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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

The Board is pleased to announce the unaudited consolidated financial results of the Group for the six months ended June 30, 2025, together with the comparative figures for the six months ended June 30, 2024 as below.

FINANCIAL HIGHLIGHTS

The following table sets forth our key financial data for the six months ended June 30, 2025, together with the comparative figures for the corresponding period in 2024 and the change (expressed in percentages).

	For the six months ended June 30,		Change (%)
	2025 (unaudited) (RMB'000)	2024 (unaudited) (RMB'000)	
Revenue	2,497,106	4,133,191	-39.6
Gross profit	1,474,284	2,428,682	-39.3
Profit attributable to equity shareholders of the Company for the period	574,771	751,718	-23.5
Adjusted net profit (non-IFRS measure) ⁽¹⁾	613,202	1,018,123	-39.8
Net cash (used in)/generated from operating activities	(322,274)	574,886	-156.1
Earnings per Share			
– Basic earnings per share (RMB) ⁽²⁾	0.174	0.230	-24.4
– Diluted earnings per share (RMB) ⁽³⁾	0.174	0.227	-23.5
Non-IFRS adjusted earnings per Share			
– Basic (RMB) ⁽⁴⁾	0.185	0.311	-40.5
– Diluted (RMB) ⁽⁵⁾	0.185	0.308	-39.8

The following table sets forth certain of our key financial ratios for the six months ended June 30, 2025, together with the comparative figures for the corresponding period in 2024.

	For the six months ended June 30,	
	2025	2024
	<i>(%)</i>	<i>(%)</i>
Gross profit margin	59.0	58.8
Net profit margin	23.0	18.2
Adjusted net profit margin (non-IFRS measure) ⁽¹⁾	<u>24.6</u>	<u>24.6</u>

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 interim financial report 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 six months ended June 30, 2025. For more details, please see note 7(b) to the interim financial report 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 interim financial report 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 interim financial report 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 the first half of 2025, the baijiu industry faced certain challenges, notably with a continuously weakened consumption demand beginning in the second quarter of 2024. We continued to put focus on cultivating the four key elements of brand, base liquor, distribution channels, and team capabilities, with our top priority still being distribution channel inventory management. In response to uncertainties within the current economic climate and diminished baijiu consumption demand, we have adopted the following strategic initiatives during the first half of 2025: (i) this year, we have placed a particular emphasis on disciplined sales pacing to mitigate channel pressures and preserve the foundation for a sustainable long-term development; (ii) we proactively explore and implement more effective business models to better address industry challenges and capitalise on emerging growth opportunities. Most particularly, in June 2025, we introduced the Premier Retailers Alliance model (萬商聯盟模式), designed to attract high-quality distributors despite prevailing industry headwinds and foster long-term strategic alliances that will be mutually beneficial to the Company and our distributors; (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, as well as premium and mid-range products under consumption scenarios; (iv) we continuously recruit and cultivate high-quality distributors and consumers through our iconic and high-end “National Banquet • Zhen” tasting event for *Zhen Jiu*; and (v) 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 continuously delivers strong and sizable growth across China, capturing the strong growth potential of the sauce aroma baijiu market. *Li Du*, our second growth engine and a brand 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

Our flagship brand, *Zhen Jiu*, primarily targets sauce aroma baijiu lovers who crave premium sauce aroma baijiu products. *Zhen Jiu* focuses on high-quality sauce aroma baijiu products and strategically enhances its presence within the premium and above price range to maintain the brand's steady sales growth. According to Frost & Sullivan, *Zhen Jiu* has maintained its position as the fourth largest sauce aroma baijiu brand in China and third largest sauce aroma baijiu brand in Guizhou province by revenue for two consecutive years (i.e., 2023 and 2024). For the six months ended June 30, 2025, *Zhen Jiu* generated approximately 59.7% of our revenue.

Since its launch, *Zhen Jiu* has gradually optimized the recipes of its products to craft iconic tastes appealing to consumers across China, solidifying its brand power and market significance. In January 2025, the traditional brewing techniques of *Zhen Jiu* received official recognition through inclusion in the List of Intangible Cultural Heritage Projects of Guizhou Province (貴州省非物質文化遺產項目名錄). Subsequently, in February 2025, *Zhen Jiu* distinguished itself by leading the Top 10 Taxpayers Among Private Baijiu Enterprises in Guizhou in 2024 (2024 年度貴州白酒民營企業納稅十強榜單), as released by Guizhou Baijiu Enterprise Chamber of Commerce (貴州省白酒企業商會). Moreover, the World Brand Lab (世界品牌實驗室) released the China's 500 Most Valuable Brands for 2025 (《2025 年中國 500 最具價值品牌》), and *Zhen Jiu* had maintained third position amongst sauce aroma baijiu brands for four successive years. With regard to products, we experienced tremendous success multiple times with our popular sauce aroma baijiu products, including the Zhen 30 Series and Zhen 15 Series which achieved great recognition in both domestic and overseas markets and garnered sustained recognition from renowned associations and institutions, demonstrating their unparalleled excellence as benchmarks in quality and innovation. For example, Zhen 30 Series was awarded (i) the Double Gold Award from the IGC HK International Spirits Challenge (IGC 國際烈酒(香港)大賽) in March 2025, (ii) the China Alcoholic Golden Honor Award – The Star Product amongst the Famous Alcoholic Drinks in China's Alcoholic Drinks Industry in 2024 (中國酒業金盛獎 – 2024 中國酒業名酒之星大單品), (iii) the Silver Medal from the 2024 Hong Kong International Wine & Spirits Competition (2024 香港國際美酒品評大賽) and (iv) the Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles in 2023. Zhen 15 Series was awarded (i) the Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles for six times between 2017 and 2024, (ii) the China Alcoholic Golden Honor Award – The Product with Most Resale Value in China's Alcoholic Drinks Industry in 2024 (中國酒業金盛獎 – 2024 中國酒業最具代理價值產品), (iii) the Grand Gold Medal from the International Spirits Grand Challenge (China) (ISGC 國際烈酒(中國)大獎賽) in October 2024, and (iv) the Silver Medal from the 2024 Hong Kong International Wine & Spirits Competition. In addition, Lao Zhen Jiu (Deluxe Edition) was awarded the Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles in September 2024.

Zhen Jiu continues to introduce new product series to increase market penetration. Throughout the first half of 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 Zhen • 2020 Real Vintage Baijiu (珍• 2020 真實年份酒) (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. According to Frost & Sullivan, *Li Du* has remained the fifth largest mixed-aroma baijiu brand in China and achieved the highest year-on-year growth rate amongst the top five mixed aroma baijiu brands, in terms of revenue in 2024. For the six months ended June 30, 2025, *Li Du* generated approximately 24.5% 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 (第八批國家重點農業產業化龍頭企業) 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.

Our *Li Du* brand includes a portfolio of selected 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). *Li Du Sorghum 1955* and *Li Du Sorghum 1308* won the Grand Gold Medals from the Spirits Selection by Concours Mondial de Bruxelles in 2015 and 2019, respectively. *Li Du Sorghum 1975* was awarded the Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles in 2023. In February 2024, in order to enhance consumer experience, we have upgraded our main product lines under *Li Du*, which involved the launch of the second generation of *Li Du Sorghum 1955* and the second generation of *Li Du Sorghum 1975*. Furthermore, after embarking on a year-long journey of research and development, we successfully launched a new edition of *Li Du Sorghum 1308*, a deluxe baijiu product meticulously created to support our bid for inclusion in the World Heritage List. This distinguished baijiu product was honored with the prestigious Grand Gold Medal at the 2024 International Spirits Grand Challenge (China) shortly after its debut. In 2024, while further deeply penetrating *Li Du*'s base market in Jiangxi Province, we continued to selectively and proactively explore *Li Du*'s potential markets outside Jiangxi Province to support a rapid growth of this brand. We have also continued to expand the product matrix to include more premium and mid-range products in an orderly manner, to prepare for the future scaled expansion of the *Li Du* brand.

In the first half of 2025, we introduced *Li Du Sorghum 1965* (李渡高粱 1965), featuring design that maintains the distinctive aesthetic of our package-free baijiu product series whilst further broadening the *Li Du Sorghum* family. Additionally, as a strategic initiative within *Li Du*'s mid-range and below products, Li Du King Series (李渡王系列) launched the Crystal Blue (水晶藍) and Full Red (滿堂紅) in 2025, specifically targeting banquet occasions and achieving strong market acceptance within the banquet segment.

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 the first half of 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 price range of RMB500. In terms of market recognition, *Xiang Jiao Red Diamond* (湘窖•紅鑽) and *Yao Qing Jiang Jiu* (要情•醬酒) were awarded the Grand Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles in 2018 and 2023, respectively. *Xiang Jiao Long Jiang* was also awarded the Grand Gold Medal from the International Spirits Grand Challenge (China) in 2024. *Xiang Jiao* generated approximately 11.1% of our revenue for the six months ended June 30, 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). In 2023, *Kai Kou Xiao 16* was awarded the Gold Medal from the Spirits Selection by Concours Mondial de Bruxelles. *Kai Kou Xiao* generated approximately 3.2% of our revenue for the six months ended June 30, 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 June 30, 2025, our product development team consisted of 254 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 76 recognized baijiu experts with extensive industry and product development experiences, among whom nine are national baijiu appraisers, ten hold senior liquor-maker certificates, five hold senior engineer qualifications and 52 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). The collaboration research project between *Zhen Jiu* and Jiangnan University delivered significant interim achievements, substantially expanding analytical methodologies for daqu and non-volatile compounds in baijiu whilst enhancing the comprehensive database. This advancement establishes a robust data foundation for optimising the aromatic complexity of *Zhen Jiu*'s high-temperature daqu. 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 Flavour 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 flavour 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 June 30, 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 order to cope with the increasing competition in traditional distribution channels for baijiu products, *Zhen Jiu* has implemented a dual-channel growth strategy since fourth quarter of 2023. In addition to traditional distribution channels, we are committed to developing regional key opinion leaders (KOLs) with strong social networks and high drinking frequency for social occasions as our distributors in emerging channels. These distributors possess robust sales capabilities for baijiu products and can continuously convert new, emerging channel distributors within their social networks, creating a ripple effect on our strategic efforts. *Zhen Jiu* has further devised a clearer strategy for its two main business divisions so that each business division can develop traditional and emerging channels, respectively, each with a differentiation strategy for product portfolio, pricing mechanism and channel network.

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 June 30, 2025, respectively.

	As at June 30, 2025	As at December 31, 2024
Distribution partners	3,259	3,204
Featured stores	1,025	1,097
Retailers	<u>2,835</u>	<u>3,334</u>
Total	<u>7,119</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 to optimize the entire production process and improve supervision efficiency. For example:

- Base Liquor Management System:* We have allocated a unique digital code for each base liquor container used for storage to carry out refined management of base liquor with different vintages and values. Meanwhile, we have built a supporting digital management system for *Zhen Jiu* base liquor. 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. In this way, the losses caused by frequently opening jars could be avoided, greatly improving management efficiency while ensuring the safety of assets. After the system was put into use, it took approximately 20 seconds to measure each jar of base liquor, and 600-700 jars could be inventoried everyday, with accuracy and efficiency significantly raised; at the same time, by combining radar level meters with algorithms, errors were less than 0.3%, considerably improving the measurement accuracy. During the establishment of the system, we possessed 4 patented technologies.
- Intelligent Weighing Monitoring System:* By the end of 2024, we completed the construction of our intelligent weighing monitoring system. This system 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*: In the first half of 2025, we deployed an integrated smart park management and service platform across our entire facility, building upon our established intelligent weighing system. The platform incorporates advanced access control management for vehicles, staff and customers, substantially strengthening comprehensive park safety protocols.
- *Internet of Things (IoT) Platform Construction*: In the first half of 2025, we collaborated with Huawei to construct an advanced IoT platform infrastructure that serves as the cornerstone for our next-generation digital production system built on IoT technology. As of now, this platform has been in full implementation across production safety, intelligent fire prevention and base liquor security. Specifically, enhanced with artificial intelligence capabilities, this platform can provide comprehensive functionality for hazardous behaviour detection, fire prevention systems, operational compliance monitoring for workers and unauthorised vehicle parking surveillance.

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*: We 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.
- *Distillery Tour + Sealed Storage Baijiu System*: We have developed an integrated operational ecosystem for distillery tours and sealed storage baijiu sales, achieving seamless end-to-end process integration spanning customer reservations, visit reception, guided tour management, order processing and payment, bespoke sealing services, through to logistics and delivery fulfilment. This comprehensive platform significantly enhances reception efficiency and customisation conversion rates for high-net-worth customers, with full deployment across strategic markets, establishing itself as an important tool for premium customer relationship management.
- *Channel Management Platform*: Our self-developed integrated service platform – Channel Management 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. This allows 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 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 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.

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

We have been strategically focus on continuously adapting and innovating our business models and channel development frameworks to preserve their dynamism and sales momentum. Since 2024, *Zhen Jiu's* dual-channel growth strategy has achieved great progress, particularly within our premium baijiu business division, where we have systematically refined our development and conversion methodology for high-quality external customers. Our premium baijiu business division delivered impressive double-digit growth in 2024 and emerged as *Zhen Jiu's* top-performing division in the first half of 2025, despite prevailing market headwinds, establishing itself as *Zhen Jiu's* second growth driver.

Throughout the first half of 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 third 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 competitive 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.

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

Da Zhen represents a strategic product offering that, when integrated with the Premier Retailers Alliance model, will establish itself as *Zhen Jiu's* third growth driver. 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. By expanding into product categories that are less susceptible to regulatory constraints, we aim 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 capitalise 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, capitalises 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. This year, we have dedicated efforts in brand modernisation and rejuvenation strategy. In the first half of 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 endeavours, 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 centred 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.

The convergence of the historic *Li Du* Yuan Dynasty Distillery Site perfectly embodies *Li Du*'s cultural philosophy of “history as the soul” (以史為魂). From March to May 2025, *Li Du* introduced the innovative “Cultural Heritage Season” (申遺文化季), ingeniously integrating resources from both heritage sites to create an immersive cultural tourism experience. This innovative programme seamlessly combines archaeological exploration, traditional brewing craftsmanship, and interactive cultural engagement through a comprehensive three-pronged approach, vividly showcasing *Li Du*'s millennium-spanning brewing civilisation and distinctive industry positioning.

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.

Our 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 the first half of 2025, we have recycled and transformed more than 15,000 bottles, achieving the interim target of recycling no fewer than 29,000 bottles by 2025.

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 8.74% in electricity consumption intensity and a year-on-year 7.99% reduction in natural gas consumption intensity in the first half of 2025. In terms of water management, we achieved a year-on-year reduction of 22.57% 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 the first half of 2025, we made a total donation of RMB6.8 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 10,285 volunteer hours in public welfare activities. For its outstanding contributions to philanthropy, *Zhen Jiu* received the inaugural “Guizhou Charity Award”, becoming the only private baijiu company in the province with such an honor.

In 2025, our commitment to sustainability and responsible business practices continued to be recognized by external authoritative institutions. We further improved the Group’s Wind ESG rating from “AA” to the highest level of “AAA”, ranking top 1 among 58 listed companies in the beverage sector. This recognition is a testament to our in-depth practice and significant achievements in the field of ESG. Recently, we 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.

Latest Development of Our Distillery Related Facilities

In the first half of 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 specialised 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 is expected to complete construction, pass the requisite inspection, and commence operations by the end of 2025. Concurrently, construction has begun on a new distillery and grain storage facility, which are anticipated to complete construction, pass the requisite inspection, and become operational by the end of 2026.

OUTLOOK

In the second half of 2025, although the baijiu industry will continue to encounter certain challenges, we can also see that since 2024, the baijiu industry has accelerated transformative changes in channel management, brand operations and exploration of new consumption scenarios and consumer segments, all of which will serve as fundamental building blocks for future industry advancement. Furthermore, the Group has pursued three strategic approaches: (i) launching a new *Zhen Jiu* flagship product in June 2025 to address key industry challenges and demands, with considerable sales contributions expected in the second half of the year; (ii) strengthening existing flagship products and adopting systematic sales policies, thereby deepening market penetration in core regional markets, accelerating channel turnover and stabilising the price system in distribution channel; and (iii) capturing incremental consumption demands by tapping into emerging consumer trends and consumption occasions, such as mid-to-premium price ranges and products targeting birthday and wedding ceremony banquets. The Group will maintain its commitments throughout the latter half of this year to balance growth objectives with sustaining healthy channel inventory levels, with an unwavering focus on long-term sustainable development.

Looking ahead, given the profound integration of baijiu with China’s traditional culture and Chinese daily life, alongside the industry’s demonstrated resilience and growth potential throughout multiple industry cycles in previous decades, the Group remains confident in the long-term growth prospects of both China’s baijiu industry and our business operations, notwithstanding some temporary setbacks that the industry is currently facing.

FINANCIAL REVIEW

Revenue

We offer a wide selection of baijiu 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 39.6% to RMB2,497.1 million for the six months ended June 30, 2025 (1H2024: RMB4,133.2 million).

Revenue by Baijiu 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 baijiu brand, for the six months ended June 30, 2024 and 2025, respectively.

	For the six months ended June 30,							
	2025				2024			
Sales Volume (tons)	Revenue (unaudited) (RMB'000)	Average Selling Price ⁽¹⁾ (RMB'000/ton)	% of Total Revenue (%)	Sales Volume (tons)	Revenue (unaudited) (RMB'000)	Average Selling Price ⁽¹⁾ (RMB'000/ton)	% of Total Revenue (%)	
<i>Zhen Jiu</i>	4,612	1,491,703	323.4	59.7	6,932	2,702,191	389.8	65.4
<i>Li Du</i>	1,752	611,140	348.9	24.5	1,371	674,521	492.0	16.3
<i>Xiang Jiao</i>	473	277,227	585.9	11.1	744	452,489	608.0	10.9
<i>Kai Kou Xiao</i>	590	81,002	137.2	3.2	1,570	224,445	142.9	5.4
Others ⁽²⁾	1,698	36,034	21.2	1.4	3,548	79,545	22.4	1.9
Total	9,125	2,497,106	273.7	100.0	14,165	4,133,191	291.8	100.0

Note:

- (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 six months ended June 30, 2025, all of our four major baijiu brands had experienced different degrees of revenue decline.

- Revenue generated from *Zhen Jiu* decreased by 44.8% to RMB1,491.7 million for the six months ended June 30, 2025 (1H2024: RMB2,702.2 million). This was primarily due to the weak baijiu consumption demand and our disciplined sales pace to maintain healthy channel inventory levels.
- Revenue generated from *Li Du* decreased by 9.4% to RMB611.1 million for the six months ended June 30, 2025 (1H2024: RMB674.5 million). This was primarily due to the weak baijiu consumption demand, partially offset by our responsive measures that focused on premium and mid-range products and leveraged key consumption scenarios (e.g., wedding banquets and graduation celebrations) to achieve counter-cyclical growth.
- Revenue generated from *Xiang Jiao* decreased by 38.7% to RMB277.2 million for the six months ended June 30, 2025 (1H2024: RMB452.5 million). This was primarily due to (i) the challenging consumption environment exerting pressure on the growth of *Xiang Jiao Long Jiang* and (ii) the substantial decline in sales of the *Xiang Jiao*'s strong aroma series.
- Revenues generated from *Kai Kou Xiao* decreased by 63.9% to RMB81.0 million for the six months ended June 30, 2025 (1H2024: RMB224.4 million). This was primarily due to the weak demand of the local dining and banquet market in Hunan Province in second quarter of 2025 coupled with heightened competition from other mid-range and below brands in the same region, which substantially affected *Kai Kou Xiao*'s sales performance within the Hunan market.

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 six months ended June 30, 2024 and 2025, respectively.

	For the six months ended June 30, 2025		2024	
	Revenue (unaudited) (RMB'000)	% of Total Revenue (%)	Revenue (unaudited) (RMB'000)	% of Total Revenue (%)
Deluxe	575,413	23.0	1,091,545	26.4
Premium	981,853	39.3	1,680,606	40.7
Mid-range and below	939,841	37.6	1,361,041	32.9
Total	2,497,106	100.0	4,133,191	100.0

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

In the six months ended June 30, 2025, despite the challenging market environment that resulted in revenue declines across all our major baijiu brands, we have continued to optimize our product portfolio to adapt to evolving baijiu consumption demand:

- Revenue generated from deluxe baijiu products decreased by 47.3% to RMB575.4 million for the six months ended June 30, 2025 (1H2024: RMB1,091.5 million). The decline in deluxe baijiu products was primarily due to (i) significantly reduced business banquet activities, gift-giving and other consumption scenarios, and (ii) the tactical deceleration of certain deluxe products under *Zhen Jiu* to maintain healthy channel inventory level.
- Revenue generated from premium baijiu products decreased by 41.6% to RMB981.9 million for the six months ended June 30, 2025 (1H2024: RMB1,680.6 million). The decline in premium baijiu products was primarily due to the reduced banquet activities, gift-giving and other consumption scenarios.
- Revenues from mid-range and below baijiu products decreased by 30.9% to RMB939.8 million for the six months ended June 30, 2025 (1H2024: RMB1,361.0 million). This was primarily due to reduced baijiu consumption demand, which was partially offset by incremental sales driven by consumption downgrade trends.

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 six months ended June 30, 2024 and 2025, respectively.

	For the six months ended June 30,			
	2025		2024	
	Revenue (unaudited) (RMB'000)	% of Total Revenue (%)	Revenue (unaudited) (RMB'000)	% of Total Revenue (%)
Distributors	2,196,725	88.0	3,773,150	91.3
Direct sales	300,381	12.0	360,041	8.7
Total	2,497,106	100.0	4,133,191	100.0

The Group primarily sells baijiu products through a nationwide network of distributors as well as via direct sales team. The revenue generated from distributors decreased by 41.8% to RMB2,196.7 million for the six months ended June 30, 2025 (1H2024: RMB3,773.2 million). Meanwhile, the revenue generated from direct sales decreased by 16.6% to RMB300.4 million for the six months ended June 30, 2025 (1H2024: RMB360.0 million). This was primarily due to the fact that, although business banquet activities, gift-giving and other offline consumption scenarios decreased, self-consumption and family gathering demands remained relatively stable. As a result, the revenue decline in e-commerce channels during the first half of 2025 was significantly smaller than that of offline channels, leading to an increased proportion of revenue from e-commerce channel under direct sales channel.

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 40.0% to RMB1,022.8 million for the six months ended June 30, 2025 (1H2024: RMB1,704.5 million), which was in line with the revenue decrease.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 39.3% to RMB1,474.3 million for the six months ended June 30, 2025 (1H2024: RMB2,428.7 million). Our gross profit margin increased to 59.0% for the six months ended June 30, 2025 (1H2024: 58.8%). In spite of the decrease in the revenue contribution of deluxe products with higher gross profit margin, the marginal improvement of our overall gross profit margin was attributable to (i) a notable increase in the revenue contribution of *Li Du*, which has a higher gross profit margin as compared to that of our other brands, and (ii) *Zhen Jiu*'s continuing efforts of gradually replacing base liquor derived from the collaborated production with third-party distilleries with those produced in our own production with lower production costs.

Gross Profit and Gross Profit Margin by Baijiu 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 baijiu brand for the six months ended June 30, 2024 and 2025, respectively.

	For the six months ended June 30,			
	2025		2024	
	Gross Profit (Unaudited) (RMB'000)	Gross Profit Margin (%)	Gross Profit (Unaudited) (RMB'000)	Gross Profit Margin (%)
<i>Zhen Jiu</i>	869,866	58.3	1,600,425	59.2
<i>Li Du</i>	406,332	66.5	450,660	66.8
<i>Xiang Jiao</i>	162,700	58.7	266,219	58.8
<i>Kai Kou Xiao</i>	33,788	41.7	102,465	45.7
Others *	1,598	4.4	8,913	11.2
Total	1,474,284	59.0	2,428,682	58.8

Note: consisting primarily of baijiu products under the brand Shao Yang.

- Gross profit from *Zhen Jiu* decreased by 45.6% to RMB869.9 million for the six months ended June 30, 2025 (1H2024: RMB1,600.4 million). Gross profit margin from *Zhen Jiu* decreased to 58.3% for the six months ended June 30, 2025 (1H2024: 59.2%). This was primarily due to a decreased revenue contribution of premium and above products with higher gross margins, partially offset by the impact of cost optimization, which results from our ongoing replacement of base liquor produced in collaboration with third-party distilleries with self-produced base liquor at lower production costs.
- Gross profit from *Li Du* decreased by 9.8% to RMB406.3 million for the six months ended June 30, 2025 (1H2024: RMB450.7 million). Gross profit margin from *Li Du* remained relatively stable at 66.5% for the six months ended June 30, 2025 (1H2024: 66.8%). This was primarily due to the decline in revenue contribution of deluxe products, partially offset by the continued optimization of costs in base liquor and packaging materials.
- Gross profit from *Xiang Jiao* decreased by 38.9% to RMB162.7 million for the six months ended June 30, 2025 (1H2024: RMB266.2 million). Gross profit margin from *Xiang Jiao* remained relatively stable at 58.7% for the six months ended June 30, 2025 (1H2024: 58.8%).
- Gross profit from *Kai Kou Xiao* decreased by 67.0% to RMB33.8 million for the six months ended June 30, 2025 (1H2024: RMB102.5 million). Gross profit margin from *Kai Kou Xiao* decreased to 41.7% for the six months ended June 30, 2025 (1H2024: 45.7%). This was primarily due to an increased revenue contribution of 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 six months ended June 30, 2024 and 2025, respectively.

	For the six months ended June 30,			
	2025		2024	
	Gross Profit (Unaudited) (RMB'000)	Gross Profit Margin (%)	Gross Profit (Unaudited) (RMB'000)	Gross Profit Margin (%)
Deluxe	389,716	67.7	763,133	69.9
Premium	644,598	65.7	1,064,637	63.3
Mid-range and below	439,970	46.8	600,912	44.2
Total	<u>1,474,284</u>	<u>59.0</u>	<u>2,428,682</u>	<u>58.8</u>

The gross profit margin of products in the deluxe price range decreased by 2.2% for the six months ended June 30, 2025, as compared to that of 2024, mainly due to changes in the product mix within the deluxe price range across various brands. In addition, the gross profit margin of the premium price range and mid-range and below price range products for the six months ended June 30, 2025 increased as a result of (i) reduced costs through increasing the proportion of self-brewed base liquor and optimizing the packaging materials, and (ii) reduced sales volume of certain products with lower selling prices and gross profit margins.

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, and (iv) others, such as depreciation and amortization allocated to selling and distribution activities.

Our selling and distribution expenses decreased by 38.5% to RMB555.3 million for the six months ended June 30, 2025 (1H2024: RMB902.9 million). Our selling and distribution expenses as percentage of our revenue generally remained stable in the six months ended June 30, 2025 as compared to the same period in 2024. This is primarily due to (i) further optimization of our sales force's productivity and labour costs amid a decelerating sales environment and (ii) an ongoing optimization of marketing investment to improve return on investment.

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 decreased by 11.3% to RMB243.7 million for the six months ended June 30, 2025 (1H2024: RMB274.7 million). The decline in revenue undermined scale efficiencies, resulting in an increase in the administrative expense as percentage of our revenue as compared to the same period in 2024. Concurrently, we continued to take measures to reduce administrative expenses, such as reducing office and entertainment expenses.

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 increased by 11.6% to RMB165.6 million for the six months ended June 30, 2025 (1H2024: RMB148.4 million). This was primarily due to the increase in net foreign exchange gains.

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 increased to RMB14.0 million for the six months ended June 30, 2025 (1H2024: RMB3.3 million). This was primarily due to the increase in both bank borrowings and discounting of notes receivable.

Income Tax

Our income tax expenses decreased by 43.5% to RMB208.9 million for the six months ended June 30, 2025 (1H2024: RMB370.0 million). The decrease was generally in line with the decrease in profit before tax excluding equity-settled share-based payment expenses.

Profit for the Period

Our profit for the period decreased by 23.5% to a net profit of RMB574.8 million for the six months ended June 30, 2025 (1H2024: RMB751.7 million). This was primarily due to (i) the decline in revenue resulting in a decline in profit from operations; and (ii) the substantially reduced equity-settled share-based payment expenses in the first half of 2025 compared to the same period in 2024, which resulted in the net profit decline for the first half of 2025 being proportionally smaller than 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 periods indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS.

**For the six months
ended June 30,**
2025 **2024**
(Unaudited)
(RMB'000, except percentages)

Profit attributable to equity shareholders of the Company for the period	574,771	751,718
<i>Add:</i>		
Equity-settled share-based payment expenses ⁽¹⁾	<u>38,431</u>	<u>266,405</u>
Adjusted net profit (non-IFRS measure)	<u>613,202</u>	<u>1,018,123</u>
Adjusted net profit margin (non-IFRS measure)	24.6%	24.6%

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.

Our adjusted net profit (non-IFRS measure) decreased by 39.8% to RMB613.2 million for the six months ended June 30, 2025 (1H2024: RMB1,018.1 million). Our adjusted net profit margin (non-IFRS measure) remained stable at 24.6%.

Liquidity and Capital Resources

During the six months ended June 30, 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 period amounted to approximately RMB322.3 million, as compared to net cash generated from operating activities amounted to approximately RMB574.9 million in the six months ended June 30, 2024, 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 and interest income and expenses.

As at June 30, 2025, we had cash at bank and on hand of approximately RMB5,287.1 million (as at December 31, 2024: RMB6,202.2 million). As at June 30, 2025, our bank and other borrowings amounted to approximately RMB630.4 million (as at December 31, 2024: RMB510.2 million), including (a) interest-bearing bank loans in the amount of RMB593.8 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 statement 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 June 30, 2025, gearing ratio (calculated as net debt divided by total capital) was not applicable to our Group due to our net cash surplus position (1H2024: N/A).

Contingent Liabilities

As of June 30, 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 six months ended June 30, 2025.

Future Plan for Material Investments or Capital Assets

As at June 30, 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 for the discounted notes secured by pledge of bank acceptance notes as disclosed above in the section headed “Liquidity and Capital Resources”, as of June 30, 2025, none of the Group’s assets was subject to any encumbrance, mortgage, lien, charge or pledge.

Capital Expenditure

For the six months ended June 30, 2025, our total capital expenditure was approximately RMB252.8 million (1H2024: RMB512.4 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 six months ended June 30, 2025, we conducted our business in China with the transactions settled in Renminbi. The functional currency of our subsidiaries in the PRC is RMB. There is a natural hedge mechanism in place during the course of our 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, we 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 June 30, 2025, we had 10,988 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 RMB495.0 million for the six months ended June 30, 2025. 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; and (ii) the Awards corresponding to 153,336 Shares granted lapsed in accordance with the terms of the Post-IPO Equity Incentive Plan as a result of the relevant Grantees' voluntary resignation. As such, the Company has granted Awards corresponding to 115,932,498 Shares pursuant to the Post-IPO Equity Incentive Plan as at June 30, 2025, which accounted for 3.4% 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. Save for these three executive Directors, none of the Awards has been granted to any connected person (as defined in the Listing Rules) of the Company. During the six months ended June 30, 2025, no additional Awards granted has been vested.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Revenue	4	2,497,106	4,133,191
Cost of sales		<u>(1,022,822)</u>	<u>(1,704,509)</u>
Gross profit	4	1,474,284	2,428,682
Other income		165,605	148,421
Selling and distribution expenses		(555,310)	(902,940)
Administrative expenses		(243,684)	(274,719)
Equity-settled share-based payment expenses	5(b)	(38,431)	(266,405)
Impairment loss on trade receivables		<u>(4,852)</u>	<u>(8,023)</u>
Profit from operations		797,612	1,125,016
Finance costs	5(a)	<u>(13,957)</u>	<u>(3,281)</u>
Profit before taxation	5	783,655	1,121,735
Income tax	6	<u>(208,884)</u>	<u>(370,017)</u>
Profit attributable to equity shareholders of the Company for the period		<u>574,771</u>	<u>751,718</u>
Other comprehensive income for the period (after tax):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements into presentation currency		<u>(38,326)</u>	<u>56,873</u>
Total comprehensive income attributable to equity shareholders of the Company for the period		<u>536,445</u>	<u>808,591</u>
Earnings per share			
Basic (RMB)	7	<u>0.174</u>	<u>0.230</u>
Diluted (RMB)	7	<u>0.174</u>	<u>0.227</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

(Expressed in RMB)

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	8	5,105,166	4,998,346
Deferred tax assets		100,387	152,921
		<u>5,205,553</u>	<u>5,151,267</u>
Current assets			
Inventories	9	8,016,518	7,503,414
Trade and bills receivables	10	376,415	418,313
Prepayments, deposits and other receivables		283,394	331,626
Cash at bank and on hand	11	5,287,145	6,202,220
		<u>13,963,472</u>	<u>14,455,573</u>
Current liabilities			
Trade and bills payables	12	1,711,773	1,424,776
Other payables, accruals and contract liabilities	13	2,765,500	3,428,756
Bank and other borrowings		410,431	510,161
Lease liabilities		15,580	10,508
Current taxation		110,163	229,875
		<u>5,013,447</u>	<u>5,604,076</u>
Net current assets		<u>8,950,025</u>	<u>8,851,497</u>
Total assets less current liabilities		<u>14,155,578</u>	<u>14,002,764</u>
Non-current liabilities			
Bank and other borrowings		220,000	–
Lease liabilities		20,493	19,162
Deferred tax liabilities		40,284	31,543
		<u>280,777</u>	<u>50,705</u>
NET ASSETS		<u>13,874,801</u>	<u>13,952,059</u>
CAPITAL AND RESERVES			
Share capital		45	45
Reserves		13,874,756	13,952,014
TOTAL EQUITY		<u>13,874,801</u>	<u>13,952,059</u>

NOTES

(Expressed in RMB unless otherwise indicated)

1 REVIEW OF RESULTS

The interim results set out in this preliminary announcement do not constitute the Group's condensed interim financial statements for the six months ended June 30, 2025 but are extracted from those financial statements.

The condensed interim financial statements comprise those of ZJLD Group Inc ("the Company") and its subsidiaries (together, the "Group").

The condensed interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included in the interim report to be sent to shareholders. In addition, the condensed interim financial statements have been reviewed by the Company's Audit Committee with no disagreement.

2 BASIS OF PREPARATION

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 Group are principally engaged in the making, production and sales of baijiu products.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "IASB"). It was authorised for issue on 22 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report 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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

Further details regarding the Group's principal activities are disclosed in Note 4(b). Revenue disaggregated by major brands of baijiu products is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Zhen Jiu	1,491,703	2,702,191
Li Du	611,140	674,521
Xiang Jiao	277,227	452,489
Kai Kou Xiao	81,002	224,445
Others	36,034	79,545
	<u>2,497,106</u>	<u>4,133,191</u>

All of the revenue of the Group is generated from sales of baijiu products and is recognised at a point in time during the six months ended 30 June 2025 and 2024.

The Group's customer base is diversified. During the current period, there is no single customer with whom transactions has exceeded 10% of the Group's revenue (six months ended 30 June 2024: Nil).

(b) Segment reporting

The Group manages its businesses by brands of baijiu 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.

(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 basis:

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 current period. 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 current period is set out below.

	Six months ended 30 June 2025					
	Zhen Jiu	Li Du	Xiang Jiao	Kai Kou Xiao	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	<u>1,491,703</u>	<u>611,140</u>	<u>277,227</u>	<u>81,002</u>	<u>36,034</u>	<u>2,497,106</u>
Reportable segment gross profit	<u>869,866</u>	<u>406,332</u>	<u>162,700</u>	<u>33,788</u>	<u>1,598</u>	<u>1,474,284</u>

	Six months ended 30 June 2024					
	Zhen Jiu	Li Du	Xiang Jiao	Kai Kou Xiao	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	<u>2,702,191</u>	<u>674,521</u>	<u>452,489</u>	<u>224,445</u>	<u>79,545</u>	<u>4,133,191</u>
Reportable segment gross profit	<u>1,600,425</u>	<u>450,660</u>	<u>266,219</u>	<u>102,465</u>	<u>8,913</u>	<u>2,428,682</u>

(ii) **Reconciliation of reportable segment profit or loss**

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Reportable segment gross profit	1,474,284	2,428,682
Other income	165,605	148,421
Selling and distribution expenses	(555,310)	(902,940)
Administrative expenses	(243,684)	(274,719)
Equity-settled share-based payment expenses	(38,431)	(266,405)
Impairment loss on trade receivables	(4,852)	(8,023)
Finance costs	(13,957)	(3,281)
Consolidated profit before taxation	<u>783,655</u>	<u>1,121,735</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.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest expenses on bank and other borrowings	13,204	2,228
Interest expenses on lease liabilities	753	1,053
	13,957	3,281

(b) Staff costs

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and other benefits	409,421	669,856
Contributions to defined contribution retirement plans	47,181	52,889
Equity-settled share-based payment expenses	38,431	266,405
	495,033	989,150

(c) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Depreciation expenses:		
– property, plant and equipment	146,137	133,373
– right-of-use assets	22,664	27,284
	168,801	160,657

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current taxation	147,609	365,613
Deferred taxation	61,275	4,404
	208,884	370,017

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.

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 six months ended 30 June 2025 (six months ended 30 June 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 current period (six months ended 30 June 2024: Nil).

The subsidiaries of the Group established in the Chinese Mainland are subject to the People’s Republic of China (the “PRC”) Corporate Income Tax rate at 25% during the current period (six months ended 30 June 2024: 25%).

7 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2025 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB574,771,000 (six months ended 30 June 2024: RMB751,718,000) and the weighted average of 3,310,008,000 ordinary shares (six months ended 30 June 2024: 3,271,331,000 ordinary shares) in issue during the interim period.

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

	Six months ended 30 June	
	2025	2024
	'000	'000
Issued ordinary shares at 1 January	3,388,624	3,271,331
Effect of restricted shares	(78,616)	–
	3,310,008	3,271,331

(b) Diluted earnings per share

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2025.

The diluted earnings per share for the six months ended 30 June 2024 was calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB751,718,000 and the weighted average of 3,310,272,000 ordinary shares (dilutive) in issue during the interim period.

8 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2025, the Group recognised the additions to right-of-use assets of RMB164,262,000 (six months ended 30 June 2024: RMB4,845,000), including RMB133,356,000 transferred in from construction in progress.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment (other than right-of-use assets) with a cost of RMB248,744,000 (six months ended 30 June 2024: RMB386,920,000). Items of property, plant and equipment (other than right-of-use assets) with net book value of RMB317,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB431,000), resulting in a loss on disposal of RMB113,000 (six months ended 30 June 2024: RMB51,000).

9 INVENTORIES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Raw materials and packaging materials	377,300	368,111
Work in progress and maturing inventories	6,868,222	6,354,349
Finished goods	770,996	780,954
	<u>8,016,518</u>	<u>7,503,414</u>

10 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Trade receivables	305,399	371,538
Less: loss allowance	(12,054)	(8,479)
	<u>293,345</u>	<u>363,059</u>
Bills receivables	83,070	55,254
	<u>376,415</u>	<u>418,313</u>

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Current or less than 3 months	288,122	353,793
More than 3 months but less than 6 months	2,271	7,948
More than 6 months but less than 12 months	2,952	1,318
	<u>293,345</u>	<u>363,059</u>

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. Trade receivables are usually due within 30 days from the date of billing, where credit periods of one month to one year are granted to certain large customers.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash at bank and on hand	662,430	1,418,604
Time deposits	4,022,790	4,231,602
Restricted bank deposits (<i>Note (i)</i>)	<u>601,925</u>	<u>552,014</u>
Cash at bank and on hand in the consolidated statement of financial position	5,287,145	6,202,220
Less: restricted bank deposits	<u>(601,925)</u>	<u>(552,014)</u>
Cash and cash equivalents in the condensed consolidated cash flow statement	<u><u>4,685,220</u></u>	<u><u>5,650,206</u></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.

12 TRADE AND BILLS PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade payables	395,102	462,451
Bills payables	<u>1,316,671</u>	<u>962,325</u>
	<u><u>1,711,773</u></u>	<u><u>1,424,776</u></u>

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	1,697,825	1,416,584
1 to 2 years	12,849	7,215
2 to 3 years	751	977
3 to 4 years	<u>348</u>	<u>–</u>
	<u><u>1,711,773</u></u>	<u><u>1,424,776</u></u>

13 OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Payables for construction and purchases of property, plant and equipment	258,131	213,999
Payables for staff related costs	358,347	490,292
Other taxes payables	72,007	173,497
Accruals for advertisement expenses	114,609	79,082
Others	42,869	32,649
	<u>845,963</u>	<u>989,519</u>
Financial liabilities measured at amortised cost		
Contract liabilities:		
Receipts in advance from customers	1,427,062	1,753,592
Accruals for sales returns and rebates	492,475	685,645
	<u>1,919,537</u>	<u>2,439,237</u>
	<u>2,765,500</u>	<u>3,428,756</u>

14 DIVIDENDS

- (i) The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: RMBNil).
- (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the following interim period, of HKD0.21 per ordinary share (six months ended 30 June 2024: HKD0.18)	<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 June 30, 2025, the net proceeds utilized was approximately HK\$2,875.3 million and the remaining net proceeds were approximately HK\$2,114.7 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 June 30, 2025:

Use of proceeds	Allocation	Net proceeds from the Global Offering	Utilized amount up to June 30, 2025	Unutilized amount as at June 30, 2025	Expected timeline for fully utilizing the unutilized amount ⁽¹⁾
<i>(HK\$ in million, except percentages)</i>					
Construction and development of production facilities	55%	2,744.5	1,859.3	885.2	By December 31, 2027
Brand building and market promotion	20%	998.0	535.0	463.0	By December 31, 2027
Expansion of sales channels	10%	499.0	202.7	296.3	By December 31, 2027
Business automation and digitalization transformation	5%	249.5	33.2	216.3	By December 31, 2027
Working capital and general corporate purposes	10%	499.0	245.0	254.0	By December 31, 2027
Total	100%	4,990.0	2,875.3	2,114.7	

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 in its effort of deploying its financial resources effectively 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 June 30, 2025, the actual utilization of net proceeds (i) for brand building, market promotion and expansion of sales channels continued to have been expedited, mainly due to the expedited use in 2023 in order to capture market opportunities; and (ii) for business automation, digitalization transformation has been delayed, as the main portion of payments are still only required to be made after passing the planning and design stage of our digital infrastructure enhancements. 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

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended June 30, 2025.

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 six months ended June 30, 2025.

Events after the Reporting Period

There are no material subsequent events undertaken by the Group after June 30, 2025 and up to the date of this announcement.

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 six months ended June 30, 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 six months ended June 30, 2025.

Audit Committee

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 unaudited financial results of the Group for the six months ended June 30, 2025 together with the Group's auditor, KPMG, and have discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

Review of Interim Financial Information

The interim financial report for the six months ended June 30, 2025 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM 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 interim report for the six months ended June 30, 2025 will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our Shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

DEFINITIONS

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

“Audit Committee”	the audit committee of the Board
“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
“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
“ESG”	environmental, social and governance
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party of the Company
“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
“HKD”, “HK\$” or “HK dollar”	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”	the listing of Shares on the Main Board of the Stock Exchange on April 27, 2023
“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
“Main Board”	the Main Board of 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”	six months from January 1, 2025 to June 30, 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
“Zhen 50 Series”	include multiple versions catering to the consumers preference with the standard version Zhen 50 (珍五十) as the core offering and to commemorate the 50th anniversary of <i>Zhen Jiu</i>
“1H2024”	the six months ended June 30, 2024
“%”	per cent.

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

Hong Kong, August 22, 2025

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.