao

Recognized as a China Well-known Trademark in 2010, *Kai Kou Xiao* is an established baijiu brand in Hunan with a focus on mid-range markets. We name the brand *Kai Kou Xiao*, or “A Big Smile” in English, because we aspire to spread the joyfulness of life through our baijiu products. We strategically focus on promoting and marketing our *Kai Kou Xiao* products at the local market in Hunan Province, where we have achieved substantial market acceptance, establishing the foundation for the brand’s long-term sustainable development. At *Kai Kou Xiao*, we mainly offer strong aroma baijiu products targeting the mid-range market, represented by *Kai Kou Xiao 9* (開口笑九), *Kai Kou Xiao 12* (開口笑十二) and *Kai Kou Xiao 15* (開口笑十五), all of which underwent comprehensive upgrades and were relaunched in 2025, reflecting our commitment to continuously elevating product quality and reinforcing the brand’s competitiveness within its target market. *Kai Kou Xiao* generated approximately 2.8% of our revenue for the year ended December 31, 2025.

Product Development

Baijiu production technique is a precious national heritage of China, and we pride ourselves on inheriting the time-honored baijiu-making techniques and reinvigorating them to develop iconic recipes and flavor.

We have a dedicated product development team responsible for product development and package design. As of December 31, 2025, our product development team consisted of 275 employees, among whom a vast majority have a bachelor’s degree or above. Our product development team is spearheaded by a technical committee consisting of 94 recognized baijiu experts with extensive industry and product development experiences, among whom 16 are national baijiu appraisers, 8 hold senior liquor-maker certificates, 6 hold senior engineer qualifications and 64 are provincial baijiu adjudicators.

In 2025, we continued to deepen our industry-academia-research cooperation, conducting project research with renowned domestic universities and research institutions, including Jiangnan University (江南大學), Guizhou University (貴州大學), Jiangxi University of Finance and Economics (江西財經大學), Tianjin University of Science and Technology (天津科技大學) and China National Research Institute of Food and Fermentation Industries (中國食品發酵研究院). *Zhen Jiu*’s research and development team has undertaken multiple provincial and municipal-level projects, received numerous awards and patents with its technologies, and participated in the formulation and revision of multiple national and local standards. Previous collaborative initiatives with Tianjin University of Science and Technology and Guizhou University garnered second and third prizes respectively at the China National Food Industry Association Science and Technology Awards (中國食品工業協會), respectively. Furthermore, in April 2025, *Li Du* hosted a prestigious technical research symposium titled “Decoding Flavor Profiles and Crafting National Treasure Quality” (解析風味密碼, 打造國寶品質) at the historic Li Du Yuan Dynasty Distillery Site (李渡元代燒酒作坊遺址). The symposium brought together distinguished experts from leading universities including Jiangnan University, Shaoyang University (邵陽學院), and Tianjin University of Science and Technology, alongside industry leaders from the Jiangxi Food Industry Association (江西省食品工業協會) and Jiangxi Liquor Industry Association (江西省酒業協會), as well as Li Du’s internal technical specialists. Participants engaged in comprehensive discussions on the flavor formation mechanisms and scientific principles underlying the distinctive “Four Aromas in One Sip” (一口四香) characteristic, establishing clear technical pathways for continuous quality enhancement and strengthening the product’s core competitive advantages.

Production Facilities

We selectively locate *Zhen Jiu*'s production facilities for sauce aroma baijiu in Guizhou's Zunyi region, a place that is widely considered ideal for making fine sauce aroma baijiu in China, to secure the unique texture and taste of our *Zhen Jiu* products.

As of December 31, 2025, we operated seven production facilities in China. Our production facilities consist of qu-making plants, fermentation and distillation plants, blending plants, and filling and packaging plants, corresponding to the pivotal steps of baijiu-making. These production facilities are equipped with machinery, fermentation pits, barns, as well as bottling and packaging lines and warehouses. Furthermore, our production facilities are equipped with advanced technologies and equipment, including automated production lines, to streamline and optimize the entire production process.

In the past years, we have stored extensive base liquor inventory to support the rapid development of our premium and deluxe baijiu products. Sizable base liquor production capacity and storage of base liquor inventory have always been our strategic focus and core competitiveness. With the continuous expansion of our production capacity, we would be able to (i) reserve sufficient vintage base liquor for the continuous expansion of our premium and deluxe product offerings and strengthen our competitiveness in the premium and above baijiu markets; (ii) provide sufficient high-quality base liquor to support the rising demand of our premium and above baijiu products; and (iii) gradually replace third-party base liquor supplies with our own to improve our gross profit margin.

Sales Channels

We have built a multi-channel sales network that effectively caters to the diverse needs of different customer groups and enables us to continuously expand our reach to consumers. We gained access to our target consumers through a nationwide network of distributors consisting of (i) distribution partners, who primarily purchase our baijiu products from us and subsequently distribute them to sub-distributors, such as supermarkets and tobacco and liquor stores, and end consumers; (ii) store partners, with whom we collaborate closely to establish our single-brand featured stores. These stores not only serve as retail outlets for our baijiu products, but also create immersive and engaging consumer experiences through a range of versatile events; and (iii) retailers, including tobacco and liquor stores, retail partners, restaurants and supermarkets that sell our products directly to end consumers. In addition to these distribution channels, we also have a dedicated direct sales force organized by brand and geographic areas that primarily serve end consumers and corporate customers, ensuring a personalized and tailored approach to meet the specific requirements of different customer groups. Furthermore, we also operate online stores on various e-commerce platforms in China, leveraging the power of digital platforms to reach a broader audience and provide the market with convenient access to our products.

In June 2025, we continued our innovative attempts and officially launched the Premier Retailers Alliance model. This model holds strategic significance and aims to address certain sectorial challenges in the baijiu industry including deteriorating channel pricing system, contracting distributor profit margins and substantial financial pressures on distributors. We anticipate that a business framework which resolves core sectorial issues will possess significantly greater appeal and competitiveness than before. In this model, we carefully select retailers with strong group – selling capabilities to end consumers, building a broad yet tightly controlled national network to boost sales while preventing channel stuffing and price disruption. This partnership is sustained

through aligned short term and long term incentives, high channel profit margins, rigorous penalties, and regional alliances that autonomously maintain market order.

The following table sets forth the number of distributors involved in each type of distribution channel as at December 31, 2024 and December 31, 2025, respectively.

	As at December 31	
	2025	2024
Distribution partners	3,077	3,204
Featured stores	942	1,097
Retailers	4,264	3,334
Total	<u>8,283</u>	<u>7,635</u>

Digital Infrastructure

We adopted digital infrastructure to foster growth and optimize efficiency. We have established an integrated digitalized management system as a core component to support major aspects of our operations. Leveraging the power of data analytics, we are able to make informed business decisions, streamline operations and improve cost effectiveness, which ultimately enhances our overall profitability.

In terms of our production data, we have developed applications and systems to manage our procurement, brewing and storage with the objective of optimizing the entire production process and improving supervision efficiency. For example:

- *Base Liquor Management System:* We have allocated a unique digital code for each *Zhenjiu* base liquor container used for storage to carry out refined management of base liquor with different vintages and values. By virtue of 3D scanning of ceramic jars, automatic modeling, equipment for rapid measurement and supporting management software, we have established data models for each physical ceramic jar, accurately reproduced information about height, body shape and volume of each jar through algorithms, and completed inventory without opening jars, avoiding the losses caused by frequently opening jars while greatly improving management efficiency and ensuring the safety of assets. In addition, to further safeguard the security of base liquor during transit, we upgraded our monitoring capabilities by implementing real-time tracking of vehicle routes and locations, end-to-end video surveillance throughout transit, and detailed logging of lock activation activities at tank entry and exit points.

- *Intelligent Weighing Monitoring System:* We have completed the construction of our intelligent weighing monitoring system, which integrates video surveillance, smart license plate recognition, and automatic weighing hardware, paired with dedicated intelligent monitoring software. It facilitates automatic weighing, real-time data uploads, and full video and photo documentation across various operational scenarios, greatly improving the efficiency of weighing and ensuring the accuracy and integrity of the data.
- *Smart Park Management and Internet of Things (IoT) Platform:* Building upon our established intelligent weighing monitoring system, we deployed an integrated smart park management and service platform for *Zhenjiu*, incorporating advanced access control management for vehicles, staff and customers, substantially strengthening comprehensive park safety protocols.
- *Zhenjiu* collaborated with Huawei to construct an advanced IoT platform infrastructure that serves as the cornerstone for our next-generation digital production system. As of now, this platform has been fully implemented across production safety, intelligent fire prevention and base liquor security, providing comprehensive functionality for hazardous behaviour detection, fire prevention systems, operational compliance monitoring for workers and unauthorized vehicle parking surveillance. This platform and our experiences gained through its development process serve as invaluable knowhow for the digital transformation of our other facilities.
- *Digitalized Quality Management System (QMS):* The Group established a unified QMS which enables online quality inspection, one-code-per-sample identification, and automatic data collection and analysis. *Zhen Jiu's* QMS spans 15 inspection categories, with a total of 165,556 batches completed during the Reporting Period. *Li Du* is currently integrating into the same system by leveraging *Zhen Jiu's* execution experience, enabling end-to-end quality traceability from raw materials inspection to end product delivery.
- *Da Zhen Product Traceability:* For the Da Zhen product, we upgraded our digital code system from four-code to six-code integration. Building upon the existing four codes, we added NFC anti-counterfeiting and ceramic jar storage codes, enabling precise identification and full lifecycle traceability of the liquor content of each Da Zhen product.
- *Intelligent Blending:* Our intelligent blending project made significant breakthrough progress during the Reporting Period, marking a milestone in the intelligent upgrading of our blending processes and driving the deep integration of traditional blending craft with digital technology, enhancing blending efficiency and product quality consistency.

As for our sales digitalization, we have developed proprietary Weixin applets and applications to directly engage with end-consumers, empower front-line employees, collect and analyze key performance indicators of our business in a real-time manner. Particularly, we have utilized digital operation tools, coupled with a comprehensive set of channel inventory management policies, to optimize our channel inventory levels. For example:

- *Customer Relationship Management (CRM) Platform:* Zhenjiu continued developing a holistic 360-degree customer information capability, consolidating multi-dimensional data encompassing customer profiles, interaction histories, transaction records, distillery tour and sealed storage patterns and marketing campaign engagement. This integrated platform seamlessly connects sales, marketing, membership, and customer service workflows, enabling sophisticated customer segmentation strategies and tag-based management. Through automated workflow processes and intelligent alert systems, we enhance lead conversion efficiency and service responsiveness, delivering precise analytical support for strategic sales initiatives and targeted marketing campaigns.
- *Channel Management Platform:* Our self-developed integrated service platform involves a number of Weixin applets and applications implemented throughout the sales process to improve the transparency of the distribution channel and promote sales efficiency. By accessing the Weixin applets and logging into the applications, distributors can efficiently and conveniently manage the entire distribution process and perform logistics tracking, including procurement, inventory management and sales to consumers.
- *QR Code System:* We developed a QR code system that enables more efficient control and management of distribution channels. A QR code is assigned to each baijiu product and the whole distribution process can be recorded by scanning the QR code. This enables our marketing managers to promptly identify any possible misconduct during the sales process based on checking and analysis of the records for the expected distribution area, which significantly reduces labor costs while strengthening the control and management of distributors. Additionally, we closely inspect and analyze distributors' inventories on-site on both regular and unscheduled bases, allowing us to cross-check the authenticity of their orders and inventory levels against the sales records enabled by our QR code system, and consequently monitor the inventory level of our distributors throughout the entire distribution process.

Furthermore, as artificial intelligence technology fundamentally transforms the global industrial paradigm, we have gradually embarked on our AI transformation journey, implementing innovative applications across multiple production and operational domains:

- We have established a partnership with China Unicom to integrate AI capabilities into our blending processes, officially launching pioneering work in intelligent blending operations. Utilising our extensive historical blending data repository, we conduct bespoke training of large language models to develop a new AI+ expert blending framework.
- Harnessing AI image recognition and natural language processing technologies, we have developed recognition models for terminal displays, data analytics engines for material placement optimisation, and enterprise knowledge management systems, thereby enhancing market execution standardisation, visualisation of placement return on investment, and intelligent internal knowledge governance.
- We have also built AI digital employees for internal service delivery, establishing multiple virtual employees that provide intelligent support to personnel across finance, human resources, information technology, and other operational divisions.
- We have deployed over 100 Robotic Process Automation (“RPA”) scenarios across finance, logistics, human resources, operations and other functions at both the Group and subsidiary levels. Taking advantage of RPA, each subsidiary is able to save per capita workload, while substantially reducing manual errors and associated costs.
- Underpinned by our commitment to data compliance and governance, we have established an enterprise-grade private AI data analytics platform, providing our data analysts with a secure, professionally managed and independently controlled data service environment.

By leveraging digital technology and data analytics, we have transformed our operations and achieved greater efficiency and profitability. This digital transformation also enables us to engage directly with our consumers, empower our employees, and make data-informed decisions that propel our business forward.

Business Updates

Strategic Business Model Innovation and Channel Development

Throughout 2025, we continued our innovative attempts to navigate industry challenges and officially launched the Premier Retailers Alliance model in June. This model holds strategic significance and will become *Zhen Jiu*'s key growth driver in the forthcoming years, following our dual-channel growth strategy innovation.

The baijiu industry in China currently confronts multiple challenges, including deteriorating channel pricing system, contracting distributor profit margins, substantial financial pressures on distributors, and sluggish terminal sales performance. We have carefully designed the Premier Retailers Alliance model to systematically address these fundamental industry challenges. We anticipate that a business framework which resolves core sectoral issues will possess significantly greater appeal and competitiveness than before, especially during periods of industry adversity. Combined with our highly competitive Da Zhen product, the Premier Retailers Alliance model is positioned to become a breakthrough business framework and market-leading offering. Specifically, it provides distinctive advantages as follows: (i) we meticulously select alliance retailers with strong group-selling capabilities that can directly reach end consumers without the involvement of traditional distributors, thereby significantly reducing cross-regional selling and price disruption risks whilst directly accessing end consumers to prevent channel stuffing; (ii) we implement stringent supply controls on individual alliance retailer level but build up a broader and massive alliance retailer network across China to support overall sales potential whilst efficiently alleviating individual alliance retailer' sales and financial pressures; (iii) we establish short, medium, and long-term benefit alignment between the Company and our alliance retailers, creating a sustainable, enduring development trajectory; and (iv) we provide exceptionally attractive channel profit margins, coupled with rigorous penalty measures and regulatory oversight to maintain market discipline.

In addition to the aforementioned strengths in channel development, the Da Zhen product delivers outstanding value proposition whilst leveraging the well-established popularity of *Zhen Jiu*'s real vintage baijiu product series. This established foundation significantly shortened consumer education processes for new product launches and generates substantial competitive advantages for end-consumer recognition. With the support of the Premier Retailers Alliance model and the aforementioned factors, the Da Zhen product will be a product offering that both allows attractive channel profit margins for alliance retailers amidst industry challenges and offer great appeal to end consumer for its outstanding value proposition. For more details related to Premier Retailers Alliance model, please refer to the section headed "Premier Retailers Alliance Model – Alliance Retailers Benefits Plan" in this announcement.

New Product Development for Continuous Exploration of New Growth Opportunities and Consumption Scenarios

Our “News Craft Beer” (牛市啤酒) initiative demonstrates our firm commitment to proactively explore new growth opportunities and consumption scenarios. This venture aims to pioneer the underexploited high-quality craft beer segment, which presents substantial market potential. Against the backdrop of subdued baijiu consumption, this initiative also reflects our strategic diversification to tap into a broader drinking consumption occasions and attract younger consumer demographics.

Our comprehensive product innovation strategy spans multiple brands and price ranges, reflecting our dedication to addressing diverse market requirements. We have strategically positioned the Li Du King and Zhen 10 Series to capitalize on substantial opportunities in banquet consumption category. The Li Du King has achieved exceptional market penetration in the banquet segment through its Crystal Blue Series and Full Red Series, whilst the Zhen 10 Series has been specifically designed to elevate banquet experiences.

In expanding our premium price range, we have successfully diversified our product portfolio through the introduction of *Li Du Sorghum 1965* and *Iron Cover Long Jiang*. *Li Du Sorghum 1965* preserves the distinctive aesthetic of our package-free baijiu product series whilst extending the market reach of the *Li Du Sorghum* family. Concurrently, *Xiang Jiao's Iron Cover Long Jiang Hong Yun*, strategically priced lower within *Long Jiang* product series and positioned for the banquet market, capitalizes on the proven success of the *Iron Cover Long Jiang* series. This series has substantially elevated *Xiang Jiao's* brand recognition and created new growth opportunities. These strategic innovations collectively underscore our capability to identify market opportunities and deliver customized product solutions that align with specific consumer segments and consumption contexts.

Brand Promotion and Brand Value

Our continued investment in brand promotion creates a strong brand presence in the baijiu industry which resonates with our target consumers. During 2025, we directed our efforts towards building brand momentum behind Da Zhen, our core product, through the full implementation of a precision-driven marketing strategy anchored by the dual engines of “community penetration and digital empowerment” (圈層滲透+數字化賦能). On the engagement front, we deepened the brand experience of our core customer base through a series of immersive initiatives, including Premier Retailers Alliance forums (萬商聯盟論壇), “Da Zhen Banquet” (大珍宴), “With You It's Truly Wonderful” (有你真好) and “You're Truly Amazing” (你真牛) immersive tasting events, and “A Journey of Sealing, A Date at the Sacred Land” (封壇之旅, 聖地之約) distillery tours. On the digital front, leveraging the strong online traffic of the our chairman's personal video account, we proactively embraced the transformative power of the short-video era to establish a robust online presence across platforms such as Weixin videos, enabling efficient user reach and conversion at scale. Throughout 2025, we maintained rigorous oversight of our pricing mechanisms and sales channels to safeguard the brand's premium positioning, laying a solid foundation for long-term sustainable growth. The results of these efforts were reflected in strong operational metrics in 2025 – a total of 75 Premier Retailers Alliance forums were hosted by us, whilst our Weixin videos content accumulated 402 million views and generated 14.16 million interactions over the course of the year.

In 2025, Ms. Annabel Yao (姚安娜), a celebrated young actress, was appointed as our Heritage Application Ambassador (申遺大使). Representing the new generation who authentically embodies both traditional cultural heritage and modern sensibilities, Ms. Yao will be involved in our Group's heritage application cultural promotion endeavors, conveying the cultural importance of baijiu, demonstrating intangible cultural heritage craftsmanship, and showcasing the unique appeal of Chinese baijiu culture from multiple perspectives. This strategic philosophy is further manifested in our product design innovations. For example, Da Zhen is centered around the character "Zhen" (珍) calligraphed by Ming Dynasty master artist Shen Zhou (沈周) as the central visual element, wrapped in heritage Xuan paper (非遺宣紙) and presented in an elegant minimalist blue case. This design achieved harmony between traditional artistry and modern aesthetic principles and demonstrated our capacity for heritage preservation with market relevance whilst attracting younger consumer segments. Moreover, *Zhen Jiu* continued with the "National Banquet • Zhen" series, which gained widespread attention in the baijiu industry and contributed to *Zhen Jiu*'s brand power among high-end customer groups.

Beyond our commercial and marketing endeavors, we continued to invest in the preservation and promotion of our brands' deep cultural and historical roots. A particularly significant development in this regard came to light in November 2024, when a Tang Dynasty Li Du kiln site (唐代李渡窯遺址) was discovered at the National Treasure Li Du Distillery. Experts have confirmed that it served as a core production site of the Hongzhou Kiln (洪州窯) from the mid-to-late Tang Dynasty through the Five Dynasties to the early Northern Song Dynasty – representing a landmark achievement in early kiln archaeology in Jiangxi Province. Following several months of on-site archaeological activities, the dual-heritage protective display area was completed in October 2025. This milestone further enriches *Li Du*'s cultural heritage and reinforces its distinctive industry positioning, rooted in its defining philosophy of "history as the soul" (以史為魂), lending an added dimension of historical authenticity to the brand's continued growth and premiumization journey.

By investing in these strategic brand promotion initiatives and showcasing our brand's unique identity, we have solidified our brand value and gained recognition within the industry. These achievements reflect our dedication to delivering exceptional products and experiences to our valued customers.

Premier Retailers Alliance Model – Alliance Retailers Benefits Plan

In September 2025, we, through our wholly owned subsidiary, Zhenjiu Commercial Trading, adopted the Alliance Retailers Benefits Plan, which is designed to motivate the Eligible Alliance Retailers for long-term sustainable growth and development of the Company, by rewarding the Eligible Alliance Retailers for their contribution to the expansion of the Group's distribution network and brand coverage, and by aligning their long-term interests with those of the Group. The total number of existing Shares to be contributed or acquired under the Alliance Retailers Benefits Plan was initially set at up to 169,431,177 Shares in aggregate, representing approximately 5.0% of the total number of Shares (excluding treasury Shares) in issue as of the date of the adoption of the Alliance Retailers Benefits Plan. For details of the Alliance Retailers Benefits Plan, please refer to the announcement of the Company dated September 10, 2025.

As of the date of this announcement, the Company is in the course of obtaining the relevant regulatory approvals in Mainland China to enable share contributions by the controlling shareholder of the Company. The Economic Benefits Units to be granted under the Alliance Retailers Benefits Plan will be backed by Shares contributed by the controlling shareholder of the Company upon obtaining such approval and Shares acquired on open market.

During the Reporting Period, (i) 21,503,000 Economic Benefits Units were granted to 1,392 Eligible Alliance Retailers; and (ii) 19,349,000 Economic Benefits Units were reserved for grants to 1,338 Eligible Alliance Retailers which had satisfied the conditions for grant and were in the process of completing the required procedures. The grant price of each Economic Benefit Unit was set by the Management Committee having regard to (a) the Alliance Retailer's purchase order volumes, (b) the weighted average closing Share price over a relevant period, and (c) any discount the Management Committee considers appropriate to incentivise the Alliance Retailer. None of the Eligible Alliance Retailers participated under the Alliance Retailers Benefits Plan and its ultimate beneficial owners is a Director, a chief executive, or a substantial shareholder of the Company, or an associate of any of them. As at December 31, 2025, the remaining number of existing Shares underlying the Economic Benefits Units available for grants under the Alliance Retailers Benefits Plan was 128,579,177 Shares, representing approximately 3.79% of the total number of Shares (excluding treasury Shares) in issue. The Economic Benefits Units granted during the Reporting Period are subject to a minimum lock-up period of seven years and that no settlements of any unlocked Economic Benefits Units will take place before 2032.

The Company is well aware of the minimum public float requirement under the Listing Rules, and has adopted internal measures in ensuring public float requirement to be fulfilled at all times. The Economic Benefits granted during the Reporting Period does not affect the Company's compliance with the Rule 8.08 of the Listing Rules.

Our ESG Initiatives

We have continued to recognize the crucial role that ESG principles play in shaping a sustainable and responsible business. These ESG principles have remained at the core of our strategic decisions and operational practices, enabling us to generate positive impacts not only within our Group but also on the wider communities and environment we are a part of.

One key initiative in our ESG practice is Bottle Recycling & Cultural Innovation Project in response to the longstanding challenge of bottle recycling in the baijiu industry. We have pioneered a "recovery-refurbishment-regeneration" closed-loop management system through industry chain collaboration. We transformed waste bottles collected from the distilleries and stores into cultural and creative products such as tea canisters, vases and lamps – through meticulous design, precise processing, and strict cleaning. These repurposed items were returned to consumers or featured in visual merchandising designs at experiential stores, giving baijiu bottles a meaningful "second life". In 2025, we have recycled and transformed 17,025 bottles.

In addition to green packaging, the Group has also been promoting sustainable development through a series of environmental and social initiatives.

As part of the Group's energy management, we continued to advance photovoltaic projects in our distilleries and actively engaged in green power and green certificate trading. During the Reporting Period, 100% electricity consumed by the Group was generated from renewable sources. In addition, the *Zhen Jiu*, *Li Du* and *Xiang Jiao* distilleries have continuously enhanced energy efficiency according to the requirements of ISO 50001 energy management system. The Group achieved a year-on-year decrease of 6.27% in electricity consumption intensity and a year-on-year 12.12% reduction in natural gas consumption intensity in 2025. In terms of water management, we achieved a year-on-year reduction of 19.33% in water withdrawal intensity through the installation of the water recycling systems and the reclaimed water reuse systems. The use of renewable energy and the continuous improvement in energy and water efficiency have not only helped us reduce our environmental impact but also brought about substantial cost savings for the Group.

Giving back to society has always been our unwavering commitment. We actively participate in public welfare and charity initiatives, support education and promote environmental protection, demonstrating our responsibility and dedication as a socially accountable enterprise. In 2025, we made a total donation of RMB14.52 million. We encourage every employee to join volunteer service teams and participate in social work at least once a year. During the Reporting Period, our people contributed 37,249 volunteer hours in public welfare activities. Beyond donations and volunteer services, we also support education through long-term industry collaboration. In 2025, *Li Du* partnered with Jiangxi Vocational College of Biotechnology to establish the *Lidu Brewing Industry College*, the first of its kind in Jiangxi Province and a demonstration food-industry college in Central China. Adopting a modern apprenticeship system, the college integrates corporate practice, joint teaching, and industry-oriented curricula to better align talent development with industry demands.

In 2025, the Group's sustainability performance continued to receive recognition from leading external authoritative institutions. We further improved our Wind ESG rating to "AAA", ranking first among 58 listed companies in the beverage sector; received an "A" level – the top rating – in CDP's Supplier Engagement Assessment (SEA), positioning us as a global leader in supplier engagement in terms of climate actions; achieved a score of 66 in the S&P Global Corporate Sustainability Assessment (CSA); and were included in the Sustainability Yearbook 2026 (Global) published by S&P global.

Latest Development of Our Distillery Related Facilities

In 2025, we prioritized the construction of baijiu storage facilities across our five core production facilities, namely Zhen Jiu Mao Tai Shuang Long (茅台鎮雙龍), Zhen Jiu Bai Yan Gou (白岩溝), Zhen Jiu Zhao Jia Gou (趙家溝), Li Du Zheng Jia Shan (鄭家山) and Xiang Jiao Jiang Bei (江北), as part of our infrastructure development initiatives. Each production facility systematically progressed the construction of specialized baijiu storage facilities, including ceramic jar storerooms, base liquor storerooms, finished product warehouses, and sealed baijiu warehouses. Several of these constructions were successfully completed and put into operations during the Reporting Period.

Additionally, *Li Du*'s production capacity has been further enhanced. A packaging plant at the Li Du Zheng Jia Shan site has completed construction and passed the requisite inspection, and is expected to commence operations in the first half of 2026. Concurrently, the construction of the core structure of a new distillery and grain storage facility has been completed, and such facility is anticipated to complete construction, pass the requisite inspection, and become operational in the first half of 2026.

OUTLOOK

The baijiu industry continues to navigate a period of transition; however, the accelerated transformative changes observed since 2024 — spanning channel management, brand operations and the exploration of new consumption scenarios and consumer segments — are progressively laying the groundwork for the industry’s next phase of advancement. Against this backdrop, the Group has identified the following key strategic priorities for 2026:

- (i) **Continued advancement of the Premier Retailers Alliance model.** Since the introduction of the Premier Retailers Alliance model in June 2025 and the adoption of the Alliance Retailers Benefits Plan in September 2025, the Company has gained significant momentum in boosting sales, attracting high-quality distributors and enhancing Zhen Jiu’s brand awareness. In 2026, the Company will continue to drive forward this business model as a key strategic priority, expecting considerable revenue contributions in the same year.
- (ii) **Capturing additional consumption demand.** The Company will continue to accelerate efforts to deepen market penetration in county-level and rural markets with products in the premium price range and below, and expand presence in social occasions such as birthday and wedding banquets.
- (iii) **Optimization of distribution channels and strengthening market development and consumer engagement.** The Company made significant efforts in the second half of 2025 to reduce channel inventories, with an objective to lay a solid foundation for business development in 2026 notwithstanding revenue impact in 2025. The Company plans to further allocate resources towards market development and consumer engagement to accelerate channel turnover and strengthen its competitive position in core regional markets. In terms of market development, the Company will leverage the “Hundred Cities Forum” (百城論壇) initiative to connect its three major brands and execute targeted market development across regions of varying maturity with particular emphasis on unlocking growth opportunities in underpenetrated markets.

FINANCIAL REVIEW

Revenue

We offer a wide selection of baijiu and other alcoholic products with diverse aroma profiles, and generate revenue from selling them through a nationwide network of distributors and our direct sales channels. Our revenue decreased by 48.3% to RMB3,650.5 million for the year ended December 31, 2025 (FY2024: RMB7,066.8 million).

Revenue by Brand

The following table sets forth a breakdown of our sales volume, average selling price and revenue in absolute amounts and as percentages of the total revenue by brand, for the year ended December 31, 2024 and 2025, respectively.

	For the year ended December 31,							
	2025				2024			
	Sales Volume (tons)	Revenue (RMB'000)	Average Selling Price ⁽¹⁾ (RMB'000/ton)	% of Total Revenue (%)	Sales Volume (tons)	Revenue (RMB'000)	Average Selling Price ⁽¹⁾ (RMB'000/ton)	% of Total Revenue (%)
<i>Zhen Jiu</i>	6,328	1,921,282	304	52.6	12,284	4,479,665	365	63.4
<i>Li Du</i>	3,037	1,085,437	357	29.7	3,033	1,312,924	433	18.6
<i>Xiang Jiao</i>	878	468,294	533	12.8	1,243	802,471	645	11.4
<i>Kai Kou Xiao</i>	916	102,255	112	2.8	2,366	337,364	143	4.8
Others ⁽²⁾	3,494	73,191	21	2.0	5,902	134,360	23	1.9
Total	14,653	3,650,459	249	100.0	24,827	7,066,784	285	100.0

Notes:

- (1) The average selling price is the average revenue per unit which equals to the revenue generated from each brand divided by the corresponding sales volume for such brand in the relevant reporting period.
- (2) Others consist primarily of baijiu products under the brand *Shao Yang*.
- (3) Any discrepancies in this table between the total and sums of amounts are due to rounding.

For the year ended December 31, 2025, revenue of our baijiu brands encountered a decline:

- Revenue generated from *Zhen Jiu* decreased by 57.1% to RMB1,921.3 million for the year ended December 31, 2025 (FY2024: RMB4,479.7 million). This was primarily due to (i) softened market demand, which led to reduced spending on baijiu, particularly in business, social banquets and gifting occasions; and (ii) the Company's adoption of multiple measures to reduce channel inventories of key products such as Zhen 30 Series and Zhen 15 Series, partially offset by the timely introduction of the Premier Retailers Alliance model and Da Zhen.

- Revenue generated from *Li Du* decreased by 17.3% to RMB1,085.4 million for the year ended December 31, 2025 (FY2024: RMB1,312.9 million). This was primarily caused by the market environment leading to a notable contraction in premium baijiu consumption. In response, *Li Du* has taken a proactive approach, identifying new revenue growth opportunities by focusing on products in the mid-range and premium price ranges and targeting key social occasions such as wedding ceremonies and graduation banquets.
- Revenue generated from *Xiang Jiao* decreased by 41.6% to RMB468.3 million for the year ended December 31, 2025 (FY2024: RMB802.5 million). This was primarily due to (i) the challenging market environment which constrained the growth of *Xiang Jiao Long Jiang*, particularly the sub-series products under its deluxe price range offerings; and (ii) a decline in sales of *Xiang Jiao*'s strong aroma series.
- Revenue from *Kai Kou Xiao* decreased by 69.7% to RMB102.3 million for the year ended December 31, 2025 (FY2024: RMB337.4 million). This was primarily due to softened demand in local catering and banquet in Hunan since the second quarter of 2025, compounded by the intense competition with other mid-range and below brands in the region.

Revenue by Price Range

The following table sets forth a breakdown of our revenue in absolute amounts and as percentages of the total revenue by price range for the year ended December 31, 2024 and 2025, respectively.

	For the year ended December 31, 2025		2024	
	Revenue (RMB'000)	% of Total Revenue (%)	Revenue (RMB'000)	% of Total Revenue (%)
Deluxe	713,051	19.5	1,708,576	24.2
Premium	1,578,938	43.3	2,995,386	42.4
Mid-range and below	1,358,470	37.2	2,362,822	33.4
Total	3,650,459	100.0	7,066,784	100.0

Note: Any discrepancies in this table between the total and sums of amounts are due to rounding.

For the year ended December 31, 2025, the baijiu industry as a whole was in a challenging period, facing downward pressure on pricing. Notwithstanding the difficult market conditions, we successfully maintained a stable proportion of revenue contribution from premium products, despite experiencing a decline in the proportion of revenue contribution from deluxe products:

- Revenue generated from deluxe baijiu products decreased by 58.3% to RMB713.1 million for the year ended December 31, 2025 (FY2024: RMB1,708.6 million). This was primarily due to (i) a significant demand reduction in deluxe baijiu products; and (ii) *Zhen Jiu*'s adoption of measures to reduce channel inventories of certain deluxe products to maintain healthy channel inventory levels.

- Revenue generated from premium baijiu products decreased by 47.3% to RMB1,578.9 million for the year ended December 31, 2025 (FY2024: RMB2,995.4 million). This was primarily due to (i) a significant demand reduction in premium baijiu products; and (ii) *Zhen Jiu*'s adoption of measures to reduce channel inventories of certain premium products to maintain healthy channel inventory levels, while partially offset by the incremental sales contributed by *Zhen Jiu*'s Da Zhen product.
- Our revenue generated from mid-range and below baijiu products decreased by 42.5% to RMB1,358.5 million for the year ended December 31, 2025 (FY2024: RMB2,362.8 million). This was primarily due to softened baijiu consumption demand, partially offset by increased sales driven by the trend of consumption downgrading.

Revenue by Sales Channel

The following table sets forth a breakdown of our revenue in absolute amounts and as percentages of the total revenue by sales channels for the year ended December 31, 2024 and 2025, respectively.

	For the year ended December 31,			
	2025		2024	
	Revenue	% of Total	Revenue	% of Total
	(RMB'000)	(%)	(RMB'000)	(%)
Distributors	3,090,982	84.7	6,355,660	89.9
Direct sales	559,477	15.3	711,124	10.1
Total	<u>3,650,459</u>	<u>100.0</u>	<u>7,066,784</u>	<u>100.0</u>

The Group primarily sells products through a nationwide network of distributors as well as via direct sales team. The revenue generated from distributors decreased by 51.4% to RMB3,091.0 million for the year ended December 31, 2025 (FY2024: RMB6,355.7 million). Meanwhile, the revenue generated from direct sales decreased by 21.3% to RMB559.5 million for the year ended December 31, 2025 (FY2024: RMB711.1 million). This was primarily due to the development of our online channels while moderately offset by the decline in business banquet, gifting and other occasions. As a result, e-commerce channels experienced growth in revenue contribution, resulting in an increased proportion of revenue derived from direct sales.

Cost of Sales

Our cost of sales primarily consisted of (i) cost of production materials, including cost of raw materials, depreciation and amortization and employee compensation for our personnel responsible for baijiu production, (ii) cost of packaging materials used to produce our baijiu products, (iii) tax and surcharges, primarily consumption tax charged in connection with sales of our baijiu products, and (iv) transportation cost, mainly representing logistics expenses for delivery of our baijiu products.

Our cost of sales decreased by 48.2% to RMB1,515.9 million for the year ended December 31, 2025 (FY2024: RMB2,923.7 million). The decline was largely in line with the decline in revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 48.5% to RMB2,134.6 million for the year ended December 31, 2025 (FY2024: RMB4,143.0 million). Our gross profit margin remained relatively stable at 58.5% for the year ended December 31, 2025 (FY2024: 58.6%), which was attributable to (i) the increased revenue contribution from Da Zhen and *Li Du*, both of which carry higher gross profit margins.

Gross Profit and Gross Profit Margin by Brand

The following table sets forth a breakdown of our gross profit in absolute amounts and as percentages of revenue, or gross profit margin, by brand for the year ended December 31, 2024 and 2025, respectively.

	For year ended December 31,			
	2025		2024	
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)
<i>Zhen Jiu</i>	1,102,647	57.4	2,624,369	58.6
<i>Li Du</i>	719,739	66.3	877,539	66.8
<i>Xiang Jiao</i>	274,219	58.6	474,942	59.2
<i>Kai Kou Xiao</i>	35,181	34.4	154,149	45.7
Others ⁽¹⁾	2,773	3.8	12,041	9.0
Total	2,134,559	58.5	4,143,040	58.6

Note:

(1) Others consist primarily of baijiu products under the brand *Shao Yang*.

For the year ended December 31, 2025, our baijiu brands encountered declines in gross profit:

- Gross profit from *Zhen Jiu* decreased by 58.0% to RMB1,102.6 million for the year ended December 31, 2025 (FY2024: RMB2,624.4 million). Gross profit margin from *Zhen Jiu* decreased slightly to 57.4% for the year ended December 31, 2025 (FY2024: 58.6%). This was primarily due to a decline in the proportion of contribution from deluxe products and the Company's adoption of measures to reduce channel inventories, which was partially offset by the increased proportion of revenue contribution from Da Zhen which carries higher gross profit margin and the continued replacement of base liquor produced in cooperation with third-party distilleries with self-produced base liquor at lower production costs.

- Gross profit from *Li Du* decreased by 18.0% to RMB719.7 million for the year ended December 31, 2025 (FY2024: RMB877.5 million). Gross profit margin from *Li Du* remained generally stable as a result of our efforts in optimization of production costs and packaging material costs.
- Gross profit from *Xiang Jiao* decreased by 42.3% to RMB274.2 million for the year ended December 31, 2025 (FY2024: RMB474.9 million). Gross profit margin from *Xiang Jiao* remained generally stable as a result of our efforts in optimization of production costs and packaging material costs.
- Gross profit from *Kai Kou Xiao* decreased by 77.2% to RMB35.2 million for the year ended December 31, 2025 (FY2024: RMB154.1 million). Gross profit margin from *Kai Kou Xiao* decreased to 34.4% for the year ended December 31, 2025 (FY2024: 45.7%). This was primarily due to an increase in the revenue contribution from low-end products.

Gross Profit and Gross Profit Margin by Price Range

The following table sets forth a breakdown of our gross profit and gross profit margin by price range for the year ended December 31, 2024 and 2025, respectively.

	For year ended December 31,			
	2025		2024	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	Profit	Margin	Profit	Margin
	(RMB'000)	(%)	(RMB'000)	(%)
Deluxe	457,414	64.1	1,178,237	69.0
Premium	1,042,244	66.0	1,892,482	63.2
Mid-range and below	634,901	46.7	1,072,320	45.4
Total	2,134,559	58.5	4,143,040	58.6

Note: Any discrepancies in this table between the total and sums of amounts are due to rounding.

The gross profit margin of products in the deluxe price range decreased to 64.1% for the year ended December 31, 2025 (FY2024: 69.0%), mainly due to the increasing revenue contribution from products with lower selling price and lower gross profit margin in the deluxe price range. The gross profit margin of products in the premium price range and the mid-range and below price range increased by 2.8 percentage points and 1.3 percentage points, respectively. This was primarily attributable to the increased proportion of the contribution from Da Zhen and *Li Du* products which carry relatively higher gross profit margins within the respective price range.

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) advertisement expenses relating to our advertisements placed across different media channels, such as television and radio, airport and railway stations and online channels, as well as relating to our other online and offline marketing and promotion activities, (ii) employee compensation, including salaries, welfare and bonuses for our sales and distribution personnel, (iii) travel and office expenses incurred by our sales and distribution personnel, (iv) expenses in connection with the Alliance Retailers Benefits Plan, and (v) others, such as depreciation and amortization allocated to selling and distribution activities.

Our selling and distribution expenses decreased by 30.6% to RMB1,118.1 million for the year ended December 31, 2025 (FY2024: RMB1,611.4 million). This was primarily due to an ongoing optimization of marketing investment amid a decelerating sales environment.

Administrative Expenses

Our administrative expenses consist of (i) employee compensation, including salaries, welfare and bonuses for our administrative staff, (ii) office and maintenance expenses, including business development expenses, repair and maintenance expenses, utilities charges and other office expenses, (iii) depreciation and amortization allocated to administrative activities, (iv) professional service fees, consisting primarily of costs associated with third-party consulting and professional services in our ordinary course of business, and (v) others.

Our administrative expenses remained relatively stable at RMB565.6 million for the year ended December 31, 2025 (FY2024: RMB576.4 million). The decline in revenue weakened economies of scale, leading to the increased ratio of administrative expenses to revenue as compared to that of 2024. We will continue to implement targeted measures to streamline administrative expenses, with a view to preserving profitability and mitigating the impact of any revenue pressures.

Other Income

Our other income consists of (i) government grants, representing subsidies and benefits received from local governments in China, (ii) interest income on bank deposits and loans to third parties, (iii) net income or loss on foreign exchange, (iv) net income from sales of by-products and semi-finished products, such as lees and packaging materials, which were produced or left over during the course of baijiu production, (v) fees from distributors for breach of contracts, (vi) net gain or loss on disposal of property, plant and equipment, and (vii) others.

Our other income decreased by 7.7% to RMB286.0 million for the year ended December 31, 2025 (FY2024: RMB309.8 million). This was primarily due to a decrease in interest income.

Finance Costs

Our finance costs consist of (i) interest expenses on lease liabilities related to plant and buildings leased for own use, and (ii) interest expenses of bank and other borrowings.

Our finance costs for the year ended December 31, 2025 amounted to RMB33.0 million (FY2024: RMB12.9 million), primarily due to an increase in interest expenses arisen from an increase in domestic borrowings.

Income Tax

Our income tax expenses decreased by 67.9% to RMB183.4 million for the year ended December 31, 2025 (FY2024: RMB570.7 million). This was generally in line with the decrease in profit before tax, excluding equity-settled share-based payment expenses and expenses in connection with the Alliance Retailers Benefits Plan.

Profit for the Year

Our net profit decreased by 59.3% to RMB538.5 million for the year ended December 31, 2025 (FY2024: RMB1,323.6 million). This was primarily due to the decline in revenue.

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles our adjusted net profit (non-IFRS measure) for the years indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS.

	For the year ended	
	December 31,	
	2025	2024
	<i>(RMB '000, except percentages)</i>	
Profit attributable to equity shareholders of the Company for the year	538,469	1,323,622
<i>Add:</i>		
Equity-settled share-based payment expenses ⁽¹⁾	(26,150)⁽²⁾	352,653
Expenses in connection with the Alliance Retailers Benefits Plan	11,075	–
	<u>523,394</u>	<u>1,676,275</u>
Adjusted net profit (non-IFRS measure)	<u>523,394</u>	<u>1,676,275</u>
	<u>14.3%</u>	<u>23.7%</u>
Adjusted net profit margin (non-IFRS measure)	<u>14.3%</u>	<u>23.7%</u>

Notes:

- (1) Equity-settled share-based payment expenses relate to the Awards granted on October 25, 2023 pursuant to the Post-IPO Equity Incentive Plan.
- (2) The negative figure was due to the accounting treatment for the accrued equity-settled share-based payment expenses relating to the Awards which has lapsed during the Reporting Period in accordance with the terms of the Post-IPO Equity Incentive Plan.

Our adjusted net profit (non-IFRS measure) for the year ended December 31, 2025 decreased by 68.8% to RMB523.4 million (FY2024: RMB1,676.3 million). Our adjusted net profit margin (non-IFRS measure) for the year ended December 31, 2025 decreased to 14.3% (FY2024: 23.7%).

Liquidity and Capital Resources

During the year ended December 31, 2025, we had funded our cash requirements principally from cash generated from our business operations and net proceeds from the Global Offering and bank and other borrowings. Our net cash used in operating activities for the Reporting Period was approximately RMB885.6 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include depreciation expenses, equity-settled share-based payment expenses, expenses in connection with the Alliance Retailers Benefits Plan, and interest income and expenses.

As at December 31, 2025, we had cash at bank and on hand of approximately RMB5,340.7 million (as at December 31, 2024: RMB6,202.2 million). As at December 31, 2025, our bank and other borrowings amounted to approximately RMB953.6 million (as at December 31, 2024: RMB510.2 million), including (a) interest-bearing bank loans in the amount of RMB917.0 million comprising (i) revolving credit facilities secured by an intra-group guarantee and (ii) discounted notes secured by pledge of bank acceptance notes, both of which were recognized in the consolidated statements of financial position using the effective interest method; and (b) unsecured and unguaranteed non-interest bearing third-party loans in the amount of RMB36.6 million. All of our borrowings are denominated in RMB.

Gearing Ratio

As at December 31, 2025, gearing ratio (calculated as net debt divided by total capital) was not applicable to our Group due to our net cash surplus position (as at December 31, 2024: N/A).

Contingent Liabilities

As of December 31, 2025, the Group had no material contingent liabilities.

Material Acquisitions and Disposals and Significant Investments

The Group did not have any material acquisitions and disposals or significant investments during the year ended December 31, 2025.

Future Plan for Material Investments or Capital Assets

As at December 31, 2025, save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and further explained in section headed “Use of Proceeds from the Global Offering” below, the Group had no future plan for material investments or capital assets.

Pledge of Assets

Save as disclosed above in the section headed “Liquidity and Capital Resources”, as of December 31, 2025, none of the Group’s assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Capital Expenditure

For the year ended December 31, 2025, our total capital expenditure was approximately RMB440.8 million (FY2024: RMB996.0 million). Our capital expenditure primarily included our purchase of fixed assets and land use rights. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and net proceeds from the Global Offering.

Foreign Exchange Exposure

During the year ended December 31, 2025, the Group conducted its business in China with the transactions settled in Renminbi. The functional currency of the Group’s subsidiaries in the PRC is RMB. There is a natural hedge mechanism in place during the course of its respective business operation and the impact of the foreign exchange risk is low, therefore no financial instruments for hedging purposes are considered necessary. To enhance overall risk management, the Group will continue to keep track of the foreign exchange risk and take prudent measures to mitigate exchange risk, and take appropriate action where necessary.

Employees and Equity Incentive Plan

As of December 31, 2025, we had 10,365 full-time employees (as at December 31, 2024: 11,380 employees).

The staff costs, including salaries, wages and other benefits, contributions to defined contribution retirement plans as well as equity-settled share-based payment expenses, were approximately RMB1,429.5 million for the year ended December 31, 2025. The staff costs, excluding equity-settled share-based payment expenses, were approximately RMB1,455.6 million for the year ended December 31, 2025 (FY2024: RMB1,871.8 million). We continue to offer onboarding trainings for all new hires, covering introduction to our brands, products and corporate values, and the overall production standards, sales policies and code of conducts, and design and offer targeted training programs for employees at various positions.

The Post-IPO Equity Incentive Plan was approved by way of shareholders' resolution on April 11, 2023, with effect from the Listing Date. The purpose of the plan is to incentivize and reward eligible participants for their contribution to the Group and to align their interests with that of the Company, so as to encourage them to work towards enhancing the value of the Company. The principal terms of the Post-IPO Equity Incentive Plan are summarized in the section headed "Statutory and General Information – D. Post-IPO Equity Incentive Plan" in Appendix IV to the Prospectus.

As at January 1, 2025, Awards corresponding to 116,085,834 Shares were granted pursuant to the Post-IPO Equity Incentive Plan. During the Reporting Period, (i) no additional Award had been granted or agreed to be granted under the Post-IPO Equity Incentive Plan; (ii) the Awards corresponding to 3,170,015 Shares granted lapsed in accordance with the terms of the Post IPO Equity Incentive Plan as a result of the inability to meet the Group's performance target and the relevant Grantees' voluntary resignation; and (iii) none of the Awards had been vested in accordance with the terms of the Post-IPO Equity Incentive Plan. As such, the Company has granted Awards corresponding to 112,915,819 Shares pursuant to the Post-IPO Equity Incentive Plan as at December 31, 2025, which accounted for 3.33% of the total issued shares of the Company. Amongst the Grantees, three of them are executive Directors of the Company, namely, Mr. Yan Tao, Ms. Zhu Lin and Mr. Luo Yonghong, and one of them is the chief executive officer of the Company, Mr. Tang Xiangyang. Save for these three executive Directors and Mr. Tang Xiangyang, none of the Awards has been granted to any connected person (as defined in the Listing Rules) of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Revenue	3	3,650,459	7,066,784
Cost of sales		<u>(1,515,900)</u>	<u>(2,923,744)</u>
Gross profit	3(b)	2,134,559	4,143,040
Other income	4	285,959	309,765
Selling and distribution expenses		(1,118,050)	(1,611,383)
Administrative expenses		(565,641)	(576,398)
Equity-settled share-based payment expenses	5(b)	26,150	(352,653)
Impairment loss on trade receivables		<u>(8,090)</u>	<u>(5,156)</u>
Profit from operations		754,887	1,907,215
Finance costs	5(a)	<u>(33,040)</u>	<u>(12,883)</u>
Profit before taxation	5	721,847	1,894,332
Income tax	6	<u>(183,378)</u>	<u>(570,710)</u>
Profit attributable to equity shareholders of the Company for the year		538,469	1,323,622
Other comprehensive income for the year (after tax):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements into presentation currency		<u>(115,197)</u>	<u>120,977</u>
Total comprehensive income attributable to equity shareholders of the Company for the year		423,272	1,444,599
Earnings per share			
Basic (RMB)	7(a)	<u>0.163</u>	<u>0.404</u>
Diluted (RMB)	7(b)	<u>0.163</u>	<u>0.400</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in RMB)

	<i>Note</i>	At 31 December 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		5,119,664	4,998,346
Deferred tax assets		149,330	152,921
		<u>5,268,994</u>	<u>5,151,267</u>
Current assets			
Inventories	8	9,185,944	7,503,414
Trade and bills receivables	9	151,634	418,313
Prepayments, deposits and other receivables		189,251	331,626
Cash at bank and on hand	10	5,340,662	6,202,220
		<u>14,867,491</u>	<u>14,455,573</u>
Current liabilities			
Trade and bills payables	11	2,315,113	1,424,776
Other payables, accruals and contract liabilities	12	3,105,486	3,428,756
Bank and other borrowings		592,600	510,161
Lease liabilities		9,130	10,508
Current taxation		75,575	229,875
		<u>6,097,904</u>	<u>5,604,076</u>
Net current assets		<u>8,769,587</u>	<u>8,851,497</u>
Total assets less current liabilities		<u>14,038,581</u>	<u>14,002,764</u>
Non-current liabilities			
Bank and other borrowings		361,000	–
Lease liabilities		16,174	19,162
Deferred tax liabilities		49,479	31,543
		<u>426,653</u>	<u>50,705</u>
NET ASSETS		<u>13,611,928</u>	<u>13,952,059</u>
CAPITAL AND RESERVES			
Share capital		45	45
Reserves		13,611,883	13,952,014
TOTAL EQUITY		<u>13,611,928</u>	<u>13,952,059</u>

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

ZJLD Group Inc (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands on 24 September 2021. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 27 April 2023. The Company and its subsidiaries (together, the “Group”) are principally engaged in the making, production and sales of baijiu and other alcoholic products.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Material accounting policies adopted by the Group are set out below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the making, production and sales of baijiu and other alcoholic products.

Further details regarding the Group's principal activities are disclosed in Note 3(b). Revenue disaggregated by major brands of baijiu and other alcoholic products is as follows:

	2025	<i>2024</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Zhen Jiu	1,921,282	4,479,665
Li Du	1,085,437	1,312,924
Xiang Jiao	468,294	802,471
Kai Kou Xiao	102,255	337,364
Others	73,191	134,360
	<u>3,650,459</u>	<u>7,066,784</u>

All of the revenue of the Group is generated from the sales of baijiu and other alcoholic products and is recognised at a point in time during the year.

The Group's customer base is diversified and there is no customer (2024: Nil) with whom transactions have exceeded 10% of the Group's revenue in 2025.

(b) Segment reporting

The Group manages its businesses by brands of baijiu and other alcoholic products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments.

- Zhen Jiu: this segment engages in the making, production and sales of baijiu products under the brand "Zhen Jiu".
- Li Du: this segment engages in the making, production and sales of baijiu products under the brand "Li Du".
- Xiang Jiao: this segment engages in the making, production and sales of baijiu products under the brand "Xiang Jiao".
- Kai Kou Xiao: this segment engages in the making, production and sales of baijiu products under the brand "Kai Kou Xiao".
- Others: this segment engages in the making, production and sales of baijiu products under the brand "Shao Yang" and other brands, and the sales of other alcoholic products.

(i) Segment results

For the purposes of assessing segment performance and allocating resources, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and direct expenses incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred during the year. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income, selling and distribution expenses, administrative expenses, equity-settled share-based payment expenses, impairment loss on trade receivables, finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance during the year is set out below.

	2025					Total RMB'000
	Zhen Jiu RMB'000	Li Du RMB'000	Xiang Jiao RMB'000	Kai Kou Xiao RMB'000	Others RMB'000	
Revenue from external customers	<u>1,921,282</u>	<u>1,085,437</u>	<u>468,294</u>	<u>102,255</u>	<u>73,191</u>	<u>3,650,459</u>
Reportable segment gross profit	<u>1,102,647</u>	<u>719,739</u>	<u>274,219</u>	<u>35,181</u>	<u>2,773</u>	<u>2,134,559</u>
	2024					Total RMB'000
	Zhen Jiu RMB'000	Li Du RMB'000	Xiang Jiao RMB'000	Kai Kou Xiao RMB'000	Others RMB'000	
Revenue from external customers	<u>4,479,665</u>	<u>1,312,924</u>	<u>802,471</u>	<u>337,364</u>	<u>134,360</u>	<u>7,066,784</u>
Reportable segment gross profit	<u>2,624,369</u>	<u>877,539</u>	<u>474,942</u>	<u>154,149</u>	<u>12,041</u>	<u>4,143,040</u>

(ii) Reconciliation of reportable segment profit or loss

	2025 RMB'000	2024 RMB'000
Reportable segment gross profit	2,134,559	4,143,040
Other income	285,959	309,765
Selling and distribution expenses	(1,118,050)	(1,611,383)
Administrative expenses	(565,641)	(576,398)
Equity-settled share-based payment expenses	26,150	(352,653)
Impairment loss on trade receivables	(8,090)	(5,156)
Finance costs	(33,040)	(12,883)
Consolidated profit before taxation	<u>721,847</u>	<u>1,894,332</u>

(iii) Geographic information

The Group generated its revenue mainly in the Chinese Mainland and its non-current assets are substantially located in the Chinese Mainland, and accordingly, no analysis of geographic information is presented.

4 OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	169,291	236,653
Government grants	44,916	39,555
Net income from sales of raw materials, by-products and sub-standard work in progress and maturing inventories	47,191	42,426
Fees received from distributors for non-compliance with distribution agreements	12,997	9,128
Net foreign exchange gain/(loss)	4,102	(25,770)
Net loss on disposal of property, plant and equipment	(179)	(204)
Others	7,641	7,977
	<u>285,959</u>	<u>309,765</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on bank and other borrowings	31,821	10,995
Interest expenses on lease liabilities	1,219	1,888
	<u>33,040</u>	<u>12,883</u>

(b) Staff costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, wages and other benefits	1,292,499	1,717,485
Contributions to defined contribution retirement plans (<i>Notes (i), (ii) and (iii)</i>)	163,148	154,276
Equity-settled share-based payment expenses	(26,150)	352,653
	<u>1,429,497</u>	<u>2,224,414</u>

Notes:

- (i) The employees of the subsidiaries of the Group established in the Chinese Mainland participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at rates range from 16% to 20% of the employees' basic salaries. Employees of these subsidiaries are entitled to receive retirement benefits, calculated based on a percentage of the average salaries level in the Chinese Mainland, from the above mentioned retirement schemes at their normal retirement age.

- (ii) The Group's employees in Hong Kong participate in a defined contribution scheme registered under the Mandatory Provident Fund Scheme Ordinance (Cap. 485) (the "MPF Scheme"). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong dollars ("HKD") 30,000. Contributions to the plan vest immediately.
- (iii) The Group has no further obligation for payment of other retirement benefits beyond the above contributions in (i) and (ii).

(c) Other items

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation expenses:#		
– owned property, plant and equipment	315,655	303,369
– right-of-use assets	41,548	49,123
	<u>357,203</u>	<u>352,492</u>
Expenses in connection with the Alliance Retailers Benefits Plan	<u>11,075</u>	–
Auditors' remuneration:		
– audit services	5,500	5,250
– other services	440	2,450
	<u>5,940</u>	<u>7,700</u>
Cost of inventories#	<u>865,714</u>	<u>1,698,000</u>

Cost of inventories includes RMB130,407,000 (2024: RMB238,073,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current taxation		
Provision for the year	161,851	533,147
Deferred taxation		
Origination and reversal of temporary differences	3,787	30,462
Withholding tax (<i>Note 6(b)(v)</i>)	17,740	7,101
	<u>21,527</u>	<u>37,563</u>
	<u>183,378</u>	<u>570,710</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before taxation	<u>721,847</u>	<u>1,894,332</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned <i>(Notes (i), (ii) and (iii))</i>	160,289	467,872
Tax effect of equity-settled share-based payment expenses <i>(Note (iv))</i>	(6,537)	88,163
Tax effect of non-deductible expenses	11,886	7,574
Withholding tax <i>(Note (v))</i>	<u>17,740</u>	<u>7,101</u>
Income tax	<u>183,378</u>	<u>570,710</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The Company and the subsidiary of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2025 (2024: 16.5%). No provision for Hong Kong Profits Tax has been made, as the Company and the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the year (2024: RMBNil).
- (iii) The subsidiary of the Group established in the Chinese Mainland is subject to the People’s Republic of China (the “PRC”) Corporate Income Tax rate at 25% during the year (2024: 25%).
- (iv) Certain subsidiaries of the Group established in the Chinese Mainland will continue to apply for the tax deduction of the equity-settled share-based payment expenses incurred related to their employees in their respective annual tax filings. The approvals of these annual tax filings and hence the deductibility of the equity-settled share-based payment expenses are subject to the discretion of the relevant tax authorities.
- (v) Interest income arising from intra-group loans granted by the Group’s subsidiaries outside of the Chinese Mainland to the Group’s subsidiaries in the Chinese Mainland and dividends/distributions made by the Group’s subsidiaries in the Chinese Mainland to group companies outside of the Chinese Mainland are subject to PRC Withholding Tax.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2025 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB538,469,000 (2024: RMB1,323,622,000) and the weighted average of 3,308,843,000 ordinary shares (2024: 3,278,517,000 ordinary shares) in issue during the year.

The weighted average number of ordinary shares are calculated as follows:

	2025	2024
	'000	'000
Issued ordinary shares at 1 January	3,388,624	3,271,331
Effect of vested restricted shares issued	–	7,186
Effect of restricted shares held for the Post-IPO		
Equity Incentive Plan	(78,616)	–
Effect of shares held for the Alliance Retailers Benefits Plan	(1,165)	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	<u>3,308,843</u>	<u>3,278,517</u>

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2025 during the year is the same as the basic earnings per share as the Group had no dilutive potential shares.

The diluted earnings per share for the year ended 31 December 2024 was calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB1,323,622,000 and the weighted average of 3,310,008,000 ordinary shares (dilutive) in issue during the year ended 31 December 2024.

The weighted average number of ordinary shares (diluted) at 31 December 2024 was calculated as follow:

	2024
	'000
Weighted average number of ordinary shares at 31 December	3,278,517
Effect of dilutive shares under the Post-IPO Equity Incentive Plan	31,491
	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	<u>3,310,008</u>

8 INVENTORIES

	2025	2024
	RMB'000	RMB'000
Raw materials and packaging materials	350,791	368,111
Work in progress and maturing inventories	7,779,701	6,354,349
Finished goods	1,055,452	780,954
	<hr/>	<hr/>
	<u>9,185,944</u>	<u>7,503,414</u>

The analysis of the amount of inventories recognised in profit or loss is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amounts of inventories sold	865,714	1,698,000

9 TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	131,017	371,538
Less: loss allowance	(16,307)	(8,479)
	114,710	363,059
Bills receivables	36,924	55,254
	151,634	418,313

All of the trade and bills receivables are expected to be recovered within one year.

(a) Ageing analysis

The ageing analysis of trade receivables, based on the invoice date and net of loss allowance, of the Group are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 3 months	107,359	353,793
More than 3 months but less than 6 months	6,407	7,948
More than 6 months but less than 12 months	944	1,318
	114,710	363,059

The balance of bills receivables represents bank acceptance notes received from customers with maturity dates of less than six months at the end of the reporting period.

The Group derecognised certain bank acceptance notes, which are issued by banks of high credit standings, in their entirety upon discounting them at banks. The directors of the Company are of the opinion that the Group has substantially transferred all of the risks and rewards of these notes and non-settlement of these notes by their issuing banks is highly unlikely. At 31 December 2025, the Group's maximum exposure of these discounted bank acceptance notes is RMB7,870,000(31 December 2024: RMB300,019,000).

10 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

Cash and cash equivalents comprise:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash at bank and on hand	1,264,796	1,418,604
Time deposits	2,847,580	4,231,602
Restricted bank deposits (<i>Note (i)</i>)	1,228,286	552,014
	<hr/>	<hr/>
Cash at bank and on hand in the consolidated statement of financial position	5,340,662	6,202,220
Less: restricted bank deposits	(1,228,286)	(552,014)
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated cash flow statement	<u>4,112,376</u>	<u>5,650,206</u>

Notes:

- (i) The balance is pledged for bills issued by the Group.
- (ii) The Group's operation in the Chinese Mainland conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the Chinese Mainland is subject to the exchange restrictions imposed by the PRC government.

11 TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	430,643	462,451
Bills payables	1,884,470	962,325
	<hr/>	<hr/>
	<u>2,315,113</u>	<u>1,424,776</u>

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

Ageing analysis

The ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	2,302,401	1,416,584
1 to 2 years	12,276	7,215
2 to 3 years	436	977
	<hr/>	<hr/>
	<u>2,315,113</u>	<u>1,424,776</u>

12 OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Payables for construction and purchases of property, plant and equipment	265,554	213,999
Payables for staff related costs	304,006	490,292
Other taxes payables	15,267	173,497
Accruals for advertisement expenses	118,591	116,302
Others	77,479	32,649
	<u>780,897</u>	<u>1,026,739</u>
Financial liabilities measured at amortised cost		
Contract liabilities:		
Receipts in advance from customers	1,722,528	1,716,372
Accruals for sales returns and rebates	602,061	685,645
	<u>2,324,589</u>	<u>2,402,017</u>
	<u>3,105,486</u>	<u>3,428,756</u>

All of the other payables, accruals and contract liabilities are expected to be settled or recognised as income within one year or are repayable on demand.

13 CAPITAL, RESERVES AND DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the year

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HKD0.07 per ordinary share (2024: HKD0.21 per ordinary share)	<u>237,204</u>	<u>658,980</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.21 per ordinary share (2024: HKD0.18 per ordinary share)	<u>652,134</u>	<u>556,691</u>

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on April 27, 2023. The net proceeds received from the Global Offering (after deduction of the underwriting fees and commissions and other estimated related expenses payable by us in connection with the Global Offering) was approximately HK\$4,990 million.

As at December 31, 2025, the net proceeds utilized was approximately HK\$3,162.1 million and the remaining net proceeds were approximately HK\$1,827.9 million. The Company intends to continue to utilize the remaining net proceeds in the future for the purposes as set out in the Prospectus. The table below sets out the planned usage of the net proceeds from the Global Offering and actual usage up to December 31, 2025:

Use of proceeds	Allocation (%)	Net proceeds from the Global Offering	Utilized amount up to December 31, 2025 (HK\$ in million)	Unutilized amount as at December 31, 2025	Expected timeline for fully utilizing the unutilized amount ⁽¹⁾
Construction and development of production facilities	55	2,744.5	2,047.2	697.3	By December 31, 2027
Brand building and market promotion	20	998.0	561.9	436.1	By December 31, 2027
Expansion of sales channels	10	499.0	226.6	272.4	By December 31, 2027
Business automation and digitalization transformation	5	249.5	45.9	203.6	By December 31, 2027
Working capital and general corporate purposes	10	499.0	280.5	218.5	By December 31, 2027
Total	100%	4,990.0	3,162.1	1,827.9	

Notes:

- (1) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board in accordance with latest information as at the date of this announcement.
- (2) Any discrepancies in this table between the total and sums of amounts are due to rounding.

The Group continued its efforts to effectively deploy its financial resources to capture and capitalize on the latest market opportunities and trends, with the goal to bring a positive impact on the Group's business and financial performance. Comparing against the expected timeline of utilization set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, up to December 31, 2025, the actual utilization of net proceeds (i) for brand building, market promotion and expansion of sales channels has been expedited mainly in 2023 in order to capture market opportunities; and (ii) for business automation and digitalization transformation has been delayed due to our efforts made in 2025 towards the in-house development of automation and digitalization systems. Nevertheless, the overall allocation of net proceeds from the Global Offering among the intended uses and the expected timeline for the full utilization of such net proceeds for each intended use remain the same as described in the Prospectus.

OTHER INFORMATION

Final Dividend

The Board has resolved to recommend the payment of a final dividend of HKD0.07 per Share for the year ended December 31, 2025. Subject to Shareholders' approval at the AGM, the proposed final dividend will be payable on or around Wednesday, July 8, 2026 to the shareholders whose names appear on the register of members of the Company on Wednesday, June 24, 2026.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2025.

Compliance with the Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code and the Company has adopted the code provisions of the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all code provisions as set out in the CG Code during the year ended December 31, 2025.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Model Code during the year ended December 31, 2025.

Events after the Reporting Period

No important event affecting the Group has occurred since the end of the Reporting Period and up to the date of this announcement.

Annual General Meeting

The AGM will be held on Tuesday, June 16, 2026. The notice of AGM will be published and issued to the Shareholders on Friday, April 24, 2026.

Closure of Register of Members

The register of members of the Company will be closed from as follows:

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 11, 2026 to Tuesday, June 16, 2026, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, June 10, 2026. Shareholders whose names appear on the register of members of the Company on Tuesday, June 16, 2026 will be entitled to attend and vote at the AGM; and
- (b) For determining the entitlement to the proposed final dividend for the year ended December 31, 2025 subject to the approval by the Shareholders at the AGM, the register of members of the Company will be closed from Tuesday, June 23, 2026 to Wednesday, June 24, 2026, both days inclusive. In order to qualify for the proposed final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, June 22, 2026.

Review of Annual Financial Information

The Board has established the Audit Committee, which consists of two independent non-executive Directors, namely Mr. Li Dong (chairperson of the Audit Committee) and Ms. Yan Jisheng, and one non-executive Director, namely Mr. Sun Zheng. The Audit Committee has reviewed the audited financial results of the Group for the year ended December 31, 2025, and have discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in this announcement have been compared by the Company's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.zjld.com). The annual report for the year ended December 31, 2025 will be dispatched to the Shareholders (if requested) and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	annual general meeting of the Company
“Alliance Retailers Benefits Plan”	the alliance retailers benefits plan adopted by the Company through Zhenjiu Commercial Trading
“Award(s)”	any award granted by the Board (or a committee of the Board) to a selected group of eligible participants pursuant to the Post-IPO Equity Incentive Plan
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company”	ZJLD Group Inc 珍酒李渡集團有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 24, 2021
“Director(s)”	the director(s) of the Company
“Economic Benefits Unit(s)”	the unit(s) of economic benefits to be granted or granted to Eligible Alliance Retailers pursuant to the Alliance Retailers Benefits Plan
“Eligible Alliance Retailer(s)”	the eligible alliance retailer(s) of the Company pursuant to the Alliance Retailers Benefits Plan
“ESG”	environmental, social and governance
“FY2024”	the year ended December 31, 2024
“Global Offering”	has the meaning ascribed to it in the Prospectus
“Grantee(s)”	the eligible participant(s) of the Post-IPO Equity Incentive Plan who were granted the Awards in accordance with the Post-IPO Equity Incentive Plan on October 25, 2023

“Group”, “ZJLD Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ <i>Kai Kou Xiao</i> ”	<i>Kai Kou Xiao</i> (開口笑), one of the baijiu brands operated by the Group
“ <i>Li Du</i> ”	<i>Li Du</i> (李渡), one of the baijiu brands operated by the Group
“Listing Date”	April 27, 2023, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Post-IPO Equity Incentive Plan”	the equity incentive plan adopted by the Company on April 11, 2023, the principal terms of which are set out in the section headed “Statutory and General Information — D. Post-IPO Equity Incentive Plan” in Appendix IV of the Prospectus
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus issued by the Company on April 17, 2023 in connection with the Hong Kong public offering of the Shares
“Reporting Period”	the year from January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.000002 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$”	United States dollar(s), the lawful currency of the United States of America
“ <i>Xiang Jiao</i> ”	<i>Xiang Jiao</i> (湘窖), one of the baijiu brands operated by the Group
“ <i>Zhen Jiu</i> ”	<i>Zhen Jiu</i> (珍酒), one of the baijiu brands operated by the Group
“Zhen 15 Series”	include multiple versions catering to the consumers preference with the standard version Zhen 15 (珍十五) as the core offering
“Zhen 30 Series”	include multiple versions catering to the consumers preference with the standard version Zhen 30 (珍三十) as the core offering
“Zhenjiu Commercial Trading”	Guizhou Zhenjiu Commercial Trading Co., Ltd. (貴州珍酒商貿有限公司), a company with limited liability established in the PRC on December 10, 2021 and an indirectly wholly owned subsidiary of the Company
“%”	per cent.

By Order of the Board
ZJLD Group Inc
Mr. WU Xiangdong
Chairman of the Board and Executive Director

Hong Kong, March 25, 2026

As at the date of this announcement, the Board comprises Mr. Wu Xiangdong, Mr. Yan Tao, Mr. Wu Qirong, Ms. Zhu Lin and Mr. Luo Yonghong, as executive Directors; Mr. Sun Zheng as non-executive Director; and Mr. Li Dong, Ms. Yan Jisheng and Mr. Huang Ching-Shuan Johnson, as independent non-executive Directors.