



安德利
ANDRE

YANTAI NORTH ANDRE JUICE CO.,LTD.

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 02218)



**A Professional Concentrated
Juice Manufacturer**

**Annual Report
2024**

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Corporate Information

Directors

Executive Directors

Wang An
Wang Meng
Wang Yan Hui

Non-Executive Directors

Zhang Wei
Liu Tsung-Yi

Independent Non-Executive Directors

Gong Fan
Wang Yan
Li Yao

Supervisors

Meng Xiang Lin
Wang Bo
Huang Lian Bo

Board Secretary

Wang Yan Hui

Company Secretary

Ng Man Yee Karen, CPA FCCA

Members of Audit and Review Committee

Gong Fan
Wang Yan
Li Yao

Compliance Officer

Zhang Hui

Authorised Representatives

Wang An
Ng Man Yee Karen, CPA FCCA

Auditors

Grant Thornton Zhitong Certified Public Accountants
LLP
Public Interest Entity Auditor recognised in accordance
with the Financial Reporting Council Ordinance

Legal Advisers

As to Hong Kong Law
Baker McKenzie
As to PRC Law
Beijing Dentons Law Offices, LLP

Principal Bankers

China Construction Bank (Muping Branch, Yantai City)
Agricultural Bank of China (Muping Branch, Yantai City)
China CITIC Bank (Muping Branch, Yantai City)
HSBC Bank (China) Company Limited (Qingdao Branch)

A Share Registrar and Transfer Office in the PRC

China Securities Depository & Clearing Corporation
Limited (CSDCC) Shanghai Branch
188 South Yanggao Road
Pudong District
Shanghai, China

H Share Registrar and Transfer Office in Hong Kong

Tricor Tengis Limited
17th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

Registered Office and Principal Place of Business in the PRC

No. 18 Andre Avenue
Muping Economic Development Zone
Yantai City, Shandong Province, the PRC

Investors Relationship & Principal Place of Business in Hong Kong

Room 10, Block E, 2/F, Hong Kong Industrial Building
452 Des Voeux Road West
Shek Tong Tsui, Hong Kong
Telephone : (852) 2511-6988
Facsimile : (852) 2587-9166
Email address : andrehk@northandre.com

Company Homepage/Website

www.andre.com.cn

Share Listing

A Share: Shanghai Stock Exchange
Stock Abbreviation: N/A
Stock Code: 605198

H Share: The Stock Exchange of Hong Kong Limited
Stock Abbreviation: Andre Juice
Stock Code: 02218

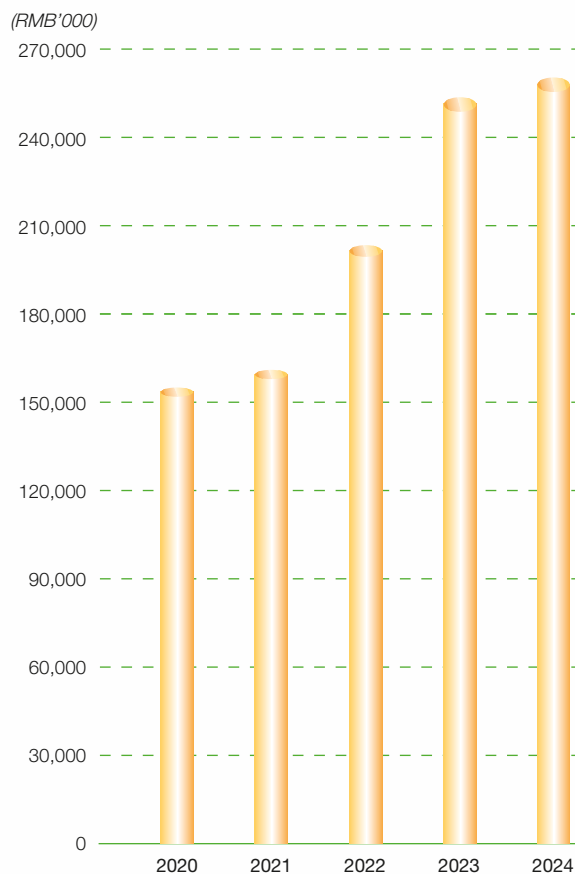
(The H shares of the Company (the "H Shares") were transferred and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" (stock code: 02218) on 19 January 2011 and were de-listed from the Growth Enterprise Market of the Hong Kong Stock Exchange (stock code: 8259) on the same date)

Financial Highlights

Results

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Operating income	1,417,987	876,105	1,065,429	871,587	842,020
Operating profit	261,319	264,321	197,247	160,347	153,340
Profit before taxation	261,193	264,278	197,222	159,889	151,940
Net profit for the year	260,703	255,520	194,349	160,015	151,778
Attributable to:					
Equity shareholders of the Company	260,703	255,520	194,349	160,015	151,778
Non-controlling interests	-	-	-	-	-
Basic earnings per share	RMB0.75	RMB 0.71	RMB 0.54	RMB 0.43	RMB 0.41
Basic earnings per share after deduction of extra-ordinary gain/loss	RMB0.75	RMB 0.65	RMB 0.46	RMB 0.27	RMB 0.23
Weighted average earnings on net assets (%)	9.91	10.33	8.20	7.19	7.63
Weighted average earnings on net assets after deduction of extra-ordinary gain/loss (%)	9.91	9.34	6.97	4.47	4.33

Profit Attributable to Equity Shareholders of the Company

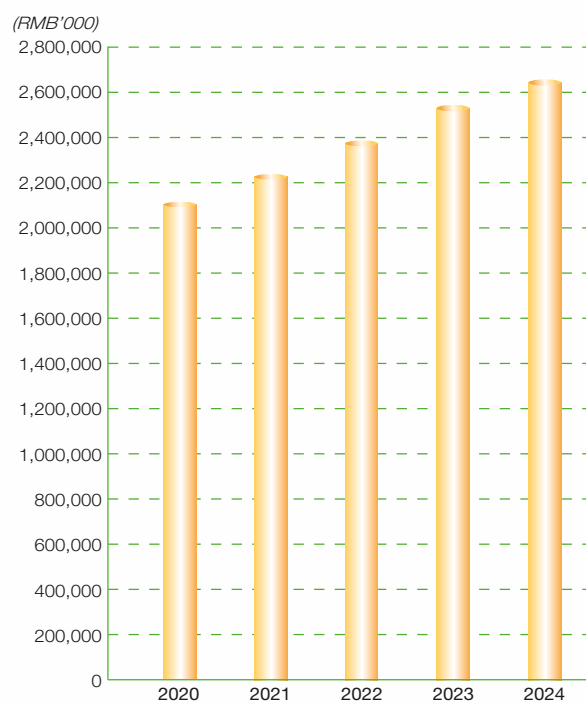


Financial Highlights

Assets and Liabilities

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	2,779,526	2,610,342	2,609,813	2,464,112	2,224,360
Total liabilities	133,760	80,721	240,404	238,543	116,568
Total equity attributable to equity shareholders of the Company	2,645,766	2,529,621	2,369,410	2,225,569	2,107,792
Non-controlling interests	-	-	-	-	-

Total Equity Attributable to Equity Shareholders of the Company



Chairman's Statement

I am pleased to submit to the shareholders (the "Shareholders") of Yantai North Andre Juice Co., Ltd.* (the "Company") the annual report of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2024.

Annual Results and Review

The Group recorded operating income of RMB1,417,986,998 for the year ended 31 December 2024, representing an increase of approximately 61.85% as compared to RMB876,104,954 for the corresponding period last year. The gross profit margin was approximately 24.79% for the year ended 31 December 2024 while the gross profit margin for the corresponding period of previous year was approximately 32.99%. The profit attributable to Shareholders was RMB260,703,197 for the year under review, representing an increase of RMB5,183,123 or approximately 2.03% over the corresponding period of previous year of RMB255,520,074. Basic earnings per share was approximately RMB0.75.

It was special in the first half of 2024. In the face of the phenomenon that the prices of apples, lemons and other fruits fell, it was difficult for fruit farmers to sell apples and lemons stored in cold storage, the overseas demands increased and the production pressing season of the Group started at the beginning of the year, which was earlier than the previous year (from July to December), the Group actively organized the Company and subsidiaries in Anyue and Longkou to produce, which not only increased the income and created profits for enterprises, but also effectively solved the problem of fruit farmers' difficulty in selling fruits. In addition, the Group realized its industrial layout in Yan'an, Shaanxi Province by acquiring the plant and equipment of the factory in Fu County and further utilized the advantages of apple resources in Shaanxi province to empower the development of the Company.

In 2024, with the continuous depreciation of Renminbi against US Dollar, the Group continued to enhance its cooperation with renowned domestic and foreign financial institutions, closely monitored the exchange rate fluctuation and timely settled forward contracts, so as to reduce the exchange rate risk of the Group effectively and record exchange gain, which better promoted the development of its business.

In relation to expanding market sales, with the successful listing of the A shares of the Company (the "A Shares") on the main board of the Shanghai Stock Exchange in 2020, the Company became the first "A+H" dual-listed enterprise in the juice beverage industry in China, and its visibility in the industry has been significantly enhanced. The Group continued to maintain high quality and stable business relationships with certain renowned beverage manufacturers in China and overseas, and developed new quality customers and new sales channels. Currently, the Company has established long-term stable cooperation with customers in more than 30 countries. While expanding the market share of fruit juice concentrate, the Group also created new profit growing point by increasing its sales in small variety products, such as decolored and deacidified apple juice concentrate (apple fructose), NFC apple juice, cloudy apple juice, peach juice, hawthorn fruit juice, tomato juice, orange juice and lemon juice.

* For identification purpose only

Chairman's Statement

In respect of technology configuration, the Group has established research and development laboratories and testing centers with advanced facilities, and established an experienced quality control testing and new product development team. The research and development center is equipped with a comprehensive fruit and vegetable processing pilot line with complete functions and supporting facilities, which is used to carry out research and development of multi-variety fruit and vegetable juice and puree processing. The Company's research and development department has technical and talent advantages in the deep processing research of fruits and vegetables. It has been recognized as the National Apple Processing Technology Research and Development Branch Center, the National Agricultural Product Processing Enterprise Technology Innovation Institution, Shandong Apple Juice Processing Engineering Technology Research Center, Shandong Enterprise Technology Center, Shandong Fruit and Vegetable Storage and Processing Technology Innovation Center successively. In order to strengthen the "industry-university-research" cooperation, the Company continues to maintain good cooperative relations with some famous domestic universities and research institutes, aiming to promote the Company's scientific and technological innovation and the training of high-end talents, provide high-quality products to meet customer needs, and respond to the national rural revitalization strategy, and strive to develop into a world-renowned beverage enterprise.

In terms of research and development:

1. Continue to carry out research and development of key technology projects for deep processing of representative fruits in northern China. At present, the key technologies for green and low-carbon processing of apple juice have been successfully researched and applied, and have passed the provincial-level technical evaluation. This project is in line with the national direction of green and low-carbon industrialization development, has significant economic benefits, and has reached the international advanced level.
2. Carry out the research and development of accurate storage and processing projects for harvested apples. At present, the processing technology of concentrated apple turbid juice is studied with new apple species as the research object.
3. Carry out the research and development of the key technology integration and innovation demonstration project for improving the quality and efficiency of apples in Yantai. Currently, the Company is conducting research on NFC apple juice processing technology, with the aim of establishing a nutritional processing technology system for NFC apple juice.

Analysis of the Industry and Our Market Share

In 2024, the export volume of China's apple juice concentrate was approximately 534,866 tonnes, representing a significant increase of approximately 99% as compared to approximately 268,105 tonnes in 2023. Although the Chinese apple juice concentrate industry has only begun mass production since the late 90's of last century, the industry grew at a tremendous rate and has claimed a global market share of over 50% within just a decade owing to the abundant apple supplies in China. Europe is the second main production site of apple juice concentrate in the world following China. Hence, the export volume and price of China's apple juice concentrate would be affected not only by the global economy, but also the production and sales of apple juice concentrate in Europe. The United States is the main demand country of apple juice concentrate in the world and also the main importer of China's apple juice concentrate. The industry pattern has changed greatly in recent years. Some major enterprises in the juice concentrate industry encountered business difficulties, faced more lawsuits and even entered bankruptcy reorganization procedures, and small and medium-sized enterprises were difficult to fully fill the demand of downstream customers. From 2019 to 2022, the export volume of China's apple juice concentrate was relatively stable, about 400,000 tonnes. During the pressing season in 2022, there was a substantial decrease in the output of apple juice concentrate in China and caused a decrease in the export volume of apple juice concentrate in China in 2023 and the demand of the oversea market was not fully fulfilled. In 2024, as there was export growth recovery in juice concentrate industry in China, the export volume of China's apple juice concentrate was over 500,000 tonnes. The Company has always maintained a good development trend on the strength of the advantages of management, technology and capital, and is committed to providing customers with high-quality products. The Company has become a leading well-known enterprise in the juice concentrate industry in the world. Under the circumstance that the production and sales volume of the world juice concentrate industry is generally increasing, the Company's production scale, total profit and profit rate level have maintained a leading position in the fruit juice concentrate industry in China for many years.

Since apple juice itself is nutritious, increasing pursuit for green and healthy food of the general public will make healthy and pure natural juice become more and more popular and is bound to bring more room for development for the apple juice market. Currently, 80% of the world's apple juice consumption market is concentrated in the developed countries with solid demands and steady growths. Although there is still short-term effect arising from the Sino-US trade friction, as the Group already has relatively fixed market shares and customer base in these major consumer countries, the total demand of apple juice concentrate will not decline due to the Sino-US trade friction. Meanwhile, due to the rising public awareness on dietary nutrition in the developing countries, the consumption demand in these markets, especially China, Russia, India, Egypt, etc., is also increasing and a new growing consumption power is formed. This gradually maturing consumer market will surely become a take-off area for future apple juice consumption.

As a leader in China's apple juice concentrate industry and with the continuous expansion of operation scale, the Group established subsidiaries around the major apple producing areas in China to lay out production capacity. In 2023, the Company acquired the assets of Aksu Hengtong Fruit Juice Co., Ltd. located in Aksu Prefecture and established Aksu Andre Fruit Juice Co., Ltd. In 2024, the Company successfully acquired the assets of Fuxian Hengxing Juice Company Limited located in Fu County, Yan'an, further utilizing the advantages of apple resources in Shaanxi province to empower the development of the Company. Meanwhile, in order to cater to the upgrading of consumption quality and promote healthy consumption, the Company has developed and invested in the NFC fruit juice project. In the future, the Company will continuously increase the output and sales volume of NFC fruit juice products, strengthen its leading position in the industry while gradually expanding its domestic market share, and seek its faster and better development.

Chairman's Statement

Prospects and Outlook

With the continuous improvement of living standards, the gradual upgrading of consumption concept and the continuous improvement of the production technology of apple juice concentrate, the production and consumption of apple juice and juice beverage will continue to maintain a strong growth momentum and present the characteristics of "green, environmental protection, nutrition and health". Apple juice concentrate is not only widely used in many fields of food manufacturing, such as beverage, candy, baking, dairy products, etc., but also can be used as the basic ingredient of beverage production, and can also be used as the raw material of fruit vinegar and fruit wine brewing. Apple juice concentrate has increasingly become a consumption fashion in the international market, so the demand of apple juice concentrate is rigid and stable. Meanwhile, with the gradual implementation of specific measures favorable to the agricultural industry under the PRC government's macroeconomic policies as well as the gradual improvement of various relevant PRC laws and regulations, the Group will enjoy better development and financing opportunities. With the Company becoming the first "A+H" dual-listed enterprise in the juice beverage industry in China, the Company's visibility has been significantly enhanced. On this basis, in order to pursue the Group's scale development, the Group will proactively broaden the sales channels, continue to make further investment and effort in domestic and oversea sales development, launch and increase the research and development, production and sales of decolorized and deacidified apple juice concentrate (apple fructose), NFC apple juice, cloudy apple juice, peach juice, hawthorn fruit juice, tomato juice, orange juice, lemon juice and other products, further diversify products, broaden financing channels and put further effort in other areas.

In terms of juice production capacity, the industry pattern has changed greatly in recent years. Some major enterprises in the juice concentrate industry encountered business difficulties, faced more lawsuits and even entered bankruptcy reorganization procedures, and small and medium-sized enterprises were difficult to fully fill the demand of downstream customers. The Company will continue to steadily expand its production layout, actively pay attention to the M&A and investment opportunities in the market, integrate its production capacity, increase its market share at home and abroad, and seize the origin of high-quality raw materials. Meanwhile, the Company will continue to expand its product lines based on the market to form new profit growth points, increase the output and sales volume of decolorized and deacidified juice concentrate, NFC fruit juice, lemon juice, orange juice, niche fruit juice and essence, enter new product markets in time, enrich its product portfolio, form a multi-variety pattern centered on juice concentrate, provide one-stop raw material supply options for downstream customers, improve customer stickiness and strengthen its leading position in the industry.

On research and development, in 2025, the Group will continue to undertake research and development and application of key technologies for deep processing of representative fruits in northern China under Shandong Province's Key research and Development Program (major scientific and technological innovation project), as well as research on postharvest accurate storage, transportation and processing under the 14th Five-Year National Key Research and Development Program "Key Technologies and Integrated Demonstration of Apple Quality Control and Efficient Production" project subject four; continue to undertake the research project of the Shandong Provincial Key Research and Development Program (Vitalization of Rural Areas through Scientific and Technological Innovation Action Plan): Integrated Innovation and Demonstration of Key Technologies for Improving the Quality and Efficiency of Yantai Apples; continue to develop fruit and vegetable juice drinks, a series of differentiated terminal products with outstanding flavor; and optimize juice processing technology.

Chairman's Statement

At present, the Group has a sound financial base. The Group is also well positioned to take advantage of the State's policy on development of new villages and agriculture with a view to developing rural villages, enriching farmers and expanding domestic demands. The board (the "Board") of directors of the Company ("Directors") and I have full confidence in the Group's future development. Our employees will continue to support the Group and to contribute to the Group's continuous and steady development.

Dividend

According to the Measures on the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) issued by the China Securities Regulatory Commission (the "CSRC"), "where a listed company with a plan for issuance of securities has any profit distribution plan or conversion of capital reserve into share capital proposal which has not yet been submitted to shareholders' general meeting for voting, or when such plan has been approved by the shareholders' general meeting but has not been implemented yet, the issuance of securities should be proceeded after such plan has been implemented. Before relevant plan is implemented, the lead underwriter shall not underwrite the securities issued by the listed company". According to the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《上市公司證券發行註冊管理辦法》) issued by CSRC, "where simplified procedures are applicable, the payment for issuance shall be made within ten working days following the decision of the CSRC to grant registration, and the approval for the issuance shall become invalid if it is not completed." So far, the Company has submitted the application for the issuance of A Shares in 2024 by simplified procedure to specific targets, which is subject to procedures such as the acceptance by the Shanghai Stock Exchange and registration with the CSRC.

In order to avoid time clash between the implementation of the profit distribution for 2024 and the issuance and maximize the interests of the Company and its Shareholders as a whole, after careful discussion, the Board has proposed to postpone for consideration the profit distribution plan for 2024, and the Company will implement the profit distribution for 2024 upon the completion of the plan for issuance of A Shares in 2024 by simplified procedure to specific targets as soon as possible in accordance with relevant laws and regulations, the requirements of the regulatory authorities and the provisions of the articles of association of the Company (the "Articles of Association").

In view of the increase in the Company's profit attributable to Shareholders in 2024 as compared to the previous year and in order to maintain the consistency and stability of profit distribution plan and actively reward investors, the Board will propose the distributable profits for 2024 in the form of cash shall be no less than 30% of the net profits attributable to the shareholders of the listed company in 2024.

Chairman's Statement

Appreciation

During the reporting period, in face of various risks and challenges such as increasing ingredient fruit price and US tariff, the Company increased its production and operation control and market development efforts with a significant increase in production volume as compared with 2023. The sales volume and the sales revenue also showed obvious growth correspondingly. The Company achieved a mild increase in the net profit as compared with 2023.

As one of the major apple juice concentrate producing countries, China has significant influence and strong negotiation power in the international market. The Directors strongly believe that the Company will have a brighter prospect, given that some domestic juice concentrate enterprises are expected to exit from market competition in the face of the volatility in the industry and the Company enjoys increased visibility by becoming a dual-listed "A+H" company. On behalf of the Board, I would like to express my sincere gratitude to all the investors, loyal customers and suppliers for their appreciation and unfailing support to the Group.

Yantai North Andre Juice Co., Ltd.*

Wang An

Chairman

26 March 2025

* For identification purpose only

Management Discussion and Analysis

Financial Review

Major Operating Performance

For the year ended 31 December 2024, the operating income of the Group was RMB1,417,986,998, representing an increase of approximately 61.85% as compared to RMB876,104,954 for the corresponding period last year. The Group's turnover was principally derived from the production and sale of apple juice concentrate, pear juice concentrate, feedstuff and related products. The increase in turnover in 2024 was mainly attributable to the increase in sales volume of juice concentrates.

For the year ended 31 December 2024, the Group's gross profit was RMB351,534,180 and the gross profit margin was approximately 24.79%. For the corresponding period in 2023, the gross profit was RMB289,041,021 and the gross profit margin was approximately 32.99%. The increase in total gross profit for the year was mainly due to increase in sales volume of juice concentrates. However, the substantial rise in sea transportation charges caused increase in sales cost, together with the slight decrease in selling price of major products, the gross profit margin decreased compared with last year.

For the year ended 31 December 2024, the Group recorded net profit of RMB260,703,197, all of which was the net profit attributable to the owners of the parent company. As compared to RMB255,520,074 for the corresponding period last year, it increased by RMB5,183,123 or approximately 2.03%. The net profit recorded a slight increase, on one hand due to there was loss from investment in securities in 2024 instead of profit in the corresponding period last year; on the other hand, due to sales volume of juice concentrates increased in 2024 and thereby the Group's accounts receivable balance at the end of the reporting period increased, which led to an increase in provision of credit impairment loss according to enterprise accounting standard.

Analysis on Principal Businesses

1. Analysis of changes in related items of the income statement and the cash flow statement

Item	2024 RMB	2023 RMB	Change (%)
Operating income	1,417,986,997.99	876,104,953.71	61.85
Operating cost	1,066,452,817.90	587,063,932.61	81.66
Selling and distribution expenses	6,573,169.10	3,365,778.73	95.29
General and administrative expenses	46,250,411.18	45,640,614.97	1.34
Financial expenses	-14,381,626.75	-13,530,626.35	-6.29
Research and development expenses	18,672,221.58	17,215,831.65	8.46
Other income	651,859.40	2,782,781.64	-76.58
Investment income	9,496,065.65	63,371,940.23	-85.02
Gain on changes in fair value	-10,055,849.73	-41,947,500.14	76.03
Credit impairment loss	-19,828,773.15	14,217,611.13	-239.47
Asset impairment loss	-1,637,873.59	114,382.34	-1,531.93
Gain on disposal of assets	-172,080.76	11,204.64	-1,635.80
Profits tax expenses	489,770.58	8,758,339.08	-94.41
Net cash flow from operating activities	-109,204,275.26	-29,851,675.83	-265.82
Net cash flow from investing activities	-52,640,320.56	572,424,192.56	-109.20
Net cash flow from financing activities	-144,559,330.82	-226,590,659.48	36.20

Management Discussion and Analysis

Reasons for changes of items:

Operating income	mainly due to increase in sales volume of juice concentrate during the reporting period
Operating cost	mainly due to increase in sales volume of juice concentrate and sea transportation charges during the reporting period
Selling and distribution expenses	mainly due to increase in payment of commission to customer caused by increase in sales volume of juice concentrates during the reporting period
General and administrative expenses	mainly due to the set up of a new subsidiary in Yan'an during the reporting period
Financial expenses	mainly due to year-on-year increase in exchange gain recognised during the reporting period
Research and development expenses	mainly due to the slight increase in investment in scientific research during the reporting period
Other income	mainly due to the decrease in government grant received during the reporting period
Investment income	mainly due to decrease in income from investment in various securities during the reporting period
Gain on changes in fair value	mainly due to decrease in income from investment in various securities during the reporting period
Credit impairment loss	mainly due to the increase in provision of assets impairment loss according to enterprise accounting standard caused by increase in accounts receivable balance at the end of the reporting period due to increase in sales volume of juice concentrates during the reporting period
Asset impairment loss	mainly due to provision of impairment loss of inventory for trial run by a subsidiary in Anyue during the reporting period
Gain on disposal of assets	mainly due to the loss on disposal of land by a subsidiary in Anyue during the reporting period
Profits tax expenses	mainly due to the increase in profit from disposal of investment in securities and thus increase in provision for profits tax in the corresponding period last year
Net cash flow from operating activities	mainly due to the increase in payment of raw fruit caused by increase in production volume of juice concentrates during the reporting period
Net cash flow from investing activities	mainly due to the increase in investment by a subsidiary in Yan'an in bidding for building, land and equipment during the reporting period, as well as the increase in the Company's investment in new production lines for NFC fruit juice and decolorized and deacidified fruit juice during the reporting period, and higher recovery of other wealth management products in the corresponding period last year
Net cash flow from financing activities	mainly due to the repayment of all short-term loans in the corresponding period last year and increase in amount for dividend distribution and repurchase of H Shares by the Company during the reporting period

Management Discussion and Analysis

2. Analysis on income and cost

For the year ended 31 December 2024, the operating income generated from principal businesses of the Group was RMB1,411,667,732.00, representing a year-on-year increase of approximately 62.53%, and the principal businesses cost was RMB1,063,304,525.25, representing a year-on-year increase of approximately 82.03%.

(1). Principal business by industry, product, region and sales method

By industry	Principal Business by Industry					
	Operating income <i>RMB</i>	Operating cost <i>RMB</i>	Gross profit margin <i>(%)</i>	Increase/decrease in operating income over last year <i>(%)</i>	Increase/decrease in operating cost over last year <i>(%)</i>	Increase/decrease in gross profit margin over last year <i>(%)</i>
Beverage manufacturing industry	1,363,854,325.75	1,042,466,855.61	23.56	64.56	84.58	-8.29
Pomace manufacturing industry	<u>47,813,406.25</u>	<u>20,837,669.64</u>	<u>56.42</u>	<u>20.22</u>	<u>7.58</u>	<u>5.13</u>
Total	<u>1,411,667,732.00</u>	<u>1,063,304,525.25</u>	<u>24.68</u>	<u>62.53</u>	<u>82.03</u>	<u>-8.06</u>

By product	Principal Business by Product					
	Operating income <i>RMB</i>	Operating cost <i>RMB</i>	Gross profit margin <i>(%)</i>	Increase/decrease in operating income over last year <i>(%)</i>	Increase/decrease in operating cost over last year <i>(%)</i>	Increase/decrease in gross profit margin over last year <i>(%)</i>
Fruit juice, essence	1,363,854,325.75	1,042,466,855.61	23.56	64.56	84.58	-8.29
Pomace	<u>47,813,406.25</u>	<u>20,837,669.64</u>	<u>56.42</u>	<u>20.22</u>	<u>7.58</u>	<u>5.13</u>
Total	<u>1,411,667,732.00</u>	<u>1,063,304,525.25</u>	<u>24.68</u>	<u>62.53</u>	<u>82.03</u>	<u>-8.06</u>

Management Discussion and Analysis

By market	Principal Business by Region					
	Operating income	Operating cost	Gross profit margin	Increase/decrease in operating income over last year	Increase/decrease in operating cost over last year	Increase/decrease in gross profit margin over last year
	RMB	RMB	(%)	(%)	(%)	(%)
International market	1,005,556,391.19	-	-	84.09	-	-
Domestic market	406,111,340.81	-	-	26.01	-	-
Total	1,411,667,732.00	-	-	62.53	-	-

Sales method	Principal Business by Region					
	Operating income	Operating cost	Gross profit margin	Increase/decrease in operating income over last year	Increase/decrease in operating cost over last year	Increase/decrease in gross profit margin over last year
	RMB	RMB	(%)	(%)	(%)	(%)
Oversea sales	1,005,556,391.19	-	-	84.09	-	-
Domestic sales	406,111,340.81	-	-	26.01	-	-
Total	1,411,667,732.00	-	-	62.53	-	-

By region	Operating income	Year-on-year	Operating cost	Year-on-year	Gross profit margin	Year-on-year
	RMB	(%)	RMB	(%)	(%)	(%)
America	224,687,324.34	42.22	-	-	-	-
Asia	712,547,337.52	39.84	-	-	-	-
Africa	185,672,586.16	124.16	-	-	-	-
Europe	196,755,925.89	487.08	-	-	-	-
Oceania	92,004,558.09	8.68	-	-	-	-
Total	1,411,667,732.00	62.53	-	-	-	-

Sales volume in each region recorded varied increase in 2024.

Management Discussion and Analysis

(2). Analysis on production and sales volume

Major product	Unit	Production volume	Sales volume	Inventory volume	Increase/ decrease in production volume over last year (%)	Increase/ decrease in sales volume over last year (%)	Increase/ decrease in inventory volume over last year (%)
Apple juice	tonnes (approximately)	131,800	107,400	116,300	39.18	65.23	25.46

Descriptions on production and sales volume

Increase in production volume was mainly due to the increase in production capacity by setting up a new subsidiary in Yan'an and the actively increase in production in the first half of the year to solve the problem of fruit farmers' difficulty in selling fruits.

Increase in sales volume was mainly due to the boom in the market demand of different types of fruit juice concentrates and the increase in the Company's production volume.

(3). Analysis on cost

By industry	Cost item	By industry					Description
		Amount for the period RMB	Percentage of total costs for the period (%)	Amount for the corresponding period of last year RMB	Percentage of total costs for the corresponding period of last year (%)	Percentage change in the amount for the period as compared to the corresponding period of last year (%)	
Beverage manufacturing industry	Ingredient	977,669,158.97	78.69	733,999,768.68	78.49	33.20	mainly due to the increase in production volume
Pomace manufacturing industry	Ingredient	6,324,431.96	0.51	1,350,001.73	0.14	368.48	mainly due to the increase in processing volume

Management Discussion and Analysis

		By product					
By product	Cost item	Amount for the period <i>RMB</i>	Percentage of total costs for the period <i>(%)</i>	Amount for the corresponding period of last year <i>RMB</i>	Percentage of total costs for the corresponding period of last year <i>(%)</i>	Percentage change in the amount for the period as compared to the corresponding period of last year <i>(%)</i>	Description
Pomace	Ingredient	6,324,431.96	0.51	1,350,001.73	0.14	368.48	mainly due to the increase in processing volume

Cost item	Amount for the period <i>RMB</i>	Amount for the previous period <i>RMB</i>	Percentage of total costs for the period <i>(%)</i>	Percentage change <i>(%)</i>
Labor cost	31,431,557.75	24,951,710.61	2.53	25.97
Manufacturing cost	71,564,242.74	59,095,749.73	5.76	21.10
Others	<u>155,474,581.88</u>	<u>115,805,850.41</u>	<u>12.51</u>	<u>34.25</u>
Total	<u><u>1,242,463,973.30</u></u>	<u><u>935,203,081.16</u></u>	<u><u>100.00</u></u>	<u><u>32.85</u></u>

Since there was an increase in production volume during the reporting period, all the cost items recorded varied increases compared with last reporting period.

Management Discussion and Analysis

3. Expense

Item	Amount for the corresponding period of last year		Increase/ decrease RMB	Percentage change %
	Amount for the period RMB	Amount for the corresponding period of last year RMB		
Selling and distribution expenses	6,573,169.10	3,365,778.73	3,207,390.37	95.29
General and administrative expenses	46,250,411.18	45,640,614.97	609,796.21	1.34
Research and development expenses	18,672,221.58	17,215,831.65	1,456,389.93	8.46
Financial expenses	-14,381,626.75	-13,530,626.35	-851,000.40	-6.29

The increase in selling and distribution expenses was mainly due to the increase in payment of commission to customers caused by increase in sales volume of juice concentrates during the reporting period.

The increase in general and administrative expenses was mainly due to the set up of a new subsidiary in Yan'an during the reporting period.

The increase in research and development expenses was mainly due to the slight increase in investment in scientific research during the reporting period.

The decrease in financial expenses was mainly due to year-on-year increase in exchange gain recognised during the reporting period.

Management Discussion and Analysis

4. Research and development investment

<i>(1). Analysis of research and development investment</i>	
Expensed research and development investment during the period	RMB18,672,221.58
Capitalised research and development investment during the period	–
Total research and development investment	RMB18,672,221.58
Proportion of total research and development investment to operating revenue	1.32%
Proportion of research and development investment capitalised	–
<i>(2). Analysis of research and development staff</i>	
Number of research and development staff	71
Proportion of number of research and development staff to total number of staff of the Group	6.29%
Education level of research and development staff	
Education level	Number of staff
Master	1
Bachelor	22
Technician	25
High school and below	23
Age of research and development staff	
Age group	Number of staff
below 30 (excluding 30)	14
30-40(including 30 but not 40)	35
40-50(including 40 but not 50)	22

In 2024, the Company mainly focused on the following research and development work:

1. Continue to carry out research and development of key technology projects for deep processing of representative fruits in northern China. At present, the key technologies for green and low-carbon processing of apple juice have been successfully researched and applied, and have passed the provincial-level technical evaluation. This project is in line with the national direction of green and low-carbon industrialization development, has significant economic benefits, and has reached the international advanced level.
2. Carry out the research and development of accurate storage and processing projects for harvested apples. At present, the processing technology of concentrated apple turbid juice is studied with new apple species as the research object.
3. Carry out the research and development of the key technology integration and innovation demonstration project for improving the quality and efficiency of apples in Yantai. Currently, the Company is conducting research on NFC apple juice processing technology, with the aim of establishing a nutritional processing technology system for NFC apple juice.

Management Discussion and Analysis

5. Extraordinary gain or loss items and amounts

Extraordinary gain or loss item	Amount for 2024 <i>RMB</i>	Notes (if applicable)	Amount for 2023 <i>RMB</i>	Amount for 2022 <i>RMB</i>
Gains or losses on disposal of non-current assets, including the write-off of the asset impairment provision	-293,086.72		-31,325.03	-42,232.17
Government grant recognised in profit or loss, other than those closely related to the Company's normal operations, granted under the State's policies and according to certain standards, and had continuous influence on the Company's profit or loss	641,609.00		8,114,103.43	9,070,315.49
Profit and loss of fair value changes arising from financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities other than the effective hedging business related to the Company's normal business operations	-559,784.08		25,028,266.20	23,088,025.42
Non-operating income and expenses other than those stated above	-5,380.90		-208.54	-19,624.79
Less: Effect of income tax	<u>-32,637.91</u>		<u>8,758,339.08</u>	<u>2,873,053.66</u>
Total	<u><u>-184,004.79</u></u>		<u><u>24,352,496.98</u></u>	<u><u>29,223,430.29</u></u>

Management Discussion and Analysis

6. Cash flows

Item	2024 RMB	2023 RMB	Increase/ decrease %	Description
Proceeds from sale of goods and rendering of services	1,395,082,669.70	1,071,197,213.29	30.24	mainly due to the increase in sales volume of fruit juice concentrates in the reporting period
Proceeds received relating to other operating activities	13,322,764.99	23,051,626.06	-42.20	mainly due to subsidy from provincial key projects received in the corresponding period last year
Payments for goods and services	1,401,762,692.66	1,026,565,854.31	36.55	mainly due to the increase in production volume of fruit juice concentrates in the reporting period
Payments for other operating activities	38,369,721.27	27,011,430.94	42.05	mainly due to increase in payment of expenses in the reporting period
Proceeds from disposal of investment	3,389,235,032.29	5,477,634,999.76	-38.13	mainly due to decrease in purchase of wealth management products during the reporting period
Investment returns received	14,260,372.80	56,794,503.35	-74.89	mainly due to decrease in return from investment in securities during the reporting period
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	4,724,323.52	34,799.94	13,475.67	mainly due to the sale of land by a subsidiary in Anyue during the reporting period
Net proceeds from disposal of subsidiaries and other operating units	-	39,340,000.00	-100.00	mainly due to the disposal of interests in an associate, Yantai Huatai Beverage Co., Ltd., in the corresponding period last year
Proceeds from other investing activities	-	103,830,555.68	-100.00	mainly due to equity investment earnest money received in the corresponding period last year
Payments for investment	3,298,510,000.00	4,972,393,837.39	-33.66	mainly due to decrease in purchase of wealth management products during the reporting period
Proceeds from borrowings	-	30,000,000.00	-100.00	mainly due to proceeds from borrowings received in the corresponding period last year
Payments for borrowings	-	160,000,000.00	-100.00	mainly due to repayment of all short-term loans in the corresponding period last year
Payments for distribution of dividends, profits and for interest expenses	76,780,000.00	37,052,444.44	107.22	mainly due to increase in dividend payment during the reporting period
Effect of foreign currency exchange rate changes on cash and cash equivalents	-1,316,251.55	3,849,918.22	134.19	mainly due to the fluctuation of exchange rate at the reporting date

Management Discussion and Analysis

7. Assets and liabilities

Name of items	Amount at the end of the period <i>RMB</i>	Percentage of the amount at the end of the period over total assets <i>(%)</i>	Amount at the end of the previous period <i>RMB</i>	Percentage of the amount at the end of the previous period over total assets <i>(%)</i>	Percentage changes in amount at the end of the period as compared to that of the end of the previous period <i>(%)</i>	Description
Cash at bank and on hand	236,454,035.09	8.51	544,174,213.28	20.85	-56.55	1
Financial assets held for trading	41,034,077.78	1.48	146,474,548.64	5.61	-71.99	2
Bills receivable	738,100.00	0.03	7,347,725.00	0.28	-89.95	3
Accounts receivable	301,886,389.39	10.86	134,443,005.81	5.15	124.55	4
Other current assets	70,972,934.73	2.55	15,373,766.54	0.59	361.65	5
Research and development	4,524,472.37	0.16	-	-	100.00	6
Other non-current assets	10,827,674.40	0.39	927,040.00	0.04	1,067.98	7
Accounts payable	96,975,675.60	3.49	46,035,722.99	1.76	110.65	8
Other current liabilities	352,363.93	0.01	184,880.15	0.01	90.59	9
Deferred income	3,773,394.57	0.14	2,037,894.57	0.08	85.16	10
Treasury stock	67,779,330.82	2.44	-	-	100.00	11

Management Discussion and Analysis

Description :

- 1 The decrease in cash at bank and on hand was mainly due to the increase in purchase of auxiliary materials caused by increase in production volume of fruit juice concentrates during the reporting period;
- 2 The decrease in financial assets held for trading was mainly due to decrease in purchase of various wealth management products during the reporting period;
- 3 The decrease in bills receivable was mainly due to bills for banker's acceptance were due during the reporting period;
- 4 The increase in accounts receivable was mainly due to increase in sales volume of fruit juice concentrates during the reporting period;
- 5 The increase in other current assets was mainly due to the increase in VAT for tax set off at the end of the reporting period;
- 6 The increase in research and development was mainly due to increase in payment for Shandong provincial key projects during the reporting period;
- 7 The increase in other non-current assets was mainly due to increase in prepaid construction fee for the new production lines for NFC fruit juice and decolorized and deacidified fruit juice during the reporting period;
- 8 The increase in accounts payable was mainly due to the increase in production volume of fruit juice concentrates which led to increase in auxiliary materials, packing materials, fuel and power payable during the reporting period;
- 9 The increase in other current liabilities was mainly due to increase in receipt in advance from domestic sales during the reporting period;
- 10 The increase in deferred income was mainly due to receipt of subsidy for Shandong provincial key projects and national key research and development projects during the reporting period;
- 11 Treasury stock was H Shares repurchased during the reporting period but not yet cancelled.

Management Discussion and Analysis

8. Analysis on major subsidiaries and investee companies

Name of companies	Total asset	Net asset	Net profit
	RMB	RMB	(“-” indicating losses) RMB
Baishui Andre Juice Co., Ltd.	694,308,377.71	675,494,696.59	47,723,345.99
Yantai Longkou Andre Juice Co., Ltd.	366,803,249.95	354,645,328.19	71,054,097.19
Xuzhou Andre Juice Co., Ltd.	270,168,368.67	265,940,978.86	30,394,366.08
Dalian Andre Juice Co., Ltd.	268,501,907.20	211,410,558.76	37,836,097.71
Yongji Andre Juice Co., Ltd.	367,255,692.01	286,222,654.33	51,516,473.20
Liquan Andre Juice Co., Ltd.*	259,041,440.29	253,397,285.80	12,302,862.24
Anyue Andre Lemon Industry Technology Co., Ltd.*	68,358,891.44	-3,158,739.35	2,145,421.93
Aksu Andre Fruit Juice Co., Ltd.*	233,409,692.18	99,290,846.31	23,264,820.00
Yan'an Andre Juice Co., Ltd.*	118,218,581.91	59,873,073.46	-126,926.54
Andre Juice Co., Ltd.	274,560,847.31	-6,915,839.08	20,657,914.97
North Andre Juice (USA), Inc.	203,314,630.10	229,671,819.61	-3,679,319.91

* For identification purpose only

Management Discussion and Analysis

Business Review

Improving the Layout of Production Capacity to Help the Company Optimize and Upgrade the Product Structure

The Company is one of the major producers of juice concentrate in the world, and the first “A+H” dual-listed enterprise in the beverage industry in China. The Company has deeply cultivated the juice concentrate industry for nearly 30 years, and has broadened the assets layout based on its own advantages and resources.

In May 2024, the Company signed a Strategic Cooperation Framework Agreement with the People’s Government of Yichuan County, Yan’an City, to further lay out the production capacity investment in Yan’an City, the main apple producing area in Shaanxi Province. In July 2024, the Company successfully bid for Hengxing juice assets in Fuxian County, Yan’an City, and the Company’s industrial layout has expanded to 7 provinces and 10 factories. The Company has deeply cultivated the juice concentrate industry for many years, occupying a leading position. The Company further increased its market share through mergers and acquisitions, investment and production capacity expansion, and the production capacity layout and scale advantages became more prominent.

In addition to expanding the production capacity of traditional apple juice concentrate to further increase the market share, the Company also plans to build a 7,200-ton decolored and deacidified fruit juice concentrate production line with high added value and a project with an annual output of 12,000 tons of NFC juice through issuance of shares to specific targets by simplified procedures, keeping up with the frontier trend of industry development and creating a second growth curve through new products.

Enlarging Market and Diversifying Products

During 2024, by adapting to the market demand and leveraging on its management and capital advantages as well as its advanced production technology, superb product quality and comprehensive customer services, the Group maintained steady growth in markets. With years of continuous efforts, the Group has expanded its sales network to major countries and regions in the world, including the US, Japan, Europe, Oceania, Africa, South America and Chinese domestic market. At the same time, as the Company became the first “A+H” dual-listed enterprise in the beverage industry in China in 2020, the Company’s visibility in the industry has been significantly enhanced and the Company will take advantage of this opportunity to continue to focus on the development of new products, markets, as well as the customer base. The Group hopes to continue to expand its market places and boost its market share.

Management Discussion and Analysis

Optimising Customer Base

While expanding its market places, enlarging its market shares and upgrading the product quality continuously, the Group also continued to optimize its profile of customer base. Through exhibitions, customers' visits and other channels, the Group sought to increase its exposure to new customers and got more chances for cooperation, so as to understand customer demand, provide better products and service, and to increase customer confidence. Currently, the customer base of the Group mainly comprises renowned beverage manufacturers and traders of the world.

Making Layout in Yan'an to Consolidate the Development of its Main Business

On 13 July 2024, Yan'an Andre Fruit and Vegetable Juice Company Limited, a wholly-owned subsidiary of the Company, won the bidding for the state-owned construction land use rights and the buildings erected thereon of Fuxian Hengxing located at Fu County, Yan'an City, Shaanxi Province at RMB43,591,940. So far, the Company has achieved industrial layout in Yan'an, Shaanxi and further leveraged the advantage of apple resources in Shaanxi to empower the development of the Company. Yan'an City is rich in apple resources, and Fu County is one of the most important apple producing areas in Yan'an City. The Company's participation in the auction is mainly to consolidate the development of its main business, increase the production and sales of fruit juice concentrate and optimize the Company's industrial layout.

Revising and Improving Various Management Systems and Reinforcing Basic Management

The Group improved the operational control system and assessment and allocation system with market as orientation, optimized the allocation of the Company's assets, human resources and technology by prioritizing efficiency. With performance as the guiding principle, the Group promoted the performance assessment of all employees so as to fully mobilize the enthusiasm of all employees. Meanwhile, the Group further improved the corporate governance structure to meet the trend of continuous growth of enterprise scale and improve management efficiency. Continue to advance the institutionalization and standardization of various tasks, consistently sort out and optimize various workflows and continue to improve and revise various management systems in combination with the latest work requirements and the actual conditions of each company.

Future Prospects

Enriching Product Variety and Enlarging Product Portfolio

Due to the satisfactory development at the present stage, the Company will expand its product range with apple juice concentrate as the foundation. While increasing its ability to supply decolored and deacidified fruit juice concentrate (apple fructose) and NFC fruit juice products from funds raised for investment in new projects, the Company will also develop products, such as tomato juice, orange juice and lemon juice, so as to enrich its product variety, expand its production capacity and meet the demands of various customers.

Management Discussion and Analysis

Increasing Market Development Efforts and Promoting Customer Confidence

The Company will expand the sales proportion of both international and domestic markets at the same time, consolidate its existing resources and optimize the sales channels. On the other hand, by adhering to the market-oriented principle and the customer-centered philosophy, the Group will combine the Company's products, brands and services to continuously create value for customers and enhance their trust. The Group provides a variety of products and will complete the one-stop product supply in combination with proceeds-invested projects from placement of shares. The Group will further enhance customers' trust and cooperation with the Company with high-quality products, sincere service and rich product categories.

Expanding Financing Channels to Promote Sustainable Development

In respect of future financing, the Company will raise funds in a timely manner from various means, such as private placement, placing, issuance of convertible bonds, or bank borrowings according to its actual situation and development needs, in order to promote the sustainable development of the Company.

Research and Development

In 2025, the Group will continue to undertake the following projects:

- (i) research and development and application of key technologies for deep processing of representative fruits in northern China under Shandong Province's Key research and Development Program (major scientific and technological innovation project);
- (ii) research on postharvest accurate storage, transportation and processing under the 14th Five-Year National Key Research and Development Program "Key Technologies and Integrated Demonstration of Apple Quality Control and Efficient Production" project subject four;
- (iii) research project of the Shandong Provincial Key Research and Development Program (Vitalization of Rural Areas through Scientific and Technological Innovation Action Plan): Integrated Innovation and Demonstration of Key Technologies for Improving the Quality and Efficiency of Yantai Apples;

continue to develop fruit and vegetable juice drinks, a series of differentiated terminal products with outstanding flavor; and optimize juice processing technology.

Management Discussion and Analysis

Possible Risks and Uncertainties

1. Risk of supply of the major ingredient

The Company's main products include apple juice concentrate and decolorized and deacidified apple concentrate (apple fructose), the main ingredient of which is apple, and the purchase cost of apple accounts for approximately 70% of the cost of the above products. The price of apple is affected by climate conditions, supply and demand, and many other factors. The volatility of ingredient fruit price is one of the main factors affecting the Company's operating results.

Countermeasures: With years of experience in the industry, strong capital strength and accurate analysis of the situation, the Company keeps an eye on the industry dynamics every day during the acquisition season and adjusts its acquisition strategy in a timely manner. Making full use of the advantages of each subsidiary in the major production areas of ingredient fruit, the Company is able to balance the fluctuation of ingredient prices and control production costs effectively. At the same time, the Company's strong scientific and technological strength as well as excellent technical advantages have maximized the Company's production capacity, which not only effectively protects the quality of the Company's products, but also reduces the Company's production costs.

2. Risk of relying on a single product

The Company is principally engaged in the processing, production and sales of juice concentrate, and most of the products are sold abroad. Although the current demand for apple juice concentrate is stable around the globe, the Company's profit sources are largely dependent on a single variety of apple juice concentrate, and fluctuations in the market price of apple juice concentrate will adversely affect the Company's production and operations.

Countermeasures: The Company has adjusted its strategy to reduce its reliance on juice concentrate products and further seek product sales diversification. The Company has launched and increased the research and development, production and sales of products, such as decolorized and deacidified apple juice concentrate (apple fructose), NFC apple juice, cloudy apple juice, peach juice, hawthorn fruit juice, and tomato juice. Also the Company built a new 40-tonne peach juice concentrate and 10-tonne hawthorn fruit juice concentrate production line at its subsidiary, Yongji Andre Juice Co., Ltd. in 2023. In 2024, the Company has developed and built a production line for NFC apple juice. While meeting the customers' demand of product diversification and the consumption upgrade of end consumers, the Company further diversifies its products. With the new products launched by the domestic famous beverage processing enterprises and their hot sales, sales of small variety products, such as NFC apple juice, tomato juice, orange juice, lemon juice are growing year by year. On the other hand, the Company is ready to look for investment which can bring sustainable and stable income to the Company, so as to increase the profit level of the Company, effectively ease the risk of relying on a single product and risk of fluctuation of ingredient costs and improve the risk resistance capacity of the Company.

3. Risk of exchange rate

The Company's main business is located in China, its domestic business is settled in RMB, and its export business is mainly settled in US dollars. Hence, the Company's confirmed foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are mainly denominated in US dollars) are subject to a risk of fluctuation of exchange rate.

Countermeasures: The finance department of the Company is responsible for monitoring the scale of foreign currency transactions, foreign currency assets and liabilities of the Company to minimize the risk of exchange rate. To this end, the Company will continue to enhance its cooperation with renowned domestic and foreign financial institutions, monitor exchange rate fluctuation and timely settle forward contracts so as to avoid the risk of exchange rate.

Management Discussion and Analysis

Charge on Assets

The Group has no assets charged as at 31 December 2024.

Contingent Liabilities

The Group has no contingent liabilities as at 31 December 2024.

Foreign Exchange Exposure

The operating revenue of the Group is partly denominated in US Dollars. It is the practice of the Group to convert its operating revenue denominated in US Dollars to Renminbi to finance its operating expenses and capital requirements. However, the results of operations and the financial position of the Group may be affected by any changes in the exchange rates.

On the other hand, the conversion of Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Capital Commitment

For the capital commitment of the Group, please refer to Note XIV.3 to the Financial Statements.

Capital Structure

The H Shares were listed on the Growth Enterprise Market of the Hong Kong Stock Exchange (the “GEM”) on 22 April 2003. On 19 January 2011, the H Shares were transferred and listed on the Main Board of the Hong Kong Stock Exchange (the “Main Board”) and de-listed from the GEM. On 18 September 2020, the Company issued 20,000,000 A Shares on the Shanghai Stock Exchange and its domestic shares were listed on the Shanghai Stock Exchange on the same date. The capital of the Company comprises only ordinary shares (comprising A Shares and H Shares). Details of the share capital of the Company are set out in Note V.25 to the Financial Statements.

Liquidity and Financial Resources

The Group generally financed its operations and investing activities by internally generated financial resources and bank loans. As at 31 December 2024, the Group had no outstanding amount of bank loans. During the year of 2024, the Company repaid all loans as they fell due on schedule. The Directors consider that the Group has sufficient financial resources to meet its ongoing operation requirements.

Management Discussion and Analysis

Gearing Ratio

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB236,454,035. The Group's gearing ratio as at 31 December 2024 was approximately 4.81% (2023: approximately 3.09%), which was calculated by dividing the Group's total liabilities of approximately RMB133,760,118 (2023: RMB80,720,655) by the total assets of approximately RMB2,779,525,660 (2023: RMB2,610,342,331).

Environmental Policies

The details of environmental, social and governance policies and performance of the Group will be disclosed in the "Social Responsibilities, Environmental, Social and Governance Report 2024" to be issued by the Company in accordance with Appendix C2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Hong Kong Listing Rules").

Directors, Supervisors and Senior Management

Directors

Executive Directors

Mr. Wang An (王安), aged 62, is the chairman of the Board and an executive Director. Mr. Wang has been a Director since 26 June 2001. Mr. Wang is a well known private entrepreneur in the PRC. Mr. Wang has received the following awards/recognitions: one of the top ten Outstanding Youths Entrepreneurs in Shandong Province, the medal of “Labor Model of the Nation”, an Advanced Individual of the United Front (統戰系統先進個人), an Outstanding Contributor to the Development of Socialism with Chinese Characteristics in Shandong Province (山東省優秀中國特色社會主義事業建設者), a Top Ten Outstanding and Influential Individual in the Agricultural Industry of Shandong Province (山東省農業產業化最具影響力十大傑出人物), a Star of Hope in the 30 Years’ of Reform and Opening in Yantai (烟台改革開放三十年「希望之星」), an Influential and Outstanding Private Entrepreneur in Yantai to Commemorate the 60th Anniversary of the Establishment of the People’s Republic of China (紀念中國成立60週年影響烟台優秀民營企業家), a Touching Character in Yantai in the 40 Years’ of Reform and Opening in Yantai (烟台市改革開放四十週年感動烟台人物), one of the Top Ten Influential Persons of the Time Among the Top 60 Advanced Individuals in the Development of Socialism in Yantai of Shandong Province (山東烟台)社會主義建設六十佳先進人物之十佳經濟風雲人物), and is a representative of Shandong Province to the 10th, 11th and 12th National People’s Congress (人大代表). Mr. Wang graduated from the Institute of the PRC Central Communist Party (中共中央黨校函授學院) in June 1994. He was the general manager of China North Industries Corporation Yangma Resort (中國北方工業公司養馬島渡假村), vice-chairman and general manager of China North Industries Corporation, Yantai Branch (中國北方工業烟台分公司) before joining the Group. Mr. Wang has the following social services appointments: member of China Business Advisory Council (中國工商理事會理事), member of the 1st Session of the Council of Yantai Charity Federation (烟台市慈善總會第一屆理事會理事). Mr. Wang An is a director of China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司) (“Andre Group”), which are substantial Shareholders of the Company. He joined the Company in March 1996 and has since been involved in the apple juice concentrate production industry. Mr. Wang is responsible for the overall management of the Group. Mr. Wang An is the father of Ms. Wang Meng, the vice president and an executive Director of the Company.

* For identification purpose only

Directors, Supervisors and Senior Management

Ms. Wang Meng (王萌), aged 37, is the vice president and an executive Director of the Company. Ms. Wang is a Canadian with a bachelor's degree. Ms. Wang worked in Hony Capital (Beijing) Co., Ltd. (弘毅投資(北京)有限公司) from October 2012 to March 2014. Since September 2013, she serves as the director of Rich Spring Holdings Limited. Since September 2014, she serves as the director of Hongan International Company Limited. Ms. Wang served as the financial management director of Harvest Wealth Management Co., Ltd. (嘉實財富管理有限公司) from April 2014 to May 2019, and serves as the vice-chairman of Yantai Kunlong Hot Spring Co., Ltd. (烟台崑龍溫泉有限公司) and Yantai Xiping Jianan Engineering Co., Ltd. (烟台新平建安工程有限公司) since June 2019. Ms. Wang serves as the vice-chairman of Yantai Andre Agricultural Technology Co., Ltd. (烟台安德利農業科技有限公司) since September 2019, serves as the vice-chairman of Yantai Longkou Andre Real Estate Development Co., Ltd. (烟台龍口安德利房產開發有限公司) since October 2019, and serves as the director of Yantai Yangma Island Andre Holiday Inn Co., Ltd. (烟台養馬島安德利度假村有限公司) since September 2021. Since May 2022, she has acted as the vice president of the Company and from May 2023, she is also an executive Director of the Company. Ms. Wang Meng is the daughter of Mr. Wang An, an executive Director and chairman of the Company.

Mr. Wang Yan Hui (王艷輝), aged 48, is an executive Director since 27 June 2012. Mr. Wang is a postgraduate and a certified public accountant in the PRC. Mr. Wang formerly worked as an accountant in Yantai Yangma North Hotel (烟台養馬島北方大酒店). Mr. Wang joined the Company in February 2001 and worked as accountant, chief accountant, deputy manager and manager in various subsidiaries of the Company. Mr. Wang is also the vice-president, financial controller of the Group and the secretary to the Board.

Non-executive Directors

Mr. Zhang Wei (張偉), aged 57, is a college graduate. He has been a non-executive Director of the Company since 18 June 2024. Mr. Zhang Wei began to work in 1984. He served as the department manager of China North Industries Corporation Yangma Resort* (中國北方工業公司養馬島度假村) from 1992 to 1997, the general manager of Yantai Andre Real Estate Development Co., Ltd. from September 2003 to March 2023 and the vice president of Shandong Andre Group Co., Ltd.* from August 2009 to March 2024. He has been serving as the chairman and general manager of Yantai Kunlong Hot Spring Co., Ltd.* (烟台崑龍溫泉有限公司) since April 2018. Mr. Zhang Wei currently serves as the executive director and general manager of Yantai Antong Real Estate Co., Ltd.* (烟台安通置業有限公司), the chairman and general manager of Yantai Andre Agricultural Technology Co., Ltd.* (烟台安德利農業科技有限公司), the chairman and general manager of Yantai Longkou Andre Real Estate Development Co., Ltd.* (烟台龍口安德利房產開發有限公司), and the director and general manager of Yantai Yangma Island Andre Resort Co., Ltd.* (烟台養馬島安德利度假村有限公司), the executive director and general manager of Yantai Kunlong Real Estate Co., Ltd.* (烟台崑龍置業有限公司), the executive director and general manager of Yantai Kunlong Hotel Co., Ltd.* (烟台崑龍大酒店有限公司), the executive director of Yantai Andre Real Estate Development Co., Ltd.* (烟台安德利房地產開發有限公司), and the director and general manager of Yantai Hongan Real Estate Development Co., Ltd.* (烟台弘安置業發展有限公司). He has been serving as the president of Shandong Andre Group Co., Ltd.* since April 2024.

* For identification purpose only

Directors, Supervisors and Senior Management

Mr. Liu Tsung-Yi (劉宗宜), aged 58, is a non-executive Director. He has been a non-executive Director of the Company since 22 June 2009. Mr. Liu is the deputy general manager of the business integration division of Uni-President Enterprises Corp., a company listed on the Taiwan Stock Exchange Corporation (stock code: 1216) and the general manager of President International Development Corporation. He joined Uni-President Enterprises Corp. in July 1996, and was subsequently appointed as the head of its investment analysis section. In 2000, he was transferred to President International Development Corporation, and was responsible for its investments. He has also been the manager of the treasury division of Uni-President Enterprises Corp. since 2004. Currently, Mr. Liu is also the president/director of certain member companies of Uni-President Enterprises Corp., amongst which President Securities Corp. is a company listed on the Taiwan Stock Exchange Corporation (stock code: 2855); Tait Marketing and Distribution Co., Ltd. is a company listed on the Taipei Exchange (stock code: 5902). Mr. Liu has over 25 years of experience in banking, corporate finance, M&A, private equity, and business strategy. Before joining Uni-President Enterprises Corp., he was the head of the credit and loan unit of the Taipei branch of Cosmos Commercial Bank. Mr. Liu obtained a bachelor degree in laws from National Chengchi University in 1989, a master degree in business administration from National Taiwan University in 1991, and a degree of Doctor of philosophy in Finance from National Chung Hsing University in 2020.

Independent non-executive Directors

Mr. Gong Fan (龔凡), aged 61, is an independent non-executive Director since 26 May 2022. He graduated from Xi'an Jiaotong University (西安交通大學) in July 1987 with a Bachelor's degree in Industrial Management Engineering (工業管理工程). Mr. Gong has over 30 years of experience in finance and is a certified public accountant and a certified valuer in the PRC. Mr. Gong worked in Beihai Finance Bureau in Guangxi Province (廣西北海市財政局) from 1987 to 1992; and Beihai Accounting Firm* (北海會計師事務所) and Zhong He Accounting Firm* (中和會計師事務所) from 1993 to 2000 as a registered accountant. Mr. Gong was the Chief Finance Officer of the Company and Secretary of the Board from 2001 to 2003, a director and Chief Financial Officer of Henan Ping Gao Electric Co., Ltd.* (河南平高電氣股份有限公司) (its shares are listed on the Shanghai Stock Exchange, stock code: 600312) from 2003 to 2004, Chief Investment Officer of Creat Tian Cheng Investment Holding Co., Ltd.* (科瑞天誠投資控股有限公司) from 2005 to 2015. He was the vice president of Beijing Hongyuan Chuangjia Holdings Co., Ltd.* (北京宏遠創佳控股有限公司) from January 2015 to May 2023. Mr. Gong served as an independent non-executive Director of the Company from June 2011 to January 2017, and has served as a non-independent director of Guangdong Jingyi Metal Co., Ltd.* (廣東精藝金屬股份有限公司) (its shares are listed on the Shenzhen Stock Exchange, stock code: 002295) since May 2019.

* For identification purpose only

Directors, Supervisors and Senior Management

Ms. Wang Yan (王雁), aged 67, is an independent non-executive Director since 26 May 2022. Ms. Wang graduated from TAFE in Western Australia and Curtin University majoring in English and IT software. Ms. Wang has 20 years of experience in enterprise operation and management. Ms. Wang served as the assistant to general manager in Raymond Industrial Limited (its shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 229) from 1993 to 1996, deputy general manager in High Sun Industrial Co., Ltd. from 2002 to 2006, deputy general manager in DEUTZ Energy Systems Technology Beijing Company from 2006 to 2011, Chief Financial Officer and Compliance Officer in Hong Kong China International Medical Rescue Co., Ltd.* (香港中國國際醫療救援有限公司) from 2011 to 2018, and a consultant in the Beijing Representative Office of the American Heart Association from 2018 to 2019.

Mr. Li Yao (李堯), aged 62, is an independent non-executive Director since 26 June 2019. Mr. Li obtained an MBA degree at the Open University of Hong Kong in June 2005. Mr. Li worked at the chief engineer office of Committee of Construction of Nanchang City from July 1986 to August 1988; and at the project office of World Bank Highway Loan Project in Jiangxi Province from September 1989 to June 1993; from August 1995 to July 2003, Mr. Li served as the deputy general manager of the Investment Division of Creat Group Corporation; and from September 2003 to August 2013, he served as the executive director and vice president of Creat Tiancheng Investment Holdings Company; Mr. Li served as the chairman of Jiangxi Jiuhua Pharmaceutical Company Limited from October 2014 to May 2017; from June 2013 to May 2020, he served as the supervisor of Shanghai Pine Power Biotech Company Limited; he served as the executive director of Shanghai Ruisong Investment Company Limited since November 2009; since March 2015, he served as the chairman of Ningbo TCM Material Company Limited. Mr. Li served as the supervisor of Shanghai Raas Blood Products Company Limited, a company listed on the Shenzhen Stock Exchange (stock code: 002252) since June 2007. Since May 2019, he served as the director of Guangdong JingYi Metal Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002295).

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Directors, Supervisors and Senior Management

Supervisors

Mr. Meng Xianglin (孟相林), aged 61, is a staff representative supervisor since 9 March 2022. Mr. Meng is a member of the Communist Party of the People's Republic of China. Mr. Meng served as the vice director of operation of Muping Towel Factory* (牟平縣毛巾廠), the general manager of Yantai Huaying Textile Co., Ltd.* (煙台華穎紡織有限公司) and the business manager of Shandong Muping Chemical Packages Import & Export Company* (山東牟平化工包裝進出口公司). Mr. Meng served as the workshop director of the production department of the Company from August 2007 to August 2009, served as the manager of management department of Yantai Tongli Beverage Industry Co., Ltd.* (煙台統利飲料工業有限公司) from September 2009 to February 2012, successively served as the manager of the nutrition and health business department and the manager of the fruit deep processing business department of Yantai DSM Andre Pectin Co., Ltd. from March 2012 to March 2019, served as the manager of management department of Yantai Andre Construction and Installation Engineering Co., Ltd. from April 2019 to October 2019, and served as the director of the comprehensive management department and the director of the safety leadership group office of the Company since October 2019. Mr. Meng has been successively awarded "Quality Pioneer of Shandong Province", "Outstanding Quality Management Worker of Shandong Province", "New Long March Pioneer of Yantai City", "Employee's Trusted Family of Yantai City", etc. Mr. Meng currently serves as a member of the Third Trade Union Committee of Shandong Agriculture, Forestry and Water Union.

Mr. Wang Bo (王波), aged 53, a member of the Communist Party of the PRC, with a bachelor's degree, is a Shareholder-approved Supervisor since 26 May 2022. Mr. Wang joined the Company in May 1996. Mr. Wang successively served as the deputy director of the production department, director of the production department, assistant to general manager of subsidiaries, deputy general manager and general manager of the Company from July 1997 to August 2016. Mr. Wang served as the vice president of Yantai DSM Andre Pectin Co., Ltd. from September 2016 to June 2019. Mr. Wang has been the general manager in Yantai Longkou Andre Juice Co., Ltd., a subsidiary since July 2019.

Mr. Huang Lian Bo (黃連波), aged 50, a college graduate, is a Shareholder-approved Supervisor since 26 May 2022. Mr. Huang joined the Company in 1997 and formerly worked as production line leader, workshop supervisor, manager in quality control and production manager. Mr. Huang is currently the chairman and general manager of a number of subsidiaries, such as Baishui Andre Juice Co., Ltd., and Liqian Andre Juice Co., Ltd.*.

* For identification purpose only

Directors, Supervisors and Senior Management

Senior Management

Mr. Wang An (王安), aged 62, is the chairman of the Board and an executive Director. Please refer to his biography under the sub-section headed “Directors”.

Mr. Zhang Hui (張輝), aged 52, is the chief executive officer of the Company. Mr. Zhang graduated from Shandong Agricultural University with a bachelor’s degree in economics and management (majoring in corporate management) in July 1997. Mr. Zhang Hui joined the Company in December 1998, and has successively served as the supervisor of the production department and the general manager of a subsidiary. From June 2009 to March 2023, he served as an executive director and the chief executive officer of the Company and concurrently served as a director and the general manager of various subsidiaries including Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司), Dalian Andre Juice Co., Ltd. * (大連安德利果蔬汁有限公司) and Yantai Longkou Andre Juice Co., Ltd.* (烟台龍口安德利果汁飲料有限公司). He served as a non-executive director of the Company from April 2023 to April 2024 and as the executive president of Shandong Andre Group Co., Ltd. * (山東安德利集團有限公司) from April 2023 to December 2024. He has acted as the chief executive officer of the Company since 28 December 2024. Mr. Zhang Hui is an engineer.

Ms. Wang Meng (王萌), aged 37, is an executive Director and vice president of the Company. Please refer to her biography under the sub-section headed “Directors”.

Mr. Wang Yan Hui (王艷輝), aged 48, is an executive Director, vice-president, financial controller and secretary to the Board. Please refer to his biography under the sub-section headed “Directors”.

Mr. Wang Tao (王濤), aged 47, is the chief engineer of the Company since 27 May 2022. Mr. Wang has a bachelor’s degree. He joined the Company in 1997 and successively served as production line leader and director of production equipment department of the Company.

Company Secretary

Ms. Ng Man Yee (伍敏怡), aged 53, is the company secretary of the Company. Ms. Ng graduated from the Chinese University of Hong Kong and obtained her bachelor’s degree in business administration in 1994. She is a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Ng has over 30 years of experience in the field of auditing and accounting.

* For identification purpose only

Corporate Governance Report

As a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has remained in strict compliance with the Articles of Association, relevant laws and regulations, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “Shanghai Listing Rules”) and Hong Kong Listing Rules.

The Company is committed to maintaining a high standard of corporate governance practices. Continuous efforts are made to review and enhance the Group’s internal controls and procedures in light of changes in regulations and developments in best practices.

Corporate Governance Code

The Company’s corporate governance practices are based on the principles and code provisions (the “Code Provisions”) set out in Part 2 of Appendix C1 (Corporate Governance Code (the “CG Code”)) to the Hong Kong Listing Rules. During the year ended 31 December 2024, the Company complied with the Code Provisions of the CG Code, except for the following deviation:

According to Code C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Board believes that with the current risk management and internal control systems and the close supervision of the management, the Directors’ risk of being sued or getting involved in litigation in their capacity as Directors is relatively low. Benefits to be derived from taking out insurance may not outweigh the cost. As such, the Company currently does not have insurance cover for legal action against its Directors.

Corporate Governance Functions

The Board is responsible for formulating the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To develop and review the Group’s policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of Directors and senior management;
- (iii) To review and monitor the Group’s policies and practices on compliance with all legal and regulatory requirements (where applicable);
- (iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees of the Group and Directors; and
- (v) To review the Group’s compliance with the CG Code and disclosure requirements in the corporate governance report.

Corporate Governance Report

The Board

The Company is managed by its Board, which has the responsibility for providing leadership and control of the Company. Through the Board, the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The Directors

As at the date of this annual report, the Board comprised a total of eight Directors^(Note), including three executive Directors, namely, Mr. Wang An (chairman), Ms. Wang Meng (vice president) and Mr. Wang Yan Hui (vice president and financial controller); two non-executive Directors, namely, Mr. Zhang Wei (appointed on 18 June 2024) and Mr. Liu Tsung-Yi; and three independent non-executive Directors, namely, Mr. Gong Fan, Ms. Wang Yan and Mr. Li Yao.

Each of the Directors (except Ms. Wang Meng and Mr. Zhang Wei) has entered into a service contract with the Company for a term of three years until the conclusion of the Company's annual general meeting to be held in the year of 2025. Ms. Wang Meng has entered into a service contract with the Company from 25 May 2023 to the conclusion of the Company's annual general meeting to be held in the year of 2025. Mr. Zhang Wei has entered into a service agreement with the Company from 18 June 2024 to the conclusion of the Company's annual general meeting to be held in the year of 2025. All Directors are appointed by the Shareholders at the general meeting with formal letters of appointment setting out the key terms and conditions relating to their appointments.

None of the Directors or Supervisors had entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

Each of the independent non-executive Directors possesses a wide range of skills and experience. They serve the important function of providing adequate monitoring and balances for safeguarding the interests of the Shareholders and the Company as a whole. The Board considers that they can make independent judgment effectively and fulfill the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.

The biographical details of the Directors are set out on pages 30 to 33 of this annual report.

Responsibilities of the Board

The Board reviews the performance of the operating divisions with reference to their respective agreed budgets and business objectives on a regular basis and also exercises a number of reserved powers which include:

- convening general meetings and reporting on their work at such meetings;
- implementing resolutions passed at general meetings;
- formulating the Company's business plans and investment proposals;
- preparing the Company's annual financial budget and final accounts;
- formulating proposals for profit distribution and for setting off of accumulated losses of the Company;

Note: According to the Articles of Association, the Board should comprise of 9 directors. However, as Mr. Wang Kun resigned as director on 27 December 2024 and appointment of director for replacement has not yet completed, the actual number of directors serving in the Board from 27 December 2024 to the date of the report is only 8.

Corporate Governance Report

- formulating proposals for increase or reduction in registered capital and the issuance of debt securities of the Company;
- formulating proposals for merger, demerger or dissolution of the Company;
- formulating the internal management structure of the Company;
- appointing or dismissing the chief executive officer of the Company, appointing or dismissing the deputy general manager, chief financial officer and other senior management at the recommendation of the chief executive officer of the Company and determining matters relating to their remuneration;
- formulating the basic management system of the Company;
- formulating proposals for amendments to the Articles of Association; and
- carrying out other powers conferred by general meetings.

The Board is also responsible for the integrity of financial information and the effectiveness of the Company's systems of internal control and risk management processes. The Board is also responsible for preparing the financial accounts of the Company. The day-to-day management of the Company's business is delegated to the chief executive officer and the management. The functions of the Board and the powers delegated to the chief executive officer are reviewed periodically by the Board to ensure that they remain appropriate.

As at 31 December 2024, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

To ensure a balance of power and authority, the role of the chairman is separate from that of the chief executive officer. The chairman of the Company is Mr. Wang An. The chairman is responsible for convening and holding general meetings and Board meetings, tracking the progress of implementation of the resolutions passed by the Board, signing the securities issued by the Company and carrying out other powers conferred by the Board. Mr. Zhang Hui is the chief executive officer of the Company. The chief executive officer and the management are responsible for the production, operation and management of the Company, implementation of the resolutions passed by the Board, implementation of annual business plans and investment proposals, formulation of the internal management structure, the basic management system and the specific governance of the Company. In particular the chief executive officer is responsible for proposing to the Board for appointment or dismissal of vice president, chief financial officer and other senior management of the Company, appointment or dismissal of other management staff whose appointment and dismissal does not require approval from the Board and carrying out other powers conferred by the Board and the Articles of Association.

Mr. Wang An is the father of Ms. Wang Meng, the vice president and an executive Director of the Company, Ms. Wang Meng is the daughter of Mr. Wang An, an executive Director and chairman of the Company.

Directors' Induction and Continuous Professional Development

Upon appointment to the Board, each newly-appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his responsibilities under the listing rules and other relevant regulatory requirements.

Corporate Governance Report

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the listing rules, the Companies Ordinance or act and corporate governance practices organised by professional bodies and independent auditors so that they can continuously update and further improve their relevant knowledge and skills.

The Company has established mechanisms to ensure independent views and input are available to the Board including but not limited to, all Directors are entitled to retain independent professional advisors as and when it is required, all Directors are encouraged to express their views in an open and candid manner during the Board or committees meetings and that the number of independent non-executive Directors complies with the requirements of the Hong Kong Listing Rules that at least one-third of the Board members are independent non-executive directors. The implementation and effectiveness of such mechanisms are reviewed on an annual basis by the Board.

From time to time, Directors are provided with written materials to develop and refresh their professional skills; the company secretary also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in performing their duties. During the year under review, the company secretary of the Company, Ms. Ng Man Yee Karen, has completed over 15 hours professional training.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the year under review:

	Corporate Governance/ Updates on laws, rules and regulations	
	Read materials	Attend workshops
Executive Directors		
Wang An	✓	✓
Wang Meng	✓	✓
Wang Yan Hui	✓	✓
Non-executive Directors		
Zhang Wei	✓	✓
Liu Tsung-Yi	✓	✓
Independent non-executive Directors		
Gong Fan	✓	✓
Wang Yan	✓	✓
Li Yao	✓	✓

Board Meetings

The chairman is responsible for the leadership of the Board, ensuring the effectiveness of the Board in all aspects of its role, setting agenda for Board meetings and taking into account any matters proposed by other Directors for inclusion in the agenda. Agenda and related Board papers are circulated at least 7 days before the time of a Board or committee meeting where possible. The chairman is also responsible for making sure all Directors are properly briefed on issues arising at Board meetings. The chairman also ensures that the Directors receive accurate, timely and clear information. Directors are encouraged to update their skills, knowledge and familiarity with the Company through their initial induction, ongoing participation at Board and committee meetings, and through meeting key people at head office and in the divisions.

Corporate Governance Report

All Directors have access to the services of the company secretary who regularly updates the Board on governance and regulatory matters. Any Director, who wishes to do so in the furtherance of his or her duties, may seek independent professional advice through the chairman at the Company's expense. The availability of professional advice extends to the Audit and Review Committee, Remuneration and Review Committee and other committees.

Minutes of Board meetings are taken by the company secretary or the secretary of the Board and, together with any supporting Board papers, are available to all Board members. Board meetings are structured to encourage open and frank discussions to ensure the non-executive Directors provide effective enquiries to each executive Director. When necessary, the independent non-executive Directors meet privately to discuss matters which are relevant to their specific responsibilities.

In furtherance of good corporate governance, the Board has established four committees: Audit and Review Committee, Nomination Committee, Remuneration and Review Committee and Strategic Committee. All committees have its terms of reference which fulfill the principles set out in the CG Code. The secretary of the Board takes minutes of the meetings of these committees and the work of these committees is reported to the Board.

The Board held 11 meetings during 2024. The chief financial officer of the Company also attended all of the Board meetings to advise on corporate governance, risk management, statutory compliance, mergers and acquisitions and accounting and financial matters. The attendance (other than attending by authorised representatives) of individual Directors at the Board meetings, the meetings of major committees and the general meetings in 2024 is set out in the table below:

Board Meeting

Date (DD/MM/YY)	Chair person	WA	WK*	WM	WYH	ZH**	ZW***	LTY	GF	WY	LY
06/03/2024	WA	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓
26/03/2024	WA	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓
26/04/2024	WA	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓
09/05/2024	WA	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓
19/06/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓
26/08/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓
19/09/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓
30/09/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓
30/10/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓
26/11/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓
27/12/2024	WA	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓

General Meeting

Date (DD/MM/YY)	Chair person	WA	WK*	WM	WYH	ZH**	ZW***	LTY	GF	WY	LY
30/04/2024	WA	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓
18/06/2024	WA	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓
20/12/2024	WA	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓

Corporate Governance Report

Audit and Review Committee Meeting

Date (DD/MM/YY)	Chair person	GF	WY	LY
05/03/2024	GF	✓	✓	✓
30/04/2024	GF	✓	✓	✓
23/08/2024	GF	✓	✓	✓
19/09/2024	GF	✓	✓	✓
30/09/2024	GF	✓	✓	✓
29/10/2024	GF	✓	✓	✓
25/11/2024	GF	✓	✓	✓

Nomination Committee Meeting

Date (DD/MM/YY)	Chair person	WA	GF	LY
05/03/2024	GF	✓	✓	✓
08/05/2024	GF	✓	✓	✓
23/08/2024	GF	✓	✓	✓
27/12/2024	GF	✓	✓	✓

Remuneration and Review Committee Meeting

Date (DD/MM/YY)	Chair person	ZH**	ZW#	GF	LY
05/03/2024	GF	✓	N/A	✓	✓
23/08/2024	GF	N/A	✓	✓	✓

Strategic Committee Meeting

Date (DD/MM/YY)	Chair person	WA	ZH**	ZW#	GF
05/03/2024	WA	✓	✓	N/A	✓
19/09/2024	WA	✓	N/A	✓	✓

Note:

WA	Wang An
WK	Wang Kun
WM	Wang Meng
WYH	Wang Yan Hui
ZH	Zhang Hui
ZW	Zhang Wei
LTY	Liu Tsung-Yi
GF	Gong Fan
WY	Wang Yan
LY	Li Yao

Symbols:

"✓"	means attended the meeting
"**"	means resigned on 27 December 2024
"***"	means resigned on 29 April 2024
"****"	means appointed on 18 June 2024
"#"	means appointed on 19 June 2024

Corporate Governance Report

Directors' Interest

All Directors disclosed to the Board on their first appointment their interests as a Director or otherwise in other companies or organisations and such declarations of interests are updated annually. When the Board considers any proposal or transaction in which a Director has a conflict of interest, the Director has to declare his interest and is required to abstain from voting and withdraw from the meetings as appropriate. The Company seeks confirmation from the Directors annually in respect of any transactions of the Company or its subsidiaries which are related to Directors or their associates pursuant to the guideline.

Supervisory Committee

The supervisory committee of the Company (the "Supervisory Committee") comprises three members of which two are recommended by Shareholders and one is an employee representative elected by the employees. The Supervisory Committee is responsible for supervision of the Board, members of the Board and senior management, to prevent authority abuse, Shareholders' interest infringement and to protect legitimate interests of the Company and its employees. During 2024, the Supervisory Committee held ten meetings, during which the members of the Supervisory Committee reviewed the Company's financial position, legal compliance of the Company's operations and diligence of the senior management.

Internal Control

Internal Control System

The Board has the overall responsibility for setting and reviewing the Company's internal control system. The Audit and Review Committee will also review the effectiveness of such system periodically. Procedures applied by the Audit and Review Committee for reviewing the effectiveness of the Company's internal control system include: discussing with the management on the risky areas arising from auditing and/or raised by the management, reviewing the internal and external audit plan of the Company, reviewing material issues arising from internal or external audit report and reviewing material matters identified by internal auditors and risk assessment manager of the Group. The internal control system of the Company plays an important role in risk management which is a key factor for ensuring the achievement of operational goal. The establishment of internal control system is for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability of financial information used within the business or for publication. However, the procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement errors, losses or fraud. Procedures for the Company's internal control system have been designed in accordance with the applicable laws, rules and regulations.

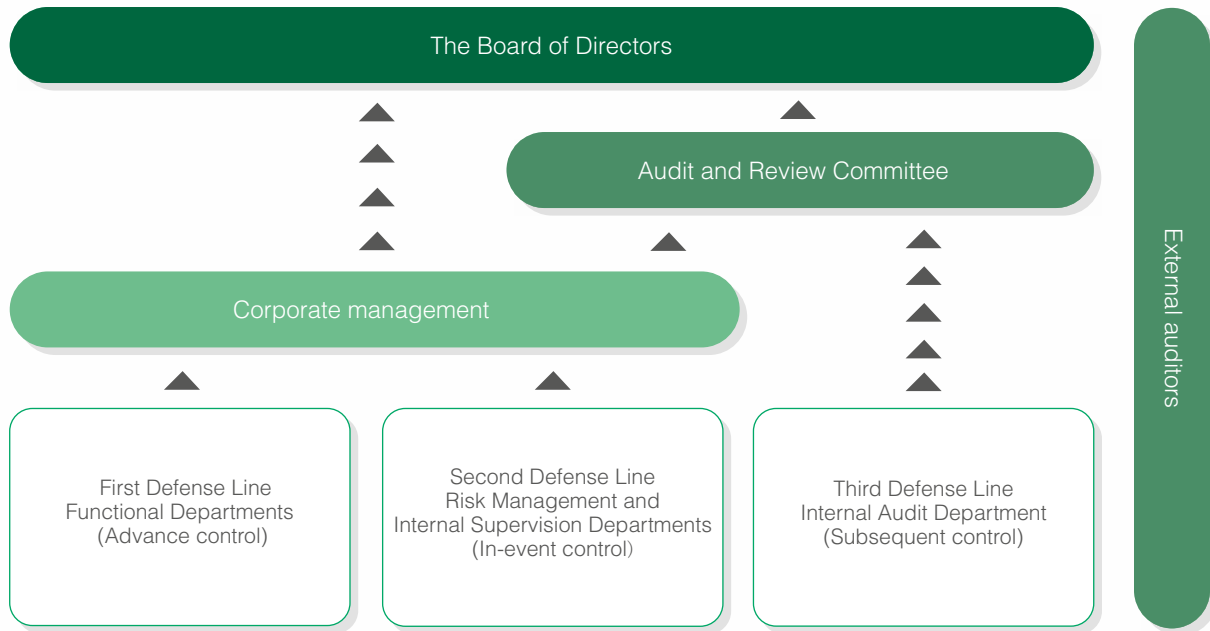
Regarding to the procedures and internal control for the handling and dissemination of inside information, the Company is aware of its disclosure obligations under the Hong Kong Listing Rules and Shanghai Listing Rules and Part XIVA of the Securities and Futures Ordinance (the "Inside Information Provisions"), and any information required to be disclosed under Rule 13.09 of the Hong Kong Listing Rules or any inside information required to be disclosed under the Inside Information Provisions should be announced immediately.

Corporate Governance Report

A review of the Company's internal control system covering financial, operational, compliance and risk management is conducted annually. In particular, the Board has considered the adequacy of resources, qualification and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board has conducted a review of the effectiveness of the Group's system of internal control. The result has been reported to the Board.

The Board confirms that systems and procedures are in place to identify, control and report on significant risks involved in achieving the Company's strategic objectives. Exposures to these risks are monitored by the Board with the support of various committees and senior management.

The Company's risk management and internal control framework is guided by the "three lines of defense" model described below.



Corporate Governance Report

The Company's Internal Control Department is responsible for coordinating the operation of the "three lines of defense". The Internal Control Department regularly organizes the functional departments of the Company to conduct risk assessment on a half-yearly basis, prepare risk assessment report and report to the Audit and Review Committee. The functional departments of the Company carry out material risk assessment and response measures in accordance with their respective departmental duties, and brief and report to the Internal Control Department of the Company on a half-yearly basis. The assessment focuses on the identification of the departmental risk points identified by each functional department, the preparation of the Risk Assessment Questionnaire, the assessment of the identified risk points and the setting up of preventive measures, the formation of the Risk List based on the Risk Assessment Questionnaire, and the preparation of a risk assessment report examined and approved by the chairman of the Audit and Review Committee.

The internal supervision departments of the Company shall conduct risk and problem-oriented work, urge relevant functional departments and subsidiaries to rectify the problems identified during the inspection process, and regularly report to the Audit and Review Committee and the management on the improvement status, and report to the Board, the Audit and Review Committee, the President and the Chief Financial Officer of the Company on whether the internal control is adequate and effective.

The Internal Audit Department of the Company is responsible for urging relevant functional departments and subsidiaries to rectify the problems identified during the internal audit process. The Internal Audit Department and Internal Control Department will report to the Audit and Review Committee on a regular basis, including the annual work plan, contents of audit work, major audit reports, major risks and response situations, and the improvement status of problems identified by the functional departments and subsidiaries during the internal audit process. The annual work plan of the Internal Audit Department and Internal Control Department of the Company covers all major procedures of procurement, production, sales, human resources, finance, asset management and subsidiaries of the Company, and reports to the Board of Directors and management of the Company on the audit results.

The management of each subsidiary is responsible for the design, implementation and monitoring of risk management and internal control systems with the assistance of the Internal Control Department and the Internal Audit Department.

For the year under review, the Board confirmed that the Company's risk management and internal control systems were effective and adequate and the Company had complied with the Code Provisions on risk management and internal control under the CG Code.

Internal Audit

The Internal Audit Department of the Company provides an independent review on the adequacy and effectiveness of the internal control system. The department is headed by a manager who is familiar with the Company's operation. Its scope of work mainly includes auditing of financial and operational systems, reviewing the observance of relevant policies and regulations, regular and special auditing, auditing of production effectiveness, etc. The audit plan, which is prepared based on risk assessment methodology, is discussed and agreed on every year by the Audit and Review Committee. In addition to its agreed annual schedule of work, the Internal Audit Department of the Company conducts other special reviews as required.

Corporate Governance Report

The primary reporting procedure of the Internal Audit Department of the Company is to report to the chairman of the Board but there is also direct access to the Audit and Review Committee. Internal audit reports are sent to the chief executive officer, the chief financial officer, the external auditors and the relevant management of the departments under audit. A summary of major audit findings is reported to and discussed with the Audit and Review Committee. The Board and the Audit and Review Committee actively monitor the number and seriousness of findings raised by the Internal Audit Department of the Company and also the corrective actions taken by relevant departments.

Detailed control guidelines have been formulated and made available to all employees of the Company regarding handling and dissemination of corporate data which is price sensitive.

Risk Management

Risk management is concerned with the identification and effective management of business risks, including safety and security, legal, environmental and reputational risks.

The risk management of the Company is conducted by the Audit and Review Committee and it assists the Board to fulfill its oversight role over the Company and its subsidiaries in, among others, the following areas:

- establishment of the risk approach and risk management strategy of the Company to formulate its risk profile;
- identification, assessment and management of the material risks faced by the various business units of the Company;
- reviewing and assessment of the adequacy of the Company's risk management process, system and internal control; and
- reviewing and monitoring the Company's compliance with the risk management process, system and internal control, including whether the development of the Company's business is prudent and in compliance with the legal requirements.

The Company has a sound organisation system of internal control. The Board is responsible for the establishment, improvement and effective implementation of the risk management and internal control systems. A semi-annual review of the effectiveness of the Company's and its subsidiaries' risk managements and internal control systems during the year has been conducted. Guided by the Board and the Audit and Review Committee, the Internal Audit Department carries out inspection, supervision and evaluation for internal controls of the Company and its subsidiaries in respect of important control functions such as financial control, operation control, compliance control and risk management, supervises and timely rectifies internal control deficiencies and effectively controls operating risks.

Corporate Governance Report

The objectives of internal control of the Company include ensuring a legal and compliance management, asset safety, accuracy and completeness of financial reports and related information in a reasonable manner, enhancing its operating efficiency and results, and promoting the implementation of strategy development. Due to the intrinsic limitations of internal control system, only reasonable guarantees can be provided for the abovementioned objectives. In addition, the effectiveness of its internal control is subject to change according to the changes of internal and external environment and operations. Inspection and supervision system is established for the Company. In case of shortcomings found, the Company will adopt rectification measures immediately.

Audit and Review Committee

The Audit and Review Committee is responsible for reviewing the Group's financial reporting, risk management, internal controls and corporate governance issues and making relevant recommendations to the Board. All of its members are independent non-executive Directors (namely Mr. Gong Fan, Ms. Wang Yan and Mr. Li Yao). Its current chairman is Mr. Gong Fan.

As at the date of this report, the Audit and Review Committee has adopted revised set of terms of reference effective from 6 March 2024, which is based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. A copy of the revised terms of reference of the Audit and Review Committee is available on the Company's website and the Hong Kong Stock Exchange's website.

The Audit and Review Committee met seven times in 2024. During 2024, it met to review the internal and external audit findings, the accounting principles and practices adopted by the Group, internal control and listing rules and statutory compliance, and to discuss auditing (including the effectiveness of internal audit), internal controls, risk management and financial reporting matters. The first quarterly, interim, third quarterly and annual accounts for 2024 were recommended to the Board for approval after discussion of the Audit and Review Committee.

External Auditors

For the year ended 31 December 2024, the total external auditors' remuneration amounted to RMB1,517,924.49, of which RMB1,009,433.93 was for the audit services and RMB508,490.56 was for issuance of A Shares to specific targets provided by the external auditors. The audit fee has been approved by the Audit and Review Committee and endorsed by the Board.

The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out on pages 79 to 83 of this annual report.

Da Hua Certified Public Accountants LLP was the Company's auditor for the two years ended 31 December 2022 and 2023. As approved by the 2024 second extraordinary general meeting of the Company, the Shareholders agreed to appoint Grant Thornton Zhitong Certified Public Accountants LLP as the auditor of the Company for the year ended 31 December 2024.

Grant Thornton Zhitong Certified Public Accountants LLP shall retire at the forthcoming annual general meeting. The Audit and Review Committee has resolved the re-appointment of Grant Thornton Zhitong Certified Public Accountants LLP for the audit work of the Company for the financial year 2025. This resolution has been endorsed by the Board and is subject to final approval and authorisation by the Shareholders at the forthcoming annual general meeting.

Corporate Governance Report

Remuneration and Review Committee

The Remuneration and Review Committee comprises Mr. Gong Fan, Mr. Li Yao, Mr. Zhang Wei (appointed on 19 June 2024) and Mr. Zhang Hui (resigned on 29 April 2024) as members with Mr. Gong Fan as the current chairman. Mr. Gong Fan and Mr. Li Yao are independent non-executive Directors while Mr. Zhang Wei and Mr. Zhang Hui are non-executive Directors. The Committee's responsibilities are as follows:

- to make recommendations to the Board on the policy and structure for all Directors' and senior management, remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;
- to be responsible for determining the specific remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments (including any compensations payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve the management's remuneration proposals with reference to the corporate goals and objectives made by the Board;
- to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise reasonable and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- to review and monitor the training and continuous professional development of the Directors and senior management.

Factors to be considered by the Remuneration and Review Committee for formulation of remuneration package include the remuneration paid by other similar companies, time devoted by a Director, Director's responsibilities, employment terms of other positions in the Group, Director's performance, etc.

The terms of reference of the Remuneration and Review Committee which were revised on 30 August 2017 are available on the Company's website.

The Remuneration and Review Committee met twice in 2024 to review and approve the Directors' and senior management's remuneration for 2024. At those meetings, the committee determined the policy for the remuneration of Directors, assessed performance of executive Directors and approved the individual remuneration packages for Directors and senior management to be paid for 2024.

Corporate Governance Report

Remuneration Policy for Directors

Remuneration of Directors is subject to annual assessment and recommendation by the Remuneration and Review Committee to the Board for further review and approval, which subsequently requires approval by the Shareholders at annual general meeting. The primary goal of the remuneration policy on remuneration packages is to enable the Company to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives. Under the policy, a Director is not allowed to approve his or her own remuneration.

The elements of the Company's remuneration package of Directors include basic compensation (comprising of director's fee) and discretionary bonus without capping. In determining guidelines for each compensating element, the Company refers to remuneration surveys conducted by independent external consultants on companies operating similar businesses.

According to Code E.1.5 of the CG Code, the annual remuneration of the members of the senior management whose particulars are contained in the section headed "Directors, Supervisors and Senior Management" in this annual report for 2024 by band is set out below:

Remuneration band (RMB)	Number of individuals
0 – 500,000	10 Directors, 3 Supervisors and 1 senior management member excluding the Directors who also act as senior management

Basic Compensation

The Remuneration and Review Committee annually reviews and approves the basic compensation of each Director in accordance with the Company's remuneration policy. In accordance with the service contracts entered into by the Company and each of the Directors, all Directors have the right to receive fixed basic compensation.

Discretionary Bonus

Under the service contracts between the Company and each of the Directors, the Directors are entitled to a discretionary bonus based on the Company's results and the degree of diligence of each of the Directors. During the year ended 31 December 2024, the Directors did not receive any discretionary bonus.

The amounts paid to each Director of the Company for 2023 and 2024 are disclosed in Note XIV. 1 and 2 to the Financial Statements.

Corporate Governance Report

Nomination Committee

The Nomination Committee is chaired by Mr. Gong Fan, an independent non-executive Director, and comprises Mr. Wang An, an executive Director, and Mr. Li Yao, an independent non-executive Director, as members. The role of the committee is to make recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the Nomination Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethnics, integrity and personal skills, time commitments of members, and the independency of the nominees for the position of independent non-executive directors of the Company. The Nomination Committee carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of external recruitment professional when necessary. The Nomination Committee met four times in 2024 to discuss the Board structure, size and composition, to evaluate the independence status of the independent non-executive Directors and to nominate candidates for directors and chief executive officer to the Board.

The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company. The Nomination Committee will review the implementation of the Board Diversity Policy from time to time to ensure its effectiveness on determining the optimal composition of the Board.

The latest version of the revised terms of reference of the Nomination Committee with effect from 6 March 2024 has been posted on the websites of the Company and the Hong Kong Stock Exchange.

Strategic Committee

The Strategic Committee comprises Mr. Wang An, an executive Director, Mr. Zhang Wei (appointed on 19 June 2024) and Mr. Zhang Hui (resigned on 29 April 2024), both being non-executive Directors and Mr. Gong Fan, independent non-executive Director, as members with Mr. Wang An as chairman. The primary responsibilities of the Strategic Committee are to research and advise on the strategic planning of the Group's medium and long-term development and major issues affecting the Group's development, and to approve research reports on development strategy.

In 2024, the Strategic Committee held two meetings to research and advise on the strategic planning of the Group's medium and long-term development and major investment decision, explore and give suggestion on new market and new business development.

Corporate Governance Report

Company Diversity Policy

As at the date of this report, the Company had adopted a board diversity policy which sets out its approach to achieve and maintain diversity on the Board and set measurable objectives to implement the board diversity policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. Below is the summary of the board diversity policy:

Selection of candidates for directorship will be based on a wide range of factors, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and service term. The Nomination Committee reviews the diversity of the Board annually and reports to the Board the composition of the Board members and monitors the implementation of such board diversity policy.

In compliance with code provision B.3.1 in Part 2 of the CG Code, the Nomination Committee had, at its meeting held on 5 March 2024, reviewed the structure, size and composition of the Board with reference to the board diversity policy. The Company considers that the current composition of the Board, two out of its eight members being female, is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills. The current Directors have extensive experience and skills relevant to the business of the Company.

The Company has also taken, and will continue to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. During the reporting period, the total workforce (including senior management) of the Group comprised 34% female and 66% male. Further details of gender ratio, please refer to "Social Responsibilities, Environmental, Social and Governance Report".

Corporate Governance Report

Investor Relations

To enhance the Company's system of information disclosure, and to ensure the accuracy, completeness and timeliness of the Company's public disclosures, an Information Disclosure Review Committee, led by the chief financial officer of the Company, was established. The Information Disclosure Review Committee is responsible for the establishment of procedures to compile, verify and report the Company's financial and operational statistics and other information as well as to supervise the drafting and publication of periodic reports.

The Company is committed to fair disclosure and comprehensive, transparent reporting. The chairman of the Board is ultimately responsible for ensuring that there is effective communication with investors and that the Board understands the views of the major Shareholders. The chairman therefore makes himself available to meet with the Shareholders for this purpose. On a day-to-day basis, the Board's primary contact with the major Shareholders is through the chief executive officer and the chief financial officer of the Company.

The interim and annual reports are disclosed to all Shareholders in 2024. The most recent general meeting of the Company was held on 20 December 2024 at 10th Floor, Andre Tower, No. 889 Xincheng Avenue, Muping District, Yantai City, Shandong Province, the PRC. The meeting was opened to all Shareholders and members of the press and was attended by all substantial Shareholders personally present or by proxy.

As part of a regular programme of investor relations, senior management holds briefings and attends conferences with institutional investors and financial analysts to engage in a two-way communication on the Company's performance and objectives. A wide range of information on the Group's business activities is made available to investors and the public through the websites of the Company, the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Announcements of the quarterly, interim and annual results are also available on the websites of the Company, the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

In 2024, the Company held 45 meetings and 2 video conferences with analysts and investors at its Yantai office. These activities allowed them to have good opportunities to directly communicate with and understand the senior management, operating management and general staff of the Company, as well as to visit different places of business and operations of the Group. The Company also answered 37 calls and replied 118 emails from investors.

The Company has reviewed its prevailing Shareholders' communication policy during the reporting period, and believes the Shareholders' communication policy is still appropriate and effective. Enquiries to the Board may be made by contacting the company secretary through the Shareholders' hotline or email, or directly by questions at an annual general meeting or a special general meeting of the Company. Questions on the procedures for convening of or putting forward proposals at an annual general meeting or a special general meeting of the Company may also be made to the Company by the same means.

Dividend Distribution Policy

The Company uses cash, shares or both cash and shares as means for profit appropriation. Except for special circumstances, the Company will distribute dividend by means of cash when there is profit for the year and accumulated profit not yet distributed. Profit distributed by means of cash per annum cannot be less than 10% of the distributable profit of that year.

Corporate Governance Report

Change in Constitutional Documents

With the approval of all the relevant PRC regulatory authorities and the Board, the amendments to the Articles of Association took effect on 30 April 2024 to reflect:

- (i) the changes relating to reduction of registered share capital; and
- (ii) the corresponding amendments made in accordance with the relevant laws and regulations and relevant guidelines issued by China Securities Regulatory Commission such as the “Guidelines on the Articles of Association of Listed Companies (Revised in 2023)”, “Administrative Measures for Independent Directors of Listed Companies” and “Trial Measures for Administration of Overseas Securities Offerings and Listings by Domestic Companies”.

Details of which are set out in the circular of the Company dated 27 March 2024. An updated version of the Articles of Association is available on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Shareholders' Rights

Procedures for Shareholders to Convene a Special General Meeting (“SGM”)

Shareholders requesting the convening of a SGM shall proceed in accordance with the procedures set forth below:

The Shareholders individually or jointly holding over 10% of the Company’s shares with the voting power at the proposed meeting have the right to request the Board to hold the SGM or a class meeting in writing. According to laws, administrative regulations and the Articles of Association, the Board shall give written feedback to agree or disagree to hold the SGM within 10 days after receiving the request.

If the Board agrees to hold the SGM, a meeting notice shall be given within 5 days after the Board makes such a resolution. Changes to the original proposal in the notice shall be approved by relevant Shareholders.

If the Board disagrees to hold the SGM or fails to give feedback within 10 days after receiving the request, the Shareholders individually or jointly holding over 10% of the Company’s shares have the right to request the Supervisory Committee to hold the SGM in writing.

If the Supervisory Committee agrees to hold the SGM, a meeting notice shall be given within 5 days after receiving the request. Changes to the original proposal in the notice shall be approved by relevant Shareholders.

If the Supervisory Committee fails to give the notice of the SGM within the specified period, it shall be deemed that the Supervisory Committee does not convene or preside over the general meeting. The Shareholders individually or jointly holding over 10% of the Company’s shares for more than 90 consecutive days may convene and preside over the SGM by themselves.

Necessary expenses of the general meeting held by the Supervisory Committee or Shareholders by themselves shall be born by the Company.

Corporate Governance Report

Procedures for Shareholders to Put Forward Proposals at a General Meeting

When the Company holds a general meeting, the Board, the Supervisory Committee and the Shareholders individually or jointly holding over 3% of the shares of the Company have the right to submit proposals to the Company. Shareholders individually or jointly holding over 3% of the shares of the Company may put forward interim proposal and submit to the convener in writing 10 days before the SGM.

Procedures for Shareholders to Propose a Person for Election as a Director

With regard to the procedures for proposing a person for election as a Director, please refer to the procedures posted on 2 April 2012 under the Investor Relation section of Company's website at www.andre.com.cn.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Room 10, Block E, 2/F, Hong Kong Industrial Building
452 Des Voeux Road West
Shek Tong Tsui, Hong Kong
Fax: (852) 2587 9166
Email: andrehk@northandre.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Report of Directors

The Directors are pleased to present and submit the 2024 annual report together with the audited financial statements of the Group for the year ended 31 December 2024.

Principal Activities

The principal activities of the Group are manufacturing and sale of apple juice concentrate, pear juice concentrate, pomace and related products. The principal activities of the Company's subsidiaries are set out in Note VII to the Financial Statements.

Subsidiaries

Particulars of the subsidiaries of the Company as at 31 December 2024 are set out in Notes VII to the Financial Statements respectively.

Results

The results and financial status of the Group for the year ended 31 December 2024 are set out in pages 84 to 201 of this annual report.

Five-Year Financial Highlights

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 3 to 4 of this annual report.

Risks and Uncertainties

Principal risks and uncertainties that the Company may face have been disclosed in the section headed "Management Discussion and Analysis" of this annual report. In addition, details of the Group's financial risk management are disclosed in note IX to the Financial Statements.

Major Customers and Suppliers

In the reporting period, the Group mainly exported products to the domestic market and overseas markets in Asia, Europe, North America and Africa, and has gradually expanded into markets in Oceania and South America. The sales attributable to the top five customers of the Group amounted to approximately RMB481,545,163, which accounted for about 33.96% of the Group's total turnover and sales to the largest customer included therein amounted to about 12.70%. To the knowledge of the Directors, the top five customers are not connected persons as defined in the Hong Kong Listing Rules.

Purchases from the Group's top five largest suppliers amounted to approximately RMB76,952,939 and accounted for about 6.29% of total purchases for the year. The largest supplier accounted for about 2.59% of the total purchases of the Group for the year. Among the purchases from the top five suppliers, purchases from related parties was approximately RMB31,676,274, which represented 2.59% of total purchases.

Report of Directors

To the knowledge of the Directors, of the top five suppliers, the connected person is Yantai Yitong Biological Energy Co., Ltd., a company owned as to 64.69% and 33.33% by Andre Group (owned as to 90% by Mr. Wang An, a Director) and Hongan International Investment Co., Ltd. (“Hongan International”, wholly-owned by Ms. Wang Meng, a Director), respectively. In the reporting period, the Company purchased approximately RMB31,676,274 from Yantai Yitong Biological Energy Co., Ltd. Saved as disclosed above, none of the Directors, supervisors, their respective close associates or any Shareholders which own more than 5% of the Company’s issued share capital had any interest in the top five largest suppliers or customers of the Group.

The Board believes that there was no reliance on major customers and no material related risk was noted in the reporting period.

Dividend

According to the Measures on the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) issued by the CSRC, “where a listed company with a plan for issuance of securities has any profit distribution plan or conversion of capital reserve into share capital proposal which has not yet been submitted to shareholders’ general meeting for voting, or when such plan has been approved by the shareholders’ general meeting but has not been implemented yet, the issuance of securities should be proceeded after such plan has been implemented. Before relevant plan is implemented, the lead underwriter shall not underwrite the securities issued by the listed company”. According to the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《上市公司證券發行註冊管理辦法》) issued by CSRC, “where simplified procedures are applicable, the payment for issuance shall be made within ten working days following the decision of the CSRC to grant registration, and the approval for the issuance shall become invalid if it is not completed”. So far, the Company has submitted the application for the issuance of A Shares in 2024 by simplified procedure to specific targets, which is subject to procedures such as the acceptance by the Shanghai Stock Exchange and registration with the CSRC.

In order to avoid time clash between the implementation of the profit distribution for 2024 and the issuance and maximize the interests of the Company and its shareholders as a whole, after careful discussion, the Board has proposed to postpone for consideration the profit distribution plan for 2024, and the Company will implement the profit distribution for 2024 upon the completion of the plan for issuance of A Shares in 2024 by simplified procedure to specific targets as soon as possible in accordance with relevant laws and regulations, the requirements of the regulatory authorities and the provisions of the Articles of Association.

In view of the increase in the Company’s profit attributable to shareholders in 2024 as compared to the previous year and in order to maintain the consistency and stability of profit distribution plan and actively reward investors, the Board will propose the distributable profits for 2024 in the form of cash shall be no less than 30% of the net profits attributable to the shareholders of the listed company in 2024.

Tax and Tax Relief

Pursuant to the Corporate Income Tax Law of the PRC and its implementing regulations (collectively referred to as the “Corporate Income Tax Law”) which took effect on 1 January 2008, the tax rate of the corporate income tax applicable to the income of non-resident enterprise deriving from the PRC is 10%. Pursuant to the Corporate Income Tax Law, any Chinese domestic enterprise (including the Company) which pays dividend to a non-resident enterprise shareholder shall withhold and remit corporate income tax at 10% on behalf of such shareholder.

* For identification purpose only

Report of Directors

Pursuant to the Notice on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 45 (No. 348, Guo Shui Han [2011]), where the non-resident individual shareholders obtain dividend and bonuses from the shares issued in Hong Kong by non-foreign-invested enterprise, individual income tax shall be withheld and remitted by the withholding agent according to the domain of “interest, dividends and bonuses”. The non-resident individual shareholders of domestic non-foreign-invested enterprise which issued shares in Hong Kong, shall enjoy the taxation preferences in accordance with the agreements between countries of their origins and China and the regulation on taxation arrangement between the Mainland and Hong Kong (Macau). The related tax rate of dividend as provided by taxation agreement is generally at a rate of 10%. In order to simplify the collection and management of taxation, the individual income tax with a rate of 10% in general will be withheld when dividend is paid by the domestic non-foreign-invested enterprise which issued shares in Hong Kong without making applications. Where the dividend tax rate is not 10%, it will be handled according to the following requirements: (1) for residents of countries which have entered into an agreement with China in respect of a tax rate lower than 10%, the withholding agent may apply for the relevant entitlements hereunder on their behalf. Upon examination and approval by the competent tax authorities, the additional amount of tax withheld will be refunded; (2) for residents of countries which have entered into an agreement with China in respect of a tax rate of 10% or more but less than 20%, the withholding agent shall withhold individual income tax at the agreed tax rate when distributing dividends or bonuses, and no application for approval is needed; (3) for residents of a country or which has not entered into any tax treaties with the PRC and in any other circumstances, the withholding agent shall withhold individual income tax at the tax rate of 20% when distributing dividends and bonuses.

Pursuant to the Notice of Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H-Share (No. 897, Guo Shui Han [2008]) issued by the State Administration of Taxation, any domestic enterprise of PRC which pays dividends to non-resident enterprise shareholders (as defined in the Tax Law) for the year of 2008 and subsequent years shall withhold and remit enterprise income tax at the tax rate of 10%.

The arrangement relating to withholding tax, if any, in respect of the final dividend to be paid by the Company to the investors who invest through the Shanghai Stock Exchange in the H Shares of the Company listed on the Main Board of the Hong Kong Stock Exchange will be finalized with the relevant PRC authorities prior to the payment.

Shareholders are recommended to consult their taxation advisors for advice on the tax effects of the PRC, Hong Kong and other jurisdictions with respect to the holding and disposal of H Shares.

The Company will have no liability in respect of any claims arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding and remitting.

Share Capital

The change(s) in share capital of the Company is set out in Note V.25 to the Financial Statements.

Reserves

The change(s) in reserves of the Company during the reporting period is set out in the statement of changes in Shareholders' equity of the Group and the Company in the Financial Statements.

The distributable reserves of the Company as at 31 December 2024 amounted to RMB830,269,087 (2023: RMB638,241,153).

Property, Plant and Equipment

During the reporting period, the Group incurred approximately RMB120,176,887 mainly for expanding the production line, renovation of plant and acquisition of equipment.

The change(s) of property, plant and equipment of the Group during the reporting period is set out in Note V.10 to the Financial Statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the PRC laws and regulations which oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Purchase, Sale or Redemption of Shares

Under the general mandate granted to the Board to repurchase H Shares considered and approved at the 2023 annual general meeting, the 2024 first class meeting for holders of A Shares and the 2024 first class meeting for holders of H Shares convened by the Company on 30 April 2024, the Company repurchased 7,800,000 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$7.95 to HK\$10.10 per H Share during June to December 2024 for a total consideration of HK\$74,004,842 (including the fees such as commission fees). Specifically, in June 2024, the Company repurchased 3,030,000 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$8.04 to HK\$10.10 per H Share for a total consideration of HK\$29,883,825 (including fees such as commission fees); in August 2024, the Company repurchased 40,500 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$7.95 to HK\$8.36 per H Share for a total consideration of HK\$336,628 (including fees such as commission fees); in September 2024, the Company repurchased 1,429,500 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$8.04 to HK\$8.70 per H Share for a total consideration of HK\$12,348,166 (including fees such as commission fees); and in December 2024, the Company repurchased 3,300,000 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$8.42 to HK\$9.62 per H Share for a total consideration of HK\$31,436,224 (including fees such as commission fees). Such shares were cancelled on 13 February 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2024.

Report of Directors

A SHARE OFFERING AND USE OF PROCEEDS FROM A SHARE OFFERING IN 2022

The Company issued 20,000,000 RMB ordinary shares (A Shares) on 18 September 2020 with a total par value of RMB20,000,000 at the issue price of RMB7.60 per share. The total proceeds raised amounted to RMB152,000,000. The net proceeds raised (after deducting the offering expense of RMB30,500,000) was RMB121,500,000. For details, please refer to the announcement of the Company dated 17 September 2020.

The “Proposal on Termination of the Original Proceeds-invested Project and Change of the Use of Part of the Proceeds and Capital Increase in a Wholly-owned Subsidiary” was separately considered and approved at the Board meeting of the Company held on 30 December 2021 and at the 2022 first special general meeting and class meetings of the Company held on 16 February 2022, pursuant to which the original proceeds-invested project “construction of production line for multi-type fruit juice concentrate” was terminated and RMB63,000,000 of the proceeds was be used to increase the capital of Dalian Andre Juice Co., Ltd. (“Dalian Andre”), a wholly-owned subsidiary of the Company, for the construction of 30-tonne production line for fruit juice concentrate of Dalian Andre.

Based on the changes of downstream and terminal markets and the Company’s sales data of products made of multiple varieties in the first three quarters in 2021, the Company believed that the market environment of the original project “Construction project of multi-type juice concentrate production line” had changed significantly, and the original target could not be achieved by continuing with the investment in the original project. The acidity of local raw apples of Dalian Andre is high, so the implementation of the new project “Construction project of 30-tonne production line for fruit juice concentrate in Dalian Andre” would increase the output of high-acidity products and give full play to the advantages of the Company’s main business, which is more certain than the original project. In order to increase the efficiency of the use of proceeds and the investment return of the proceeds, and enhance the competitiveness of the Company, the Company promptly terminated the original project and changed the use of RMB63,000,000 of the proceeds from the original project to the construction of the new project. For details, please refer to the announcement of the Company dated 31 December 2021 and the circular of the Company dated 18 January 2022. The changed proceeds-invested project was put into production in September 2022.

The “Proposal on Change of the Use of the Proceeds and Capital Increase in a Wholly-owned Subsidiary” was separately considered and approved at the Board meeting of the Company held on 20 March 2023 and at the 2022 annual general meeting and class meetings of the Company held on 25 May 2023, pursuant to which the Company invested RMB62,600,000 in Yongji Andre Juice Co., Ltd. (“Yongji Andre”), a wholly-owned subsidiary of the Company, for the implementation of “Construction project for 40-tonne peach juice concentrate and 10-tonne hawthorn juice concentrate production line of Yongji Andre” and RMB62,144,100 of the remaining proceeds was used (the final amount would be subject to the remaining amount of the proceeds received by Yongji Andre by way of remittance after being considered and approved by the shareholders’ general meeting), and the short amount would be made up by its own funds.

Report of Directors

Yongji Andre is located in the place with abundant production and excellent quality in both peach and hawthorn. Upon preliminary investigation, the Company is of the view that the demand for concentrated fruit juice products such as peach juice and hawthorn juice from customers both at home and abroad has increased in recent years. At the same time, the Company believes that increasing the production of peach juice and hawthorn juice will enhance the diversity of the Company's products, optimize the production capacity layout of the Company, and enable the Company to continue to maintain and consolidate its market share and leading position in the field of fruit juice concentrate. Taking into account factors such as changes in the market environment and the Company's business development needs, and in order to increase the efficiency of the use of proceeds and investment returns from the proceeds and enhance the Company's competitiveness, the Company decided to invest the remaining proceeds in the "Construction project for 40-tonne peach juice concentrate and 10-tonne hawthorn juice concentrate production line of Yongji Andre". For details, please refer to the announcement of the Company dated 20 March 2023 and the circular of the Company dated 21 April 2023.

As at 15 March 2024, the Company has injected capital to the "Construction project for 30-tonne production line for fruit juice concentrate in Dalian Andre" and "Construction project for 40-tonne production line for peach juice concentrate and 10-tonne production line for hawthorn juice concentrate in Yongji Andre" and completed such projects as scheduled. The proceeds used for the completed proceeds-invested project amounted to RMB121,218,525.91 in total and the remaining proceeds amounted to RMB4,971,481.29 (including interests received from the special account deposit and investment income arising from cash management), accounting for 4.09% of the net proceeds.

As at 15 March 2024, the use of fund and balance of the proceeds for proceeds-invested projects were as follows:

Investment project	Planned investment amount <i>RMB</i>	Accumulated investment amount <i>RMB</i>	Net interest income after deducting charges <i>RMB</i>	Remaining proceeds <i>RMB</i>	Project status
Construction project of multi-type juice concentrate production line	2,035,100.00	2,035,100.00	-	-	terminated
Construction project of 30-tonne production line for fruit juice concentrate in Dalian Andre	63,000,000.00	60,511,844.08	576,402.17	3,064,558.09	put into production
Construction project of 40-tonne peach juice concentrate and 10-tonne hawthorn juice concentrate production line in Yongji Andre	62,423,145.21	60,706,681.83	190,459.82	1,906,923.20	put into production
Total	127,458,245.21	123,253,625.91	766,861.99	4,971,481.29	

Report of Directors

Considering that the projects invested with the proceeds raised from the A Share Offering have been completed, the above remaining proceeds of RMB4,971,481.29 was used to permanently supplement the working capital. In accordance with relevant provisions of Article 6.3.21 of Guidelines No. 1 of the Shanghai Stock Exchange on the Self-Regulatory Supervision of Listed Companies – Standardized Operation, the use of the above remaining proceeds to permanently supplement the working capital is not required to submit to the Board meeting and the shareholders' general meeting for consideration and approval. The Company has closed all fund-raising account on 15 March 2024, and the remaining fund has been transferred to the basic account of the Company. So far, all the proceeds have been used up.

ISSUANCE OF A SHARES TO SPECIFIC TARGETS BY SIMPLIFIED PROCEDURE

To further promote the development of the Company's business, the Resolution in relation to the Proposed Grant of Authorization by the Shareholders' Meeting to the Board of Directors to Handle the Issuance of Shares to Specific Targets by Simplified Procedure (the "Issuance") was separately considered and approved at the Board meeting of the Company held on 6 March 2024 and the 2023 annual general meeting and 2024 first class meetings held on 30 April 2024. It was agreed to authorise the Board, in accordance with the Company Law, the Securities Law, the Measures for the Administration of the Registration of Securities Issuance by Listed Companies, the Rules for the Examination and Approval of the Issuance and Listing of Securities by Listed Companies on the Shanghai Stock Exchange and the Articles of Association and other relevant provisions, to opportunistically handle the issuance of shares for financing to specific targets with an aggregate amount not exceeding RMB300 million and not exceeding 20% of the net assets as at the end of the most recent year, on the condition that such issuance shall not affect the Company's principal business and shall ensure the Company's financial safety and with the authorisation period from the date on which this resolution is considered and approved by the 2023 annual general meeting of the Company to the date on which the 2024 annual general meeting of the Company is convened. The type of shares to be issued is domestically listed RMB ordinary shares (A shares) with a par value of RMB1.00 per share.

On 26 March 2025, the Board of the Company considered and approved the Resolution in relation to the Proposed Extension of Authorization by the Shareholders' Meeting to the Board of Directors to Handle the Issuance of A Shares to Specific Targets by Simplified Procedures". To ensure the smooth progress of the Issuance, in accordance with relevant laws and regulations, the Company intends to extend the authorization period until the date of the 2025 annual general meeting. The above proposal is still subject to consideration at the 2024 annual general meeting of the Company.

Issuance Targets

According to the bidding results of the Issuance, the number of A shares issued is 12,755,102, which shall not exceed 20% of the total number of share capital of the Company prior to the Issuance, and the corresponding proceeds shall not exceed RMB300 million and shall not exceed 20% of the net assets as at the end of the most recent year. The specific allocation of the Issuance is as follows:

Report of Directors

No.	Target subscriber	Number of A shares subscribed (shares)	Subscription amount (RMB)
1	Nuode Asset Management Co., Ltd.	7,065,901	166,189,991.52
2	Caitong Fund Management Co., Ltd.	1,241,496	29,199,985.92
3	Morgan Stanley & Co. Incorporated	974,067	22,910,055.84
4	Huaan Securities Asset Management Co., Ltd. (華安證券資產管理有限公司)	956,632	22,499,984.64
5	Hunan Qingyan Venture Investment Management Co., Ltd – Qingyan Zhixuan No.33 Private Equity Securities Investment Fund	858,843	20,199,987.36
6	Lishui Fuchu Equity Investment Partnership (Limited Partnership) (麗水市富處股權投資合夥企業(有限合夥))	637,755	14,999,997.60
7	Yang Yuezhi (楊岳智)	637,755	14,999,997.60
8	J.P. Morgan Securities plc	382,653	8,999,998.56
	Total	12,755,102	299,999,999.04

The targets under the Issuance include Nuode Asset Management Co., Ltd., Caitong Fund Management Co., Ltd., Morgan Stanley & Co. Incorporated, Huaan Securities Asset Management Co., Ltd. (華安證券資產管理有限公司), Hunan Qingyan Venture Investment Management Co., Ltd – Qingyan Zhixuan No.33 Private Equity Securities Investment Fund, Lishui Fuchu Equity Investment Partnership (Limited Partnership) (麗水市富處股權投資合夥企業(有限合夥)), Yang Yuezhi (楊岳智), and J.P. Morgan Securities plc. As the above-mentioned issuance targets are not connected with the Company before and after the Issuance, the Issuance does not constitute a related party transaction. According to the bidding results of the Issuance, the total amount of proceeds to be raised under the Issuance is RMB300 million, which complied with the requirements that the proceeds from the issuance of shares to specific targets by simplified procedure shall not exceed RMB300 million and shall not exceed 20% of the net assets as at the end of the most recent year.

Total Amount and Use of Proceeds

In recent years, the industry pattern has changed greatly. Some major enterprises encountered business difficulties, faced more lawsuits and even entered bankruptcy reorganization procedures, and small and medium-sized enterprises were difficult to fully fill the demand of downstream customers, resulting in a tight supply and rising price of apple juice concentrate in the market. During the pressing season in 2022, the production of domestic apple juice concentrate declined significantly, and the export supply of domestic apple juice concentrate was insufficient. The export volume declined significantly in 2023, and the export price of apple juice concentrate in 2023 was 1,650.78 tonnes/US\$, representing an increase of 42.60% from 1,157.66 tonnes/US\$ in 2022.

In terms of competition pattern, only large juice enterprises such as the Company and SDICZL in the industry have the advantages of large scale, brand, technology and channels. After the implementation of the investment projects, the Company will be able to seize the opportunity of the current changes in the industry structure, steadily expand the international and domestic market share, and further expand the leading edge.

Report of Directors

At present, the fruit juice industry in the PRC is in a stage of steady development, the concept of healthy consumption drives the upgrading of the demand for fruit juice, many large beverage companies on the market continue to layout health beverage products, and juice raw materials such as NFC juice, decolorized and deacidified concentrated juice are widely used. Among them, NFC juice can be directly mixed and canned for terminal consumption; decolorized and deacidified concentrated fruit juice is widely used in sports and health concept beverage products. The sales growth of downstream upgraded products drives continued demand for the Company's products, especially decolorized and deacidified concentrated juice and NFC juice. According to the survey report of the PRC juice market published by Euromonitor International, from 2013 to 2018, the retail volume of NFC juice increased from approximately 5.8 million liters to approximately 46.0 million liters, the market sales of NFC juice increased from RMB300 million to RMB2.57 billion, and it is expected that the market sales of NFC juice in China will reach RMB4.83 billion in 2023.

The project has been granted the record certificate for enterprise investment projects in Shanxi Province and the EIA approval issued by the Administrative Examination and Approval Service Bureau of Yongji City. Details of the approval of this project are as follows:

No.	File name	File no.	Date of issue
1	Record certificate for enterprise investment projects in Shanxi Province	Project Code:2403-140881-89-05-760313	25 March 2024
2	Reply Letter of the Administrative Examination and Approval Service Bureau of Yongji City on Environmental Impact Report Form of the Production Line Project with an Annual Output of 7,200 Tonnes of Decolorized and Deacidified Concentrated Juice of Yongji Andre Juice Co., Ltd.	Yong Shen Guan Huan Han [2024] No. 7	21 June 2024

The project has been granted the record certificate for construction projects in Shandong Province and the EIA approval issued by Muping Branch of Yantai Ecological Environment Bureau. Details of the approval of this project are as follows:

No.	File name	File no.	Date of issue
1	Record certificate for construction projects in Shandong Province	Project Code:2312-370612-07-02-639090	29 December 2023
2	Reply on Environmental Impact Report Form of NFC Juice Project with Annual Output of 12,000 Tonnes of Yantai North Andre Juice Co., Ltd.	Yan Mu Huan Shen [2024] No. 19	7 June 2024

Based on the results of the Issuance, the number of shares to be issued to specific targets is 12,755,102.

As of the date of this annual report, the Company's application for the issuance of A-shares to specific targets by simplified procedure for the year 2024 is still under review and registration. The future timing of the registration becoming effective and the completion of the issuance and payment is yet to be determined. For details, please refer to the announcements of the Company dated 9 May 2024 and 24 January 2025 and the circular of the Company dated 27 March 2024.

Directors' and Supervisors' Rights to Acquire Shares or Debentures

None of the Directors or Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the year ended 31 December 2024.

Material Acquisitions and Disposals During the Year

No material acquisitions or disposals of subsidiaries, associated companies or joint venture companies were made by the Company during the year ended 31 December 2024.

Significant Investments

Saved as the wealth management products disclosed in Note V.2 to the Financial Statements, no significant investment was held by the Group as at 31 December 2024.

Subsequent Event

Saved as disclosed in Note XIII to the Financial Statements, there was no subsequent event as at 31 December 2024.

Employment and Remuneration Policy

For the year ended 31 December 2024, the Group had an average of 1,175 employees (2023: 1,015 employees). Staff costs including directors' remuneration for the years ended 31 December 2024 and 31 December 2023 were RMB90,712,178 and RMB78,051,860, respectively. Details of the emoluments of the Directors and supervisors and the top five highest paid individuals of the Group are set out in Notes XIV. 1 and 2 to the Financial Statements. The Group's employment and remuneration policies remained unchanged from those described in the prospectus of the Company dated 11 April 2003. The salaries and benefits of employees of the Group are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits, including statutory compulsory welfare plans, are also provided to the employees.

Retirement Fund Scheme

The retirement fund scheme is set out in Note V.19 to the Financial Statements.

Report of Directors

Directors and Supervisors

During the year 2024 and up to the date of this report, the Directors and Supervisors were as follows:

Executive Directors: Wang An, Wang Meng, Wang Yan Hui and Wang Kun (resigned on 27 December 2024)

Non-executive Directors: Zhang Wei (appointed on 18 June 2024), Liu Tsung-Yi and Zhang Hui (resigned on 29 April 2024)

Independent non-executive Directors: Gong Fan, Wang Yan and Li Yao

Supervisors: Meng Xiang Lin, Wang Bo and Huang Lian Bo

Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors has entered into a service contract with the Company. None of the Directors or Supervisors has an unexpired service contract which is not terminable by the Company or its subsidiaries within a year without payment of any compensation (other than statutory compensation).

Independence of Independent Non-executive Directors

The Company confirms that the Company has received written independence status confirmation from all independent non-executive Directors in accordance with Rule 3.13 of the Hong Kong Listing Rules. All independent non-executive Directors are considered as independent.

Change of Directors, Supervisors and Senior Management

For directors, on 29 April 2024, Mr. Zhang Hui resigned as Non-executive Director. On 18 June 2024, Mr. Zhang Wei was appointed as Non-executive Director. Mr. Wang Kun resigned as Executive Director on 27 December 2024. For senior management, on 27 December 2024, Mr. Zhang Hui was appointed as the chief executive of the Company while Mr. Wang Kun resigned as the chief executive. Saved as disclosed above, there were no material changes to the Directors, Supervisors and senior management of the Company for the year ended 31 December 2024.

Mr. Zhang Wei obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules on 22 May 2024. Mr. Zhang Wei confirmed his understanding of his obligations as a director of a listed issuer.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the reporting period.

Permitted Indemnity Provision

At no time during the financial year, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the company).

Connected Transactions/Related Party Transactions

Continuing connected transactions/related party transactions under the Listing Rules

I. CCT/related party transactions with Uni-President China Holdings

On 30 December 2021, the Company and Uni-President China Holdings Ltd. (“Uni-President China Holdings”), a company indirectly holding the entire equity interest of President Enterprises (China) Investment Co., Ltd. (“President China Investment”), agreed to enter into the President Product Purchase Framework Agreement, whereby Uni-President China Holdings agreed to purchase and the Company agreed to supply the Group’s products (including but not limited to different kinds of juice concentrate) and provide the warehousing and other services relating to the purchase to Uni-President China Holdings for the three years ending 31 December 2024.

On 30 October 2023, the Company entered into the Supplemental Agreement with Uni-President China Holdings to revise annual caps for two years ending 31 December 2023 and 31 December 2024 in relation to the transactions under the President Product Purchase Framework Agreement to RMB31,000,000.

As at the date of signing the Supplemental Agreement, Uni-President China Holdings was a non-wholly owned subsidiary of Uni-President Enterprises Corp. (“Uni-President Enterprises”), a Shareholder of the Company holding 63,746,040 A Shares and 237,000 H Shares of the Company, representing approximately 17.89% of the total issued share capital of the Company. Under the Hong Kong Listing Rules, Uni-President China Holdings was a connected person of the Company. Therefore, the transactions contemplated under the President Product Purchase Framework Agreement entered into between the Company and Uni-President China Holdings constitute continuing connected transactions of the Company. Moreover, in accordance with requirements of the Shanghai Listing Rules, the transactions contemplated under the President Product Purchase Framework Agreement are considered as daily related party transactions and are governed by the Shanghai Listing Rules.

Prices of products to be supplied by the Company shall be determined according to the bidding principle by reference to the market price.

The revised annual cap of the sale of products and provision of warehousing services to Uni-President China Holdings for the period commencing on 1 January 2023 and expiring on 31 December 2024 was set as RMB31,000,000, mainly based on the following factors: (i) the selling price of the products; (ii) the new production lines for peach and hawthorn juice of a subsidiary of the Company were put on production in the second half of 2023; and (iii) the actual amount paid by Uni-President China Holdings to the Company for the provision of products and warehousing service in 2022 and in the first three quarters of 2023. The actual amount of sale of products and provision of warehousing services by the Group to Uni-President China Holdings for the year ended 31 December 2024 was RMB26,198,714 and was subject to annual review requirements under the Hong Kong Listing Rules.

Report of Directors

Since the highest applicable percentage ratio (other than the profit ratio) for the annual caps under the President Product Purchase Framework Agreement is higher than 0.1% but less than 5%, in accordance with requirements of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the President Product Purchase Framework Agreement are only subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent Shareholders' approval requirement.

For further details regarding the President Product Purchase Framework Agreement and the Supplemental Agreement, please refer to the announcements of the Company dated 31 December 2021 and 30 October 2023.

II. CCT/related party transactions with Yantai Yitong

The Company and Yantai Yitong Biological Energy Co., Ltd.* (烟台億通生物能源有限公司) ("Yantai Yitong") agreed to enter into the Yitong Product Purchase Framework Agreement on 30 December 2021, whereby the Company agreed to purchase and Yantai Yitong agreed to supply the products mainly used for production purpose of the Group (including but not limited to electricity and steam) for the three years ending 31 December 2024.

As at the date of signing the Yitong Product Purchase Framework Agreement, Yantai Yitong was owned as to 64.69% and 33.33% by Andre Group and Hongan International respectively. Yantai Yitong was thus an associate of Andre Group and Hongan International. Under the Hong Kong Listing Rules, Yantai Yitong was a connected person of the Company. Therefore, the transactions contemplated under the Yitong Product Purchase Framework Agreement entered into between the Company and Yantai Yitong constitute continuing connected transactions of the Company. Moreover, in accordance with requirements of the Shanghai Listing Rules, the transactions contemplated under the Yitong Product Purchase Framework Agreement are considered as daily related party transactions and are governed by the Shanghai Listing Rules.

Prices of products to be purchased by the Group shall be determined according to the market price.

The proposed annual caps under the Yitong Product Purchase Framework Agreement for the three years ending 31 December 2024 were RMB30,000,000 and were set based on the following factors: (i) the estimated amount of transactions from 2022 to 2024 with reference to the historical transaction volume; and (ii) the estimated demand by the Group on Yantai Yitong's products with reference to the prospective consumption of such products of Yantai Yitong by the manufacturing workshops of the Group at full production capacity. The actual amount of purchase for the year ended 31 December 2024 was RMB31,676,274, which exceeded the original annual cap by approximately RMB1,676,274. As the actual transaction amount exceeded the original annual cap, the Company is required to re-comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage (other than the profit ratio) for the Yitong Product Purchase Framework Agreement based on the actual transaction amount is higher than 0.1% but less than 5%, in accordance with requirements of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the Yitong Product Purchase Framework Agreement are only subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent Shareholders' approval requirement.

Report of Directors

The actual transaction amount exceeded the original annual cap primarily due to the following reasons: (1) On the one hand, the first half of 2024 was special. Due to the difficulty farmers faced in selling apples stored in cold storage, coupled with an increase in overseas demand, the Company actively organised production in accordance with existing orders. While balancing export volume and increasing operating income, it effectively addressed the difficulty farmers faced in selling apples, which in turn caused the Company's steam and electricity consumption to rise by a relatively large amount; and (2) On the other hand, in the fourth quarter of 2024, the supply of raw fruit in the Yantai and Xinjiang Aksu regions increased, and these regions offered a price advantage compared to other apple-producing areas. The Company took this opportunity to increase production, resulting in an actual production volume that exceeded the planned level. Consequently, the Company's purchase of steam and consumption of electricity supplied by Yantai Yitong and its subsidiaries also increased more than expected. In view of this incident, the Company has strengthened its internal control and adopted remedial actions to prevent recurrence of similar incidents. For further details, please refer to the announcement of the Company dated 3 March 2025.

Since the highest applicable percentage ratio (other than the profit ratio) for the annual caps under the Yitong Product Purchase Framework Agreement is higher than 0.1% but less than 5%, in accordance with requirements of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the Yitong Product Purchase Framework Agreement are only subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent Shareholders' approval requirement.

For further details regarding the Yitong Product Purchase Framework Agreement, please refer to the announcement of the Company dated 31 December 2021.

III. CCT/related party transactions with Ton Yi

On 30 December 2021, the Company entered into a product purchase framework agreement with Ton Yi (China) Investment Co., Ltd.* (統實(中國)投資有限公司) ("Ton Yi"), pursuant to which Ton Yi agreed to purchase and the Company agreed to supply the Company's products (including but not limited to different kinds of juice concentrate) and provide the warehousing and other services relating to purchase to subsidiaries of Ton Yi, to regulate such product purchase between the Group and Ton Yi for the three years ending 31 December 2024.

As at the date of signing the Ton Yi Product Purchase Framework Agreement, Ton Yi was a non-wholly owned subsidiary of Uni-President Enterprises, a Shareholder of the Company holding 63,746,040 A Shares and 237,000 H Shares of the Company, representing approximately 17.42% of the total issued share capital of the Company. Under the Hong Kong Listing Rules, Ton Yi was a connected person of the Company. Therefore, the transactions contemplated under the Ton Yi Product Purchase Framework Agreement entered into between the Company and Ton Yi constitute continuing connected transactions of the Company. Moreover, in accordance with requirements of the Shanghai Listing Rules, the transactions contemplated under the Ton Yi Product Purchase Framework Agreement are considered as daily related party transactions and are governed by the Shanghai Listing Rules.

Prices of products to be supplied by the Company shall be determined according to the bidding principle by reference to the market price.

* For identification purpose only

Report of Directors

The annual cap of the sale of products and provision of warehousing services to Ton Yi for the period commencing on 1 January 2022 and expiring on 31 December 2024 was set as RMB21,000,000, mainly based on the following factors: (i) the historical transaction amounts with Ton Yi for the sales of products and provision of related warehousing service and the expected procurement demand of Ton Yi from 2022 to 2024; and (ii) the expectation that the prevailing market prices for the sales of the Company's products will remain stable. The actual amount of sale of products and provision of warehousing services by the Group to Ton for the year ended 31 December 2024 was RMB5,321,075 and was subject to annual review requirements under the Hong Kong Listing Rules.

Since the highest applicable percentage ratio (other than the profit ratio) for the annual caps under the Ton Yi Product Purchase Framework Agreement is higher than 0.1% but less than 5%, in accordance with requirements of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the Ton Yi Product Purchase Framework Agreement are only subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent Shareholders' approval requirement.

For further details regarding the Ton Yi Product Purchase Framework Agreement, please refer to the announcement of the Company dated 31 December 2021.

IV. CCT/related party transactions with Andre Construction and Installation

On 30 December 2021, the Company entered into a construction and installation services framework agreement with Yantai Andre Construction and Installation Engineering Co., Ltd.* (烟台安德利建築安裝工程有限公司) ("Andre Construction and Installation"), pursuant to which Andre Construction and Installation agreed to provide construction and installation services to the Group for the three financial years ending 31 December 2024.

* For identification purpose only

Report of Directors

As at the date of signing the Construction and Installation Services Framework Agreement, Andre Construction and Installation was owned as to 51% and 49% by Andre Group and Hongan International, two substantial Shareholders of the Company, Andre Construction and Installation was thus associates of Andre Group and Hongan International. Under the Hong Kong Listing Rules, Andre Construction and Installation was a connected person of the Company. Therefore, the transactions contemplated under the Construction and Installation Services Framework Agreement entered into between the Company and Andre Construction and Installation constitute continuing connected transactions of the Company. Moreover, in accordance with requirements of the Shanghai Listing Rules, the transactions contemplated under the Construction and Installation Services Framework Agreement are considered as daily related party transactions and are governed by the Shanghai Listing Rules.

Prices of services provided by Andre Construction and Installation shall be determined according to the market price.

The annual cap of the service fees payable by the Group for the construction and installation services provided by Andre Construction and Installation for the period commencing on 1 January 2022 and expiring on 31 December 2024 was set as RMB30,000,000, mainly based on the following factors: (i) the increase in the demand for construction and installation services as compared to the historical transaction amounts due to the establishment of production line project of Dalian Andre Juice Co., Ltd., a subsidiary of the Company, and taking into account the repair and renovation of the manufacturing plants and the construction of additional cold storage of certain subsidiaries of the Company; and (ii) the prevailing market prices of construction and installation services. The actual purchase for the year ended 31 December 2024 was RMB15,193 and was subject to annual review requirements under the Hong Kong Listing Rules.

Since the highest applicable percentage ratio (other than the profit ratio) for the annual caps under the Construction and Installation Services Framework Agreement is higher than 0.1% but less than 5%, in accordance with requirements of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the Construction and Installation Services Framework Agreement are only subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent Shareholders' approval requirement.

For further details regarding the Construction and Installation Services Framework Agreement, please refer to the announcement of the Company dated 31 December 2021.

Report of Directors

In respect of the above continuing connected transactions of the Group, the Company's internal audit has reviewed the relevant transactions and ensured that internal control procedures are effective and adequate, and provided the findings to the independent non-executive Directors. The independent non-executive Directors have reviewed the related agreements and transactions contemplated thereunder and confirmed that these transactions:

- (i) were entered into in the ordinary and usual course of business of the Group;
- (ii) were conducted on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (iii) were entered into in accordance with the terms of the respective agreements and were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Grant Thornton Zhitong Certified Public Accountants LLP, the Company's auditors, has confirmed in a letter to the Board pursuant to the Rule 14A.56 of the Hong Kong Listing Rules that with respect to the continuing connected transactions of the Group as disclosed above:

- (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) with respect to the aggregate amount of each of the continuing connected transactions, save as the continuing connected transactions described above which exceeded the relevant annual cap, nothing has come to their attention that causes them to believe that other disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Additional related party transactions under the Shanghai Listing Rules

Related party transactions with Mitsui

According to the written notice from Mitsui & Co.,Ltd. (“Mitsui”), on 22 February 2023, the interests of the Company held by Mitsui was less than 5%, for which it did not constitute a connected person of the Company under the Hong Kong Listing Rules. However, Mitsui and its subsidiaries were still considered as related parties of the Company within 12 months after the above event under the Shanghai Listing Rules, and therefore, the Group’s sales to Mitsui and its subsidiaries from 1 January 2024 to 21 February 2024 were still considered as daily related party transactions under the Shanghai Listing Rules.

The prices of the Group’s products supplied to Mitsui and its subsidiaries shall be determined based on the market price.

At the annual general meeting held on 30 April 2024, the Shareholders considered and approved the estimated maximum daily related party transaction amount of RMB90,000,000 for the Group’s sales to Mitsui and its subsidiaries for the year ended 31 December 2024. For the period from 1 January 2024 to 21 February 2024, the Group’s actual amount for sales of juice products to Mitsui and its subsidiaries was approximately RMB13,223,790.

Related party transactions with Andre Pectin

For the year ended 31 December 2024, a substantial Shareholder of the Company, Andre Group, held 15.53% interests in Yantai DSM Andre Pectin Co., Ltd. (“Andre Pectin”) (previously Yantai Andre Pectin Co., Ltd.), for which it did not constitute a connected person of the Company under the Hong Kong Listing Rules. However, Andre Pectin was a related party of the Company under the Shanghai Listing Rules. Hence, the Group’s sales of pomace and juice products to Andre Pectin constitutes the daily related-party transactions of the Company under the Shanghai Listing Rules.

At the annual general meeting held on 30 April 2024, the Shareholders considered and approved the estimated maximum daily related party transaction amount of RMB50,000,000 for the Group’s sales to Andre Pectin for the year ended 31 December 2024. For the year ended 31 December 2024, the Group’s actual amount for sales of juice products to Andre Pectin was approximately RMB47,595,457.

Report of Directors

Related Party Transactions

During the year ended 31 December 2024, the Group entered into transactions with related parties as set out in Note XI to the Financial Statements. Apart from the items disclosed in the section “Connected Transactions/ Related Party Transactions”, all other material related party transactions did not constitute non-exempt connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules.

Directors’ and Supervisors’ Interest in Contracts

Save as disclosed in this report, none of the Directors or the Supervisors or an entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company was a party in 2024.

Directors’, Supervisors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 31 December 2024, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which were (a) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the required standard of dealings by the directors of the Company as referred to in Appendix C3 of the Hong Kong Listing Rules were as follows:

Name of Directors	Class of Shares	Number of Shares Held	Capacity	Type of Interest	Approximate Percentage of A Shares/ H Shares	Approximate Percentage of Total Share Capital
Wang An (Note 1)	A Shares	88,010,501 (L)	Interest of controlled corporation (Note 2)	Personal	32.53% (L)	25.22% (L)
Wang Meng (Note 3)	A Shares	58,779,459 (L)	Interest of controlled corporation (Note 4)	Personal	21.73% (L)	16.84% (L)
	H Shares	8,600,000 (L)	Interest of controlled corporation (Note 5)	Personal	10.96% (L)	2.46% (L)
Wang Yanhui (Note 6)	A Shares	17,500,000 (L)	Interest of controlled corporations (Note 7)	Personal	6.47% (L)	5.01% (L)
Zhang Hui (Note 8)	A Shares	17,500,000 (L)	Interest of controlled corporations (Note 9)	Personal	6.47% (L)	5.01% (L)
Liu Tsung-Yi	H Shares	195,400 (L)	Beneficial owner	Personal	0.25% (L)	0.06% (L)

Report of Directors

Notes:

The letter “L” denotes a long position.

- (1) As at 31 December 2024, Mr. Wang An, a Director, controlled (a) 90% interest in China Pingan Investment Holdings Limited, which held 39,401,961 A Shares, representing 11.29% interest in the total issued share capital of the Company; (b) 90% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司), which held 48,608,540 A Shares, representing 13.93% interest in the total issued share capital of the Company.
- (2) Mr. Wang An was deemed to be interested in these Shares through his interests in China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司).
- (3) As at 31 December 2024, Ms. Wang Meng, a Director, controlled (a) 100% interest in Donghua Fruit Industry Co., Ltd., which held 58,779,459 A Shares, representing 16.84% interest in the total issued share capital of the Company; (b) 100% interest in Hongan International Investment Co., Ltd., which held 8,600,000 H Shares, representing 2.46% interest in the total issued share capital of the Company.
- (4) Ms. Wang Meng was deemed to be interested in these A Shares through her interests in Donghua Fruit Industry Co., Ltd.
- (5) Ms. Wang Meng was deemed to be interested in these H Shares through her interests in Hongan International Investment Co., Ltd.
- (6) As at 31 December 2024, Mr. Wang Yanhui, a Director, held 19.43% interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心(有限合夥)), which held 17,500,000 A Shares, representing 5.01% of the total issued share capital of the Company.
- (7) Mr. Wang Yanhui was deemed to be interested in these A Shares through his interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心(有限合夥)).
- (8) As at 31 December 2024, Mr. Zhang Hui, the Chief Executive Officer, acted as the general partner and held 41.14% interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心(有限合夥)), which held 17,500,000 A Shares, representing 5.01% of the total issued share capital of the Company.
- (9) Mr. Zhang Hui was deemed to be interested in these A Shares through his interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心(有限合夥)).

* For identification purpose only

Report of Directors

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 31 December 2024, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and short positions in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Class of Shares	Number of Shares Held	Capacity	Type of Interest	Approximate Percentage of A Shares/ H Shares	Approximate Percentage of Total Share Capital
China Pingan Investment Holdings Limited	A Shares	39,401,961 (L) (Note 1)	Beneficial owner	Corporate	14.56% (L)	11.29% (L)
Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司)	A Shares	48,608,540 (L) (Note 2)	Beneficial owner	Corporate	17.97% (L)	13.93% (L)
Donghua Fruit Industry Co., Ltd.	A Shares	58,779,459 (L) (Note 3)	Beneficial owner (Note 8)	Corporate	21.73% (L)	16.84% (L)
Uni-President Enterprises Corp.	A Shares	63,746,040 (L) (Note 4)	Interests of controlled corporations (Note 5)	Corporate	23.56% (L)	18.27% (L)
	H Shares	237,000 (L)	Beneficial owner (Note 6)	Corporate	0.30% (L)	0.07% (L)
Mitsui & Co., Ltd.	H Shares	11,725,500 (L)	Beneficial owner	Corporate	14.94% (L)	3.36% (L)
Hongan International Investment Co. Ltd.	A Shares	58,779,459 (L)	Interest of controlled corporations	Corporate	21.73% (L)	16.84% (L)
	H Shares	8,600,000 (L)	Beneficial owner (Note 9)	Corporate	10.96% (L)	2.46% (L)
Zhang Shaoxia	A Shares	88,010,501 (L)	Interest of spouse (Note 7)	Personal	32.53% (L)	25.22% (L)
Yantai Xingan Investment Centre (Limited Partnership)	A Shares	17,500,000 (L)	Beneficial Owner	Corporate	6.47% (L)	5.01% (L)
Tiandi Win-Win Investment Management Co., Limited	H Shares	11,000,000 (L) (Note 10)	Beneficial owner	Corporate	14.02% (L)	3.15% (L)

* For identification purpose only

Report of Directors

Name of Shareholders	Class of Shares	Number of Shares Held	Capacity	Type of Interest	Approximate Percentage of A Shares/ H Shares	Approximate Percentage of Total Share Capital
Shenzhen Tiandi Win-Win Investment Management Co., Limited	H Shares	11,000,000 (L) (Note 10)	Interest of controlled corporations	Corporate	14.02% (L)	3.15% (L)
Tiandi Yihao Beverage Co., Limited	H Shares	11,000,000 (L) (Note 10)	Interest of controlled corporations	Corporate	14.02% (L)	3.15% (L)
Chen Sheng	H Shares	11,000,000 (L) (Note 10)	Interest of controlled corporations	Personal	14.02% (L)	3.15% (L)

Notes:

The letter "L" denotes a long position.

- (1) Mr. Wang An, a Director, was deemed to be interested in these A Shares through his 90% interest in China Pingan Investment Holdings Limited.
- (2) Mr. Wang An, a Director, was deemed to be interested in these A Shares through his 90% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司).
- (3) The long position in 58,779,459 A Shares was directly held by Donghua Fruit Industry Co., Ltd. Based on the information provided by Donghua Fruit Industry Co., Ltd., Hongan International Investment Co, Ltd. and Ms. Wang Meng were deemed to be interested in these 58,779,459 A Shares.
- (4) The long position in 63,746,040 A Shares was held by Uni-President China Holdings Ltd., a non wholly-owned subsidiary of Uni-President Enterprises Corp. (統一企業股份有限公司), through its two wholly-owned subsidiaries, namely, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司), which held 42,418,360 A Shares, and Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司), which held 21,327,680 A Shares.
- (5) Pursuant to Part XV of the SFO, Uni-President Enterprises Corp. (統一企業股份有限公司) was deemed to be interested in such 63,746,040 A Shares. The 63,746,040 A Shares were held by a series of controlled corporations of Uni-President Enterprises Corp. (統一企業股份有限公司), of which 42,418,360 A Shares, representing approximately 12.15% of the total issued share capital of the Company, were held directly by Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) and 21,327,680 A Shares, representing approximately 6.11% of the total issued share capital of the Company, were held directly by Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司).
- (6) These H Shares are beneficially held by Uni-President China Holdings Ltd.

* For identification purpose only

Report of Directors

- (7) 88,010,501 A Shares were held by Mr. Wang An, the husband of Ms. Zhang Shaoxia, and therefore Ms. Zhang Shaoxia was deemed to be interested in these shares.
- (8) Ms. Wang Meng indirectly held 100% of the issued share capital of Donghua Fruit Industry Co., Ltd., which in turn held 58,779,459 A Shares. Therefore Ms. Wang Meng was deemed to be interested in these shares.
- (9) Ms. Wang Meng directly held the entire issued share capital of Hongan International Investment Co., Ltd., which in turn held 8,600,000 H Shares. Therefore, Ms. Wang Meng was deemed to be interested in these shares.
- (10) The long position in 11,000,000 H Shares was held by Shenzhen Tiandi Win-Win Investment Management Co., Limited (深圳市天地共贏投資管理有限公司), a wholly-owned subsidiary of Tiandi Yihao Beverage Co., Limited (天地壹號飲料股份有限公司), through its wholly-owned subsidiary Tiandi Win-Win Investment Management Co., Limited. Mr. Chen Sheng was deemed to be interested in these H Shares through his over 70% interest in Tiandi Yihao Beverage Co., Limited (天地壹號飲料股份有限公司).

Competing Interests

None of the Directors, the controlling Shareholder or their respective associates (as defined under the Hong Kong Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group or has or may have any other conflicts of the interest with the Group.

Sufficiency of Public Float

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company maintained the prescribed public float under the Hong Kong Listing Rules and Shanghai Listing Rules throughout the year ended 31 December 2024.

Directors' and Supervisors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix C3 of the Hong Kong Listing Rules as the Company's code of conduct regarding securities transactions by its Directors and supervisors. A copy of the Model Code was sent to each Director and supervisor 60 days before the date of the Board meeting to approve the Company's 2024 annual results, with a reminder that the Directors and supervisors cannot deal in the securities and derivatives of the Company until after such results have been published.

Under the Model Code, the Directors and supervisors are required to notify the chairman of the Board and receive a dated acknowledgement in writing before dealing in the securities and derivatives of the Company and, in the case of the chairman of the Board himself, he must notify the chairman of the Audit and Review Committee and receive a dated acknowledgement in writing before any dealing.

All Directors and supervisors, upon specific enquiries, have confirmed that they had complied with the Model Code during the reporting period.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Model Code. No incident of non-compliance was noted by the Company for the year ended 31 December 2024.

Report of Directors

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2024, the Group complied with all relevant laws and regulations which had a significant impact on the businesses and operations of the Group in all material aspects.

By Order of the Board

Yantai North Andre Juice Co., Ltd.*

Wang An

Chairman

26 March 2025

Yantai, the PRC

* *For identification purpose only*

Report of the Supervisory Committee

To the Shareholders:

The Supervisory Committee of Yantai North Andre Juice Co., Ltd.*, in compliance with the relevant laws and regulations and the Articles of Association, has conducted its work in accordance with the fiduciary principle, and has taken up an active role to work seriously and with diligence to protect the interests of the Company and its Shareholders.

During the year, the Supervisory Committee reviewed cautiously the operation and development plans of the Company and provided reasonable suggestions and opinions to the Board. It also strictly and effectively monitored and supervised the Company's management in making significant policies and decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association, and in the interests of its Shareholders.

We have reviewed and agreed to the report of the Directors, audited financial statements and the dividend to be proposed by the Board for presentation at the forthcoming annual general meeting. We are of the opinion that the Directors, the chief executive officer and other senior management of the Company are able to strictly observe their fiduciary duty, to act diligently, to exercise their authority faithfully in the best interests of the Company and to work in accordance with the Articles of Association. The operation is becoming more regulated and the internal control is constantly improved. The transactions between the Company and connected parties are in the interests of the Shareholders as a whole and under fair and reasonable price.

Up till now, none of the Directors, chief executive officer and senior management staff had been found to have abused their authority, damaged the interests of the Company or infringed upon the interests of its Shareholders and employees. None of them was found to be in breach of any laws and regulations or the Articles of Association.

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in 2024 and has great confidence in the future prospect of the Company.

By Order of the Supervisory Committee
Yantai North Andre Juice Co., Ltd.*
Meng Xiang Lin

26 March 2025

* For identification purpose only

Independent Auditor's Report

Grant Thornton Shen Zi (2025) No. 371A004750

All shareholders of Yantai North Andre Juice Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Yantai North Andre Juice Co., Ltd. (hereinafter referred to as "ANDRE JUICE"), including the consolidated and parent balance sheet as at 31 December 2024, the consolidated and parent income statement for the year 2024, the consolidated and parent cash flow statement, the consolidated and parent statement of changes in shareholders' equity and notes to the relevant financial statements.

In our opinion, the appended financial statements have been prepared in all material respects in accordance with the requirements of the Accounting Standards for Business Enterprises and give a fair view of the consolidated and parent financial position of ANDRE JUICE as at 31 December 2024 and the consolidated and parent results of operations and cash flows for the year 2024.

II. Basis for Audit Opinion

We conducted our audit in accordance with CICPA Standards on Auditing ("CSAs"). In 'VI. Auditor's Responsibilities for the Audit of the Financial Statements' of this report, our responsibilities under these standards are described. Those standards require that we comply with CICPA professional ethical requirements, that we are independent from ANDRE JUICE and have fulfilled all other ethical obligations. We believe that we have obtained sufficient and appropriate audit evidence as basis of for our opinion.

III. Key Audit Matters

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

(I) Income recognition

Please refer to Note III-XXIV and note V-XXIX to the financial statements.

1. Event description

In 2024, the operating income of ANDRE JUICE was RMB1,417,987,000. Income recognition is a key audit matter because of its significant amount, of which 71.23% from export sales in the current period, and the risk of misstatement that management may manipulate income recognition to achieve specific goals or expectations.

Independent Auditor's Report

2. *How the matter was addressed in our audit*

The audit procedures we implemented for income recognition mainly include:

- (1) Understand, evaluate and test the design and implementation of internal control systems related to sales and collection;
- (2) Execute analytical audit procedures, analyze different customers, regions and periods, and judge the rationality of changes in operating income and gross profit margin;
- (3) To understand the income recognition policies of ANDRE JUICE under different business models, and to inquiry the management of ANDRE JUICE (hereinafter referred to as the management) on the specific methods and basis of income recognition, select samples to check sales contracts and evaluate whether the income recognition policy conforms to the provisions of the accounting standards for enterprises;
- (4) Sampling inspection of supporting documents for income recognition under different business models, check and verify the inventory receipt and delivery records of the warehouse, receipt records of customers, reconciliation of electronic port data with books, export declaration records of the customs, bills of lading, export tax rebate declaration forms, sales contracts and invoices, settlement and sales amounts and financial accounting records, to confirm the accuracy of operating revenue;
- (5) Confirm the authenticity and accuracy of the operating income by select samples, and sending confirmation letter about the ending balance of accounts receivable and operating income to the customers;
- (6) According to the business model, the revenue transactions recorded before and after the balance sheet date are selected to be checked to the supporting documents such as shipping notes, invoices, customs declarations, bills of lading and receipts, and the shipping notes and invoices recorded before and after the balance sheet date are selected to be checked to the accounting records of business income to evaluate whether the revenue is recognized in the appropriate accounting period.

Independent Auditor's Report

(II) Inventory existence and provision for depreciation

Please refer to note III-XIII and note V-VII to the financial statements.

1. Event description

At the end of 2024, the carrying amount of inventory of ANDRE JUICE was RMB1,158,583,900. Ending inventory as a percentage of assets is high. The existence of inventory would have a significant impact on the Company's financial statements, meanwhile, provision for inventories due to price drop involves management's judgment and estimation. Accordingly, we recognised the existence of inventory and provision for inventories due to price drop as key audit matters

2. How the matter was addressed in our audit

We mainly implemented the following procedures for the existence of inventory and provision for inventories due to price drop:

- (1) Understand, evaluate and test the effectiveness of the management's key internal control design and operation related to inventory;
- (2) Understand the accounting policies related to the recognition and measurement of inventories, and check that the recognition and measurement of inventories are in compliance with the Accounting Standards, with the former and the latter being consistent;
- (3) Perform analysis procedures: compare the carrying amount of inventories at the end of the current period with the carrying amount of inventories at the end of the previous period, and analyze whether the changes in inventories are abnormal; Select the main inventory products, comparing the purchase price fluctuations of each month of the current period, and analyzing whether the change trend is consistent with the market trend;
- (4) Perform a cut-off test on the purchase receipt and inventory issue, and check whether there is any inter-period phenomenon in the purchase receipt and inventory issue;
- (5) Testing the pricing of the inventory goods: checking whether the pricing methods of the inventory goods are consistent in the earlier and later stages; Checking whether the accounting basis and pricing method of the inventories are correct; Check whether the issue pricing of the inventory goods is correct; Paying attention to whether the commodity prices of related party transactions are fair;
- (6) Carry out on-the-spot inspection of inventories, and check whether the quantity and condition is true or not;
- (7) Understand the company's provision for inventories due to price drop policy and method, evaluate the information, assumptions and provision methods on which the provision for the decline in value of inventories is based, and check its reasonableness, and reviewing the correctness of the calculation of net realisable value.

Independent Auditor's Report

IV. Other Information

The management of ANDRE JUICE is responsible for other information. Other information includes the information covered in the 2024 annual report, but does not include the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information, and we will not issue any form of authentication conclusion on other information.

In combination with our audit of the financial statements, our responsibility is to read other information and consider whether other information is materially inconsistent with the financial statements or the information we understand in the audit process, or there seems to be material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement in other information, we should report that fact. In this regard, we have nothing to report.

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

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

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

Those charged with governance are responsible for overseeing ANDRE JUICE's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ANDRE JUICE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ANDRE JUICE to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within ANDRE JUICE to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Grant Thornton Certified Public Accountants
(Special General Partnership)**

Certified Public Accountants
(Engagement Partner)

Wang De Sheng

Beijing, China

Certified Public Accountants

Yu Hai Feng

26 March 2025

Consolidated Balance Sheet

As at 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Assets	Note V	Closing Balance	Opening Balance
Current assets:			
Cash at bank and on hand	1	236,454,035.09	544,174,213.28
Financial assets held for trading	2	41,034,077.78	146,474,548.64
Bills receivable	3	738,100.00	7,347,725.00
Accounts receivable	4	301,886,389.39	134,443,005.81
Prepayments	5	2,138,627.55	1,744,293.67
Other receivables	6	1,131,471.62	999,749.54
Inventories	7	1,158,583,901.63	900,933,178.00
Other current assets	8	70,972,934.73	15,373,766.54
		<u>-----</u>	<u>-----</u>
Total current assets		1,812,939,537.79	1,751,490,480.48
		<u>-----</u>	<u>-----</u>
Non-current assets:			
Other non-current financial assets	9	461,281.69	566,000.00
Fixed Assets	10	842,217,964.35	757,884,823.49
Construction in progress	11	1,678,500.00	1,384,429.43
Intangible assets	12	101,289,252.84	92,502,581.54
Development expenditure	13	4,524,472.37	–
Goodwill	14	5,586,976.43	5,586,976.43
Deferred tax asset	15	–	–
Other non-current assets	16	10,827,674.40	927,040.00
		<u>-----</u>	<u>-----</u>
Total non-current assets		966,586,122.08	858,851,850.89
		<u>-----</u>	<u>-----</u>
Total assets		2,779,525,659.87	2,610,342,331.37
		<u>-----</u>	<u>-----</u>

(Attached notes to statements are part of the consolidated financial statements)

Consolidated Balance Sheet

As at 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Liabilities and shareholders' equity	Note V	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings			
Accounts payable	17	96,975,675.60	46,035,722.99
Contract liabilities	18	2,748,130.25	2,684,114.99
Employee benefits payable	19	18,924,296.22	19,875,915.76
Taxes payable	20	7,712,930.78	6,174,256.07
Other payables	21	1,543,670.21	2,035,247.71
Other current liabilities	22	352,363.93	184,880.15
Total current liabilities		128,257,066.99	76,990,137.67
Non-current liabilities:			
Long-term payables	23	1,729,656.00	1,692,623.00
Deferred income	24	3,773,394.57	2,037,894.57
Total non-current liabilities		5,503,050.57	3,730,517.57
Total liabilities		133,760,117.56	80,720,655.24
Shareholders' equity:			
Share capital	25	349,000,000.00	349,000,000.00
Less: treasury shares	26	67,779,330.82	–
Surplus reserve	27	139,817,902.01	109,950,353.75
Retained earnings	28	2,224,726,971.12	2,070,671,322.38
Total equity attributable to shareholders of the Company		2,645,765,542.31	2,070,671,322.38
Total shareholders' equity		2,645,765,542.31	2,529,621,676.13
Total liabilities and shareholders' equity		2,779,525,659.87	2,610,342,331.37

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Company Balance Sheet

As at 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Assets	<i>Note XV</i>	Closing Balance	Opening Balance
Current assets:			
Cash at bank and on hand		189,944,192.63	514,022,880.21
Financial assets held for trading		41,034,077.78	146,474,548.64
Bills receivable		738,100.00	7,347,725.00
Accounts receivable	1	353,708,429.22	123,599,253.03
Prepayments		66,027.13	398,765.06
Other receivables	2	401,370,652.60	154,106,958.43
Inventories		161,200,183.07	78,687,386.32
Other current assets		53,243,057.96	2,134,457.72
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total current assets		<u>1,201,304,720.39</u>	<u>1,026,771,974.41</u>
Non-current assets:			
Long-term equity investments	3	628,942,158.14	578,942,158.14
Fixed assets		133,926,315.03	116,854,049.92
Intangible assets		24,532,985.27	25,486,243.19
Development expenditure		3,889,355.31	–
Other non-current assets		9,941,854.40	–
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total non-current assets		<u>801,232,668.15</u>	<u>721,282,451.25</u>
Total assets		<u><u>2,002,537,388.54</u></u>	<u><u>1,748,054,425.66</u></u>

(Attached notes to statements are part of the consolidated financial statements)

Company Balance Sheet

As at 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Liabilities and shareholders' equity	Note	Closing Balance	Opening Balance
Current liabilities:			
Accounts payable		91,581,312.46	54,277,834.98
Contract liabilities		1,350,164.90	1,361,401.42
Employee benefits payable		2,682,473.00	3,208,522.82
Taxes payable		784,501.84	4,321,856.15
Other payables		625,799,558.94	560,286,583.77
Other current liabilities		175,521.44	64,022.33
Total current liabilities		722,373,532.58	623,520,221.47
Non-current liabilities:			
Deferred income		2,613,500.00	1,100,000.00
Total non-current liabilities		2,613,500.00	1,100,000.00
Total liabilities		724,987,032.58	624,620,221.47
Shareholders' equity:			
Share capital		349,000,000.00	349,000,000.00
Less: treasury shares		67,779,330.82	–
Surplus reserve		166,060,599.86	136,193,051.60
Retained earnings		830,269,086.92	638,241,152.59
Total equity attributable to shareholders of the Company		1,277,550,355.96	1,123,434,204.19
Total liabilities and shareholders' equity		2,002,537,388.54	1,748,054,425.66

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Consolidated Income Statement

For the year ended 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	Current Period	Prior Period
I. Operating income	29	1,417,986,997.99	876,104,953.71
Less: Operating costs	29	1,066,452,817.90	587,063,932.61
Taxes and surcharges	30	11,553,998.36	10,578,690.44
Selling and distribution expenses	31	6,573,169.10	3,365,778.73
General and administrative expenses	32	46,250,411.18	45,640,614.97
Research and development expenses	33	18,672,221.58	17,215,831.65
Financial expenses	34	-14,381,626.75	-13,530,626.35
Including: Interest expenses		37,033.00	1,229,796.88
Interest income		4,612,849.99	9,559,874.00
Add: Other income	35	651,859.40	2,782,781.64
Investment income (“-” for loss)	36	9,496,065.65	63,371,940.23
Profits arising from changes in fair value (“-” for loss)	37	-10,055,849.73	-41,947,500.14
Credit losses (“-” for loss)	38	-19,828,773.15	14,217,611.13
Impairment losses (“-” for loss)	39	-1,637,873.59	114,382.34
Gains/(losses) from asset disposals (“-” for loss)	40	-172,080.76	11,204.64
		261,319,354.44	264,321,151.50
II. Operating profit (“-” for loss)		261,319,354.44	264,321,151.50
Add: Non-operating income	41	3,289.61	9,802.67
Less: Non-operating expenses	42	129,676.47	52,540.88
III. Profit before taxation (“-” for total loss)		261,192,967.58	264,278,413.29
Less: Income tax expenses	43	489,770.58	8,758,339.08
IV. Net profit (“-” for net loss)		260,703,197.00	255,520,074.21
Classified by continuity of operations (“-” for net loss)			
Net profit from continuing operations		260,703,197.00	255,520,074.21
Classified by ownership of the equity (“-” for net loss)			
Attributable to shareholders of the Company		260,703,197.00	255,520,074.21
V. Net amount after tax of other comprehensive income		-	-
VI. Total comprehensive income		260,703,197.00	255,520,074.21
Attributable to shareholders of the Company		260,703,197.00	255,520,074.21
VII. Earnings per share:			
Basic earnings per share		0.75	0.71
Diluted earnings per share		0.75	0.71

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Company Income Statement

For the year ended 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note XV	Current Period	Prior Period
I. Operating income	4	1,079,843,986.78	660,941,591.37
Less: Operating costs	4	996,477,134.65	619,296,108.91
Taxes and surcharges		3,697,025.74	3,634,512.68
Selling and distribution expenses		6,140,674.12	3,365,397.05
General and administrative expenses		14,266,973.33	14,927,334.09
Research and development expenses		4,354,309.67	5,470,339.88
Financial expenses		-11,432,546.54	-13,024,634.78
Including: Interest expenses		–	1,192,763.88
Interest income		4,517,189.25	9,251,865.90
Add: Other income		33,127.87	2,432,063.87
Investment income (“-” for loss)	5	250,781,543.12	56,870,315.91
Profits arising from changes in fair value (“-” for loss)		-9,951,131.42	-36,513,500.14
Credit losses (“-” for loss)		-8,911,152.27	12,342,009.64
Impairment losses (“-” for loss)		–	239,928.20
Gains/(losses) from asset disposals (“-” for loss)		472,563.02	55.03
II. Operating profit (“-” for loss)		<u>298,765,366.13</u>	<u>62,643,406.05</u>
Add: Non-operating income		43.69	216.99
Less: Non-operating expenses		200.00	11.21
III. Profit before taxation (“-” for total loss)		<u>298,765,209.82</u>	<u>62,643,611.83</u>
Less: Income tax expenses		89,727.23	8,281,804.57
IV. Net profit (“-” for net loss)		<u>298,675,482.59</u>	<u>54,361,807.26</u>
V. Total comprehensive income		<u>298,675,482.59</u>	<u>54,361,807.26</u>

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Consolidated Cash Flow Statement

For the year ended 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	Current Period	Prior Period
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		1,395,082,669.70	1,071,197,213.29
Refund of taxes and surcharges		70,007,327.68	58,705,647.43
Proceeds received relating to other operating activities	44	13,322,764.99	23,051,626.06
		<u>1,478,412,762.37</u>	<u>1,152,954,486.78</u>
Sub-total of cash inflows			
Payments for goods and services		1,401,762,692.66	1,026,565,854.31
Payments to and for employees		91,629,445.77	76,255,204.09
Payments of various taxes		55,855,177.93	52,973,673.27
Payments for other operating activities	44	38,369,721.27	27,011,430.94
		<u>1,587,617,037.63</u>	<u>1,182,806,162.61</u>
Sub-total of cash outflows			
Net cash flows from operating activities		-109,204,275.26	-29,851,675.83
II. Cash flows from investing activities:			
Proceeds from disposal of investments		3,389,235,032.29	5,477,634,999.76
Investment returns received		14,260,372.80	56,794,503.35
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		4,724,323.52	34,799.94
Net proceeds from disposal of subsidiaries and other operating units		-	39,340,000.00
Proceeds from other investing activities	44	-	103,830,555.68
		<u>3,408,219,728.61</u>	<u>5,677,634,858.73</u>
Sub-total of cash inflows			
Payments for acquisition of fixed assets, intangible assets and other long-term assets		162,350,049.17	132,816,828.78
Payments for acquisition of investments		3,298,510,000.00	4,972,393,837.39
		<u>3,460,860,049.17</u>	<u>5,105,210,666.17</u>
Sub-total of cash outflows			
Net cash flows from investing activities		-52,640,320.56	572,424,192.56

(Attached notes to statements are part of the consolidated financial statements)

Consolidated Cash Flow Statement

For the year ended 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	Current Period	Prior Period
III. Cash flows from financing activities:			
Proceeds from borrowings		-----	-----
		-----	30,000,000.00
Sub-total of cash inflows		-----	-----
		-----	30,000,000.00
Payments for borrowings		-----	-----
		-----	160,000,000.00
Payments for distribution of dividends, profits and for interest expenses		-----	-----
		76,780,000.00	37,052,444.44
Payments for other financing activities	44	-----	-----
		67,779,330.82	59,538,215.04
Sub-total of cash outflows		-----	-----
		144,559,330.82	256,590,659.48
Net cash outflow from financing activities		-----	-----
		-144,559,330.82	-226,590,659.48
IV. Effect of foreign currency exchange rate changes on cash and cash equivalents			
		-----	-----
		-1,316,251.55	3,849,918.22
V. Net (decrease)/increase in cash and cash Equivalents			
		-----	-----
		-307,720,178.19	319,831,775.47
Add: Cash and cash equivalents at the beginning of the year		-----	-----
		544,174,213.28	224,342,437.81
VI. Cash and cash equivalents at the end of the year			
		-----	-----
		236,454,035.09	544,174,213.28

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Company Cash Flow Statement

For the year ended 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	Current Period	Prior Period
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		869,229,937.11	774,975,140.24
Refund of taxes and surcharges		53,973,548.68	55,854,094.80
Proceeds received relating to other operating activities		79,865,425.62	19,928,055.17
Sub-total of cash inflows		<u>1,003,068,911.41</u>	<u>850,757,290.21</u>
Payments for goods and services		1,148,124,797.17	732,372,130.32
Payments to and for employees		22,386,291.45	19,580,706.28
Payments of various taxes		7,364,806.87	10,456,768.59
Payments for other operating activities		267,918,303.85	13,931,231.02
Sub-total of cash outflows		<u>1,445,794,199.34</u>	<u>776,340,836.21</u>
Net cash flows from operating activities		<u><u>-442,725,287.93</u></u>	<u><u>74,416,454.00</u></u>
II. Cash flows from investing activities:			
Proceeds from disposal of investments		3,353,835,032.29	5,466,675,187.32
Investment returns received		255,545,850.27	56,489,243.28
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		788,230.15	1,733.50
Net proceeds from disposal of subsidiaries and other operating units		-	26,650,000.00
Proceeds from other investing activities		-	103,603,826.11
Sub-total of cash inflows		<u>3,610,169,112.71</u>	<u>5,653,419,990.21</u>
Payments for acquisition of fixed assets, intangible assets and other long-term assets		32,576,220.96	7,756,354.64
Payments for acquisition of investments		3,263,110,000.00	4,972,393,837.39
Payments for acquisition of subsidiaries and other business units		50,000,000.00	132,600,000.00
Payments for other investing activities		-	64,680,198.73
Sub-total of cash outflows		<u>3,345,686,220.96</u>	<u>5,177,430,390.76</u>
Net cash flows from investing activities		<u><u>264,482,891.75</u></u>	<u><u>475,989,599.45</u></u>

(Attached notes to statements are part of the consolidated financial statements)

Company Cash Flow Statement

For the year ended 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	Current Period	Prior Period
III. Cash flows from financing activities			
Proceeds from borrowings		-----	-----
		-	30,000,000.00
Sub-total of cash inflows		-----	-----
		-	30,000,000.00
Payments for borrowings			
		-	160,000,000.00
Payments for distribution of dividends, profits and for interest expenses			
		76,780,000.00	37,052,444.44
Payments for other financing activities			
		67,779,330.82	59,538,215.04
Sub-total of cash outflows		-----	-----
		144,559,330.82	256,590,659.48
Net cash outflow from financing activities		-----	-----
		-144,559,330.82	-226,590,659.48
IV. Effect of foreign currency exchange rate changes on cash and cash equivalents			
		-----	-----
		-1,276,960.58	3,593,573.27
V. Net (decrease)/increase in cash and cash Equivalents			
		-----	-----
		-324,078,687.58	327,408,967.24
Add: Cash and cash equivalents at the beginning of the year			
		-----	-----
		514,022,880.21	186,613,912.97
VI. Cash and cash equivalents at the end of the year			
		-----	-----
		189,944,192.63	514,022,880.21

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Year 2024					
	Equity attributable to parent company					
	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance as at 31 December 2023	349,000,000.00	-	-	109,950,353.75	2,070,671,322.38	2,529,621,676.13
II. Opening balance as at 1 January 2024	349,000,000.00	-	-	109,950,353.75	2,070,671,322.38	2,529,621,676.13
III. Increases/decreases in 2024 ("-" for decreases)	-	-	67,779,330.82	29,867,548.26	154,055,648.74	116,143,866.18
a) Total comprehensive income	-	-	-	-	260,703,197.00	260,703,197.00
b) Owner's contributions to and withdrawals of capital	-	-	-	-	-	-
c) Profits distribution	-	-	-	29,867,548.26	-106,647,548.26	-76,780,000.00
i. Appropriation of surplus reserve	-	-	-	29,867,548.26	-29,867,548.26	-
ii. Distribution to owners	-	-	-	-	-76,780,000.00	-76,780,000.00
d) Others	-	-	67,779,330.82	-	-	-67,779,330.82
IV. Closing balance as at 31 December 2024	349,000,000.00	-	67,779,330.82	139,817,902.01	2,224,726,971.12	2,645,765,542.31

(Attached notes to statements are part of the consolidated financial statements)

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Year 2023					
	Equity attributable to parent company					Total owners' equity
	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	
I. Closing balance as at 31 December 2022	357,700,000.00	4,636,889.39	-	150,715,498.67	1,856,357,428.90	2,369,409,816.96
II. Opening balance as at 1 January 2023	357,700,000.00	4,636,889.39	-	150,715,498.67	1,856,357,428.90	2,369,409,816.96
III. Increases/decreases in 2023 ("-" for decreases)	-8,700,000.00	-4,636,889.39	-	-40,765,144.92	214,313,893.48	160,211,859.17
a) Total comprehensive income	-	-	-	-	255,520,074.21	255,520,074.21
b) Owner's contributions to and withdrawals of capital	-	-	-	-	-	-
c) Profits distribution	-	-	-	5,436,180.73	-41,206,180.73	-35,770,000.00
i. Appropriation of surplus reserve	-	-	-	5,436,180.73	-5,436,180.73	-
ii. Distribution to owners	-	-	-	-	-35,770,000.00	-35,770,000.00
d) Others	-8,700,000.00	-4,636,889.39	-	-46,201,325.65	-	-59,538,215.04
IV. Closing balance as at 31 December 2023	349,000,000.00	-	-	109,950,353.75	2,070,671,322.38	2,529,621,676.13

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2024

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Year 2024					
	Equity attributable to parent company					
	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance as at						
31 December 2023	349,000,000.00	-	-	136,193,051.60	638,241,152.59	1,123,434,204.19
II. Opening balance as at						
1 January 2024	349,000,000.00	-	-	136,193,051.60	638,241,152.59	1,123,434,204.19
III. Increases/decreases in						
2024 ("-" for decreases)	-	-	67,779,330.82	29,867,548.26	192,027,934.33	154,116,151.77
a) Total comprehensive income	-	-	-	-	298,675,482.59	298,675,482.59
b) Owner's contributions to and withdrawals of capital	-	-	-	-	-	-
c) Profits distribution	-	-	-	29,867,548.26	-106,647,548.26	-76,780,000.00
i. Appropriation of surplus reserve	-	-	-	29,867,548.26	-29,867,548.26	-
ii. Distribution to owners	-	-	-	-	-76,780,000.00	-76,780,000.00
d) Others	-	-	67,779,330.82	-	-	-67,779,330.82
IV. Closing balance as at 31 December 2024	349,000,000.00	-	67,779,330.82	166,060,599.86	830,269,086.92	1,277,550,355.96

(Attached notes to statements are part of the consolidated financial statements)

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2024
(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Year 2023					
	Equity attributable to parent company					
	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance as at 31 December 2022	357,700,000.00	30,879,587.24	-	150,715,498.67	625,085,526.06	1,164,380,611.97
II. Opening balance as at 1 January 2023	<u>357,700,000.00</u>	<u>30,879,587.24</u>	<u>-</u>	<u>150,715,498.67</u>	<u>625,085,526.06</u>	<u>1,164,380,611.97</u>
III. Increases/decreases in 2023 ("-" for decreases)	<u>-8,700,000.00</u>	<u>-30,879,587.24</u>	<u>-</u>	<u>-14,522,447.07</u>	<u>13,155,626.53</u>	<u>-40,946,407.78</u>
a) Total comprehensive income	-	-	-	-	54,361,807.26	54,361,807.26
b) Owner's contributions to and withdrawals of capital	-	-	-	-	-	-
c) Profits distribution	-	-	-	5,436,180.73	-41,206,180.73	-35,770,000.00
i. Appropriation of surplus reserve	-	-	-	5,436,180.73	-5,436,180.73	-
ii. Distribution to owners	-	-	-	-	-35,770,000.00	-35,770,000.00
d) Others	<u>-8,700,000.00</u>	<u>-30,879,587.24</u>	<u>-</u>	<u>-19,958,627.80</u>	<u>-</u>	<u>-59,538,215.04</u>
IV. Closing balance as at 31 December 2023	<u>349,000,000.00</u>	<u>-</u>	<u>-</u>	<u>136,193,051.60</u>	<u>638,241,152.59</u>	<u>1,123,434,204.19</u>

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Attached notes to statements are part of the consolidated financial statements)

Notes to the Financial Statements

I Company status

Yantai North Andre Juice Co., Ltd. (the “Company”), was named Yantai North Andre Juice Company Limited which was established in Yantai on 30 March 1996. Headquarter of the Company is located in Yantai, Shandong Province.

On 14 June 2001, upon the approval of the Ministry of Commerce of the People’s Republic of China (formerly the Ministry of Foreign Trade and Cooperation), the original company as a whole was changed to a joint stock limited company, and its name was changed to Yantai North Andre Juice Co., Ltd.

The Company was listed on the GEM of the Stock Exchange of Hong Kong in April 2003 and transferred from the GEM to the Main Board in January 2011.

The Company’s application for initial public offering of not more than 20 million ordinary shares (A shares) was approved by the China Securities Regulatory Commission on 21 August 2020 in the Reply on the Approval of the Initial Public Offering of Yantai North Andre Juice Co., Ltd, (SFC’s License [2020] No.1914). The Company was listed on the Shanghai Stock Exchange on 14 September 2020 and currently holds a business license with a unified social credit code of 91370000613431903J.

After years of bonus share distribution, placing of new shares, conversion of share capital, issuance of new shares and repurchasing of shares, as at 31 December 2024, the Company had a total share capital of 349,000,000 shares with a registered capital of RMB349,000,000.00. Its registered address is 18 Andre Avenue, Muping Economic Development Zone, Yantai City, Shandong Province, and the actual controllers are Wang An and Wang Meng.

Registered address: 18 Andre Avenue, Muping Economic Development Zone, Yantai City, Shandong Province.

Headquarter address: 18 Andre Avenue, Muping Economic Development Zone, Yantai City, Shandong Province.

Major operating activities: the Company belongs to the fruit and vegetable juice and fruit and vegetable juice beverage manufacturing industry, and its main products and services are the production and sales of various fruit and vegetable juices, fruit pulp, essence, biological feed and related products.

The financial statements and its notes were approved for presentation by the 28th meeting of the eighth Board of Directors of the Company on 26 March 2025.

Notes to the Financial Statements

II Basis for preparing financial statements

The Company prepares the financial statements in accordance with the Accounting Standards for Business Enterprises—Basic Standards and Specific Enterprise Accounting Standards, Guidelines for the Application of Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant provisions (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, and on this basis, in combination with the provisions of the China Securities Regulatory Commission’s Regulation on the Information Disclosure of Companies Offering Securities to the Public No.15—General Provisions on Financial Reporting (Revised in 2023).

The financial statements have been prepared on the going concern assumption.

The accounting of the Company is based on the accrual basis. Except that some financial instruments are measured at fair value, the financial statements take historical cost as the measurement basis. If an asset is impaired, the corresponding impairment provision shall be withdrawn in accordance with relevant regulations.

III Significant accounting policies, accounting estimates

The Company determines its accounting policies for fixed asset depreciation, intangible asset amortization, capitalization of research&development costs, and income recognition based on its production and operation characteristics. See Notes III (XV), III (XVIII), III (XIX), and III (XXIV) for details.

(I) Specific accounting policies, accounting estimates

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the Company’s financial position on 31 December 2024, operating results, cash flows and other relevant information during 2024.

(II) Accounting period

The accounting period is from 1 January to 31 December.

(III) Operating cycle

The Company adopts 12 months as an operating cycle.

(IV) Functional currency

The Company and its domestic subsidiaries use Renminbi as the accounting standard currency. The foreign subsidiary of the Company determines its accounting standard currency according to the currency of the main economic environment in which it operates. The financial statements of the Company are presented in Renminbi.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(V) The determination method and selection basis of importance standards

Items	Importance standards
Significant accounts receivable with single provision for bad debt reserves	More than RMB5,000,000.00 (inclusive)
Significant construction in progress	More than RMB5,000,000.00 (inclusive)

(VI) Accounting for business combinations under the same control and under different controls

1. Business combinations involving entities under common control

Assets and liabilities of the Company acquired in a business combination are measured at the carrying value of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the carrying value of the net assets acquired in the merger and the carrying value of the consideration paid for the merger (or the aggregate nominal value of the shares issued) is adjusted by adjusting the share premium in the capital reserve or, if the share premium in the capital reserve is insufficient to offset, by adjusting the retained earnings.

Business consolidation achieved step by step through multiple transactions under common control
Assets and liabilities of the Company acquired in a business combination are measured at the carrying value of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the carrying value of the investment held before the merger plus the carrying value of the newly paid consideration at the date of the merger and the carrying value of the net assets acquired in the merger is adjusted by adjusting the share premium in the capital reserve or, if the share premium in the capital reserve is insufficient to offset, by adjusting the retained earnings.

For long-term equity investments held by the Company prior to the acquisition of control of the acquiree, changes in profit or loss, other comprehensive income and other owner's equity are recognized between the date of acquisition of the original equity and the date on which the Company and the acquiree are ultimately under common control and the combination date, respectively, shall be charged against the opening retained earnings or current profit or loss of the comparative statement period.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(VI) Accounting for business combinations under the same control and under different controls (cont'd)

2. *Business combinations involving entities not under common control*

For business combinations that are not under common control, the cost of combination is the fair value of the assets paid for, liabilities incurred or assumed and equity securities issued to acquire control of the acquiree at the date of the merger. At the date of the merger, acquired assets, liabilities and contingent liabilities of the acquiree are recognised at fair value.

Where the combination cost is larger than the portion of fair value of net identifiable assets of acquiree acquired in the business combination, the difference is recognized as goodwill and subsequently measured at cost less accumulated impairment. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in the business combination, they are charged to profit or loss for the current period after re-verification.

Business consolidation achieved step by step through multiple transactions not under common control. The combination cost is the sum of the fair value at the combination date of the equity already held by the Company before the date and the carrying value of the newly paid consideration at the date. The equity held by the Company before the combination date shall be remeasured according to the fair value at date, and the difference between the fair value and the carrying value shall be included in the current investment income. However, if the equity in the acquiree already held before the acquisition date involves other comprehensive income or other changes in owners' equity, these are converted into income for the current period of the acquisition date, except for other comprehensive income arising from the remeasurement of the net liability or asset of a defined benefit plan by the investee and other comprehensive income related to non-transactional equity instruments originally designated to be measured at fair value and changes in which are recognized in other comprehensive income.

3. *Related expenses incurred for consolidation*

Intermediary expenses such as audit, legal services, assessment and consultation and other directly related expenses incurred for business combination are included in the profit or loss of the current period when incurred. Transaction costs of equity securities issued for business combinations are included in the initial recognition of equity or debt securities.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(VII) The criterion of control and the preparation method of consolidated financial statements

1. *The criterion of control*

The scope of consolidation in the Company's consolidated financial statements is determined on a control basis. Control refers to the power of an investor over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of its returns. Once the relevant facts and situation which alters the elements that define control change, the Company shall perform re-evaluation.

In determining whether to include a structured entity in the scope of the merger, the Company takes into account all the facts and circumstances, including assessing the purpose and design of the structured entity, identifying the types of variable returns, and whether it has borne some or all of the variability of returns through participation in its related activities.

2. *Methods of preparing consolidated financial statements*

The consolidated financial statements of the Company are prepared on the basis of the financial statements of the Company and its subsidiaries and based on other relevant information. The accounting policies and accounting periods adopted by all subsidiaries should be consistent with those of the Company when preparing consolidated financial statements. Within the scope of consolidated financial statements, material intercompany transactions and balances should be eliminated.

During the reporting period, if a subsidiary or business is added as a result of a business combination under common control, they shall be deemed to be incorporated into the scope of the merger of the Company from the date on which they come under the control of the ultimate controlling party, and their operating results and cash flows from the date are included in the consolidated income statement and the consolidated cash flow statement respectively.

During the reporting period, if a subsidiary or business is added as a result of a business combination not under common control, the income, expenses and profits of the subsidiary or business from the date of the merger to the end of the reporting period should be included in the consolidated income statement and the cash flows should be included in the consolidated cash flow statement respectively.

Subsidiary owners' equity and the net profit or loss for the current period are presented separately in the consolidated balance sheet under owner's equity and in the consolidated income statement under net profit. The minority shareholders' share of the current losses of the subsidiary exceeds the minority shareholders' share of the initial owners' equity of the subsidiary and the balance is offset against the minority shareholders' equity.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(VII) The criterion of control and the preparation method of consolidated financial statements (cont'd)

3. *Purchase of minority interests in subsidiaries*

The difference between the Company's newly acquired long-term equity investment resulting from the purchase of minority interests and the share of net assets attributable to the subsidiary calculated on an ongoing basis from the date of purchase (or the date of consolidation) based on the newly increased shareholding ratio, should be adjusted. Similarly, the difference from partially disposing of a subsidiary's equity investment without losing control, between the disposal price and the corresponding net assets share of the subsidiary, should also be adjusted. Both differences affect the equity premium in the capital reserve in the consolidated balance sheet. If the equity premium in the capital reserve is insufficient, retained earnings are adjusted.

4. *Accounting treatment for loss of control over a subsidiary*

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company remeasures the remaining equity investment after disposal at its fair value at the date when control is lost. The difference between the sum of the consideration obtained on disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated based on the original shareholding ratio and goodwill calculated on a continuing basis from the date of purchase or consolidation, is included in investment income in the period in which control is lost.

Other comprehensive income related to the original subsidiary's equity investment is accounted for using the same basis as if the original subsidiary's assets or liabilities were directly disposed of when control is lost. Changes in other owners' equity under the equity method for the original subsidiary are transferred to current income when control is lost.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(VIII) Classification of joint arrangements and accounting for joint operations

A joint arrangement is an arrangement jointly controlled by two or more parties. The Company classifies joint arrangements into joint operations and joint ventures.

1. Joint operations

A joint operation is a joint arrangement where the Company has rights to the assets and obligations for the liabilities related to the arrangement.

The Company recognises the following items in the share of interests in joint operations that are relevant to the Company and are accounted for in accordance with the relevant accounting standards for enterprises:

- (1) Recognising assets held separately and jointly held assets in proportion to their share;
- (2) Recognition of liabilities that are assumed individually and of liabilities that are shared in proportion to their share;
- (3) Recognition of revenue arising from the disposal of their share of joint operating outputs;
- (4) Revenue from the disposal of outputs from joint operations is recognised at its share;
- (5) Recognise expenses incurred separately and recognise expenses incurred in joint operations in proportion to their share.

2. Joint ventures

A joint venture is a joint arrangement where the Company only has rights to the net assets of the arrangement.

The Company accounts for its investments in joint ventures in accordance with the relevant provisions for the equity method of accounting for long-term equity investments.

(IX) Criteria for determining cash and cash equivalents

Cash on hand and deposits that are readily available for payment are recognised as cash. Cash equivalents are defined as investments that simultaneously meet the four criteria of short maturity, high liquidity, easy conversion to known amounts of cash, and low risk of changes in value.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(X) Foreign currency transactions and translation of foreign currency statements

1. Foreign currency transaction

Foreign currency business transactions are initially recognised using the spot rate at the date of the transaction as the translation rate and translated into RMB for accounting.

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and exchange differences arising therefrom are included in the current profit or loss. Non-monetary items in foreign currencies that are measured at historical cost are still translated using the spot exchange rate at the date of the transaction. Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date when the fair value is determined. The difference between the amount in the functional currency after translation and the amount in the original functional currency is included in the current profit or loss or recognised as other comprehensive income.

2. Translation of foreign currency financial statements

Items of assets and liabilities of overseas subsidiary in the balance sheet are translated using the spot exchange rates at the balance sheet date. Items of owner's equity other than "undistributed profits" are translated using the spot exchange rate at the time of occurrence.

Income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction.

All items in the cash flow statement are converted at the spot exchange rate on the date of the cash flow. The effect of exchange rate changes on cash is treated as an adjustment item and separately listed as "Effect of exchange rate changes on cash and cash equivalents" in the cash flow statement.

Translation differences in the foreign currency financial statements arising from the above translation are included in other comprehensive income.

When disposing of a foreign operation, the difference between the translation of the foreign currency financial statements relating to the foreign operation as shown in the balance sheet is all or in proportion transferred to the profit or loss of the current period of disposal.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments

A financial instrument is a contract that creates a financial asset for one party and a financial liability or equity instrument for another.

1. *Recognition and derecognition of financial instruments*

A financial asset or financial liability is recognised when the Company becomes a party to a contract for a financial instrument.

A financial asset is derecognized when either of the following occurs:

- (1) The contractual right to receive cash flows from the financial asset expires.
- (2) The financial asset is transferred in a way that meets the derecognition criteria for financial asset transfers.

When the current obligation of a financial liability is fully or partially extinguished, the financial liability or part of it is derecognized. If the Company (debtor) and creditor agree to replace an existing financial liability with a new one that has substantially different contractual terms, the existing financial liability is derecognized, and the new one is recognized.

For financial asset transactions conducted in the ordinary course of business, accounting recognition and derecognition are performed as of the trade date.

2. *Classification and measurement of financial assets*

Based on the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company classifies the financial assets into the following three categories:

- (1) Financial assets measured in amortized cost.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Financial assets at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, transaction costs are charged directly to profit or loss, and transaction costs relating to other types of financial assets are charged to the amount initially recognised. Trade receivables arising from the sale of goods or services that do not contain a significant financing component or do not consider a financing component are initially measured at the transaction price.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

2. Classification and measurement of financial assets (cont'd)

Financial assets measured in amortized cost

Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value with changes recognized in current profit or loss are classified by the Company as financial assets measured at amortized cost:

- The financial asset is managed in a business model that aims to collect the contractual cash flows.
- The contractual terms of the financial asset specify that the cash flows that arise at a particular date are solely payments of principal and interest based on the amount of the principal outstanding.

After initial recognition, the Company uses the effective interest method for these financial assets that measured at amortized cost. Gains or losses from financial assets measured at amortized cost and not part of any hedging relationship are recognized in current profit or loss upon derecognition, amortization using the effective interest method, or impairment recognition.

Financial assets at fair value through other comprehensive income

Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value with changes recognized in current profit or loss are classified by the Company as financial assets measured at fair value through other comprehensive income:

- The financial asset is managed in a business model that aims at both collecting the contractual cash flows and selling the financial asset.
- The contractual terms of the financial asset stipulate that the cash flows generated at a particular date are solely payments of principal and interest based on the amount of the principal outstanding.

After initial recognition, subsequent measurement of such financial assets is carried out at fair value. Interest income using the effective rate method and impairment losses and exchange differences are recognised in profit or loss for the period. Other profit or loss are included in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income to profit or loss for the current period.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

2. Classification and measurement of financial assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being classified as either amortized cost-based or fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designate a financial asset, which should be measured at amortized cost or at fair value with changes in other comprehensive income, as financial assets measured at fair value with changes recognized in current profit or loss.

After initial recognition, the Company applies fair value to subsequent measurement of these financial assets and records the gain or loss arising from the change in fair value and dividend and interest income related to these financial assets in the profit or loss of the current period, unless the financial asset is part of a hedging relationship.

However, for non-transactional equity instrument investments, the Company irrevocably designates them at initial recognition as financial assets measured at fair value with changes in other comprehensive income. This designation is made on an individual investment basis and must meet the definition of an equity instrument from the issuer's perspective.

After initial recognition, the Company applies fair value to subsequent measurement of these financial assets. Dividend income meeting the criteria is recognized in profit or loss, while other gains or losses and fair value changes are recorded in other comprehensive income. Upon derecognition, the accumulated gains or losses in other comprehensive income are reclassified to retained earnings.

The business model for managing financial assets refers to how the Company manages them to generate cash flows. It determines whether the cash flows from managed financial assets come from collecting contractual cash flows, selling the assets, or both. The Company determines the business model based on objective facts and specific business objectives set by key management personnel for managing financial assets.

The Company assesses the contractual cash flow characteristics of financial assets to determine if the related contractual cash flows on a specific date are solely payments of principal and interest based on the outstanding principal amount. Here, principal refers to the fair value of the financial asset at initial recognition. Interest includes compensation for the time value of money, credit risk related to the outstanding principal amount for a specific period, and other basic lending risks, costs, and profits. Additionally, the Company evaluate contract terms that could alter the timing or amount of a financial asset's contractual cash flows to ensure they meet the above requirements.

Only when the Company changes its business model for managing financial assets are the affected financial assets reclassified on the first day of the first reporting period following the change. Otherwise, financial assets cannot be reclassified after their initial recognition.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

3. Classification and measurement of financial liabilities

Financial liabilities are classified on initial recognition as financial liabilities at fair value through profit or loss and as financial liabilities at amortized cost. For financial liabilities that are not measured at fair value through profit or loss, the related transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period

Such financial liabilities include transactional financial liabilities and financial liabilities designated at fair value through profit or loss on initial recognition. For such financial liabilities, subsequent measurement is done at fair value. Gains or losses from fair value changes and associated dividends and interest expenses are recognized in current profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured in amortized cost are subsequently measured in accordance with amortized cost using the effective interest method, and gains or losses arising from derecognition or amortisation are included in profit or loss for the period.

4. The distinction between financial liabilities and equity instruments

A financial liability is a transaction if one of the following conditions is met:

- (1) A contractual obligation to deliver cash or other financial assets to another party.
- (2) A contractual obligation to exchange financial assets or liabilities with another party under potential adverse conditions.
- (3) A non-derivative contract to be settled in the future with or in the Company's own equity instruments, where the Company will deliver a variable number of its equity instruments under the contract.
- (4) A derivative contract to be settled in the future with or in the Company's own equity instruments, except for those involving the exchange of a fixed amount of cash or other financial assets for a fixed number of equity instruments.

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

If the Company cannot unconditionally avoid delivering cash or other financial assets to fulfill a contractual obligation, the obligation is defined as a financial liability.

If a financial instrument must or can be settled with the Company's own equity instruments, the Company need to determine whether these equity instruments serve as a substitute for cash or other financial assets, or grant the instrument holder residual equity in the issuer's assets after deducting liabilities. If it's the former, the instrument is the Company's financial liability; if the latter, it's the Company's equity instrument.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

5. *Derivative financial instruments and embedded derivatives*

The Company's derivative financial instruments comprise forward foreign exchange contracts, currency rate swaps, interest rate swaps, and foreign exchange option contracts, among others. They are initially measured at their fair value on the contract date and subsequently measured at fair value. Derivative financial instruments with a positive fair value are recognized as assets, while those with a negative fair value are recognized as liabilities. Any gains or losses from fair value changes not qualifying for hedge accounting are directly recognized in current profit or loss.

For hybrid instruments with embedded derivatives, if the host contract is a financial asset, the entire hybrid instrument follows the classification rules for financial assets. If the host contract isn't a financial asset, and the hybrid instrument isn't accounted for at fair value with changes in current profit or loss, and if the embedded derivative isn't closely related to the host contract economically and in risk, and if a standalone instrument with the same terms as the embedded derivative meets the definition of a derivative, then the embedded derivative is separated from the hybrid instrument and accounted for as a separate derivative financial instrument. If the embedded derivative can't be separately measured at acquisition or on subsequent balance sheet dates, the entire hybrid instrument is designated as a financial asset or liability measured at fair value with changes recognized in current profit or loss.

6. *Fair value of financial instruments*

The method for determining the fair value of financial assets and financial liabilities is set out in Notes 3(12).

7. *Impairment of financial assets*

The Company accounts for impairment and recognizes loss provisions for the following items on the basis of expected credit losses:

- (1) Financial assets measured at amortized cost;
- (2) Receivables and investments in debt instruments that are measured at fair value and whose changes are included in other comprehensive income;
- (3) Contract assets as defined in Accounting Standard for Business Enterprises No. 14 – Revenue;
- (4) lease receivable;
- (5) Financial guarantee contracts (excluding those measured at fair value with changes recognized in current profit or loss, where the transfer of financial assets does not meet the derecognition criteria, or where there is continued involvement with transferred financial assets).

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

7. Impairment of financial assets (cont'd)

Determination of ECL

Expected credit losses are the weighted average of the credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the Company's original effective interest rate, being the present value of all cash shortfalls.

The Company considers reasonable and supported information regarding past events, current conditions, and forecasts of future economic conditions. It calculates the present value of the difference between contractually receivable and expected receivable cash flows, weighted by the risk of default, to recognize expected credit losses.

The Company measures expected credit losses for financial instruments at different stages. For instruments in Stage 1, where credit risk hasn't significantly increased since initial recognition, it recognizes loss allowances based on expected credit losses over the next 12 months. For Stage 2 instruments, where credit risk has significantly increased but no impairment has occurred, it recognizes loss allowances based on lifetime expected credit losses. For Stage 3 instruments, where credit impairment has occurred, it also recognizes loss allowances based on lifetime expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company assumes no significant increase in credit risk since initial recognition. It measures loss allowances based on expected credit losses over the next 12 months.

Lifetime expected credit losses refer to those anticipated due to all possible defaults over a financial instrument's entire expected life. The 12-month expected credit losses are those anticipated from defaults likely to occur within 12 months after the balance sheet date (or within the instrument's shorter expected life, if applicable), and they are part of the lifetime expected credit losses.

When measuring expected credit losses, the Company considers the longest contractual period it is exposed to credit risk, including renewal options.

For Stage 1 and Stage 2 financial instruments, and those with low credit risk, the Company calculates interest income based on their carrying amount before allowance for impairment and the effective interest rate. For Stage 3 instruments, interest income is computed using the amortized cost (carrying amount after allowance for impairment) and the effective interest rate.

For receivables such as bills receivable, accounts receivable, and other receivables, if a customer's credit risk features are significantly different from others in the portfolio or have significantly changed, the Company provides for bad debts individually. Otherwise, the Company categorizes receivables based on credit risk features and calculates bad debt provisions on a portfolio basis.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

7. Impairment of financial assets (cont'd)

Bills receivable and accounts receivable

For bills and accounts receivable, the Company always measures loss allowances as the expected credit losses over the entire instrument life, regardless of whether there's a significant financing component.

When it is not possible to assess sufficient evidence of the expected credit losses at a reasonable cost at the individual instrument level, the Company groups bills receivable and accounts receivable based on credit risk characteristics, and the expected credit losses are calculated on a group basis. The basis for determining the combination is as follows:

(1) Bills receivable

- Bills receivable portfolio 1: Risk-free bank acceptance
- Bills receivable portfolio 2: Trade acceptance

(2) Accounts receivable

- Accounts receivable portfolio 1: Portfolio of amounts due from customers

For receivables classified into portfolios, the company refers to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, to calculate expected credit losses through the exposure to default risk and the expected credit loss rate over the entire instrument life.

For accounts receivable classified into portfolios, the Company calculates expected credit losses with reference to historical credit loss experience, in combination with current conditions and expectations of future economic conditions, and creates an aging days/past-due days and lifetime expected credit loss rate table. The past-due days of accounts receivable is counted from the end of the credit period.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

7. Impairment of financial assets (cont'd)

Other receivables

The Company calculates expected credit losses on a portfolio basis by dividing other receivables into portfolios based on credit risk characteristics. The basis for determining the combination is as follows:

- Portfolio 1: Consolidated Related Parties
- Portfolio 2: Export tax refund portfolio
- Portfolio 3: Portfolios with low credit risk such as margin and reserve fund portfolios
- Portfolio 4: Others

For other receivables classified into portfolios, the Company calculates expected credit losses based on exposure to default risk and expected credit loss rates over 12 months or the entire instrument life. For those categorized by aging, the aging is calculated from the recognition date.

Debt investment, other debt investment

For debt investments and other debt investments, the Company calculates expected credit losses based on the investment nature, counterparty, types of risk exposure, default risk exposure, and the expected credit loss rate over 12 months or the entire instrument life.

Assessment of a significant increase in credit risk

The Company assesses whether the credit risk of a financial instrument has significantly increased since initial recognition by comparing the probability of default at the balance sheet date with that at the initial recognition date, and to determine the relative change in default risk over the instrument's expected life.

In determining whether the credit risk of a financial instrument has significantly increased since initial recognition, the Company considers reasonable and supportable information that can be obtained without undue cost or effort, including forward-looking information. The information considered by the Company includes:

- The failure of the debtor to pay the principal and interest on the due date of the contract
- A material deterioration, if any, in the external or internal credit ratings of the financial instruments that has occurred or is expected;
- A significant deterioration in the debtor's operating results that has occurred or is expected
- Existing or expected changes in technological, market, economic, or legal environment that will materially and adversely affect the debtor's ability to repay the Company.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

7. Impairment of financial assets (cont'd)

Assessment of a significant increase in credit risk (cont'd)

Based on the nature of financial instruments, the Company assesses credit risk increase individually or by portfolio. When assessing by portfolio, the Company categorizes financial instruments based on common credit risk features like past-due information and credit ratings.

If a financial instrument is more than 120 days overdue, the Company deems that its credit risk has significantly increased.

Financial assets with credit impairment

At the balance sheet date, the Company assesses whether financial assets measured at amortized cost and debt investments measured at fair value with changes in other comprehensive income have incurred credit impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the expected future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- Significant financial difficulties of the issuer or the debtor;
- Breach of contract by the debtor, such as default or overdue payment of interest or principal, etc.;
- A concession given by the the company to the debtor that the debtor would not otherwise make for economic or contractual reasons relating to the debtor's financial difficulties;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulty of the issuer or the debtor results in the disappearance of an active market for the financial asset;

Presentation of reserves for expected credit losses

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures expected credit losses at each balance sheet date. The amount by which the credit loss allowance for a financial instrument is increased or reversed is credited to profit or loss as an impairment loss or gain. For financial assets measured at amortized cost, the loss allowance offsets the carrying amount presented in the balance sheet. For debt investment classified as at fair value through other comprehensive income, the Company recognises its credit loss allowance in other comprehensive income and does not reduce the carrying amount of the financial asset as shown in the balance sheet.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XI) Financial instruments (cont'd)

7. *Impairment of financial assets (cont'd)*

Write-down of financial assets

When the Company no longer reasonably expects the contractual cash flows of a financial asset to be recovered in whole or in part, the carrying amount of the financial asset is written down directly. Such a write-down constitutes a derecognition of the relevant financial asset. It usually happens when the Company determines that the debtor lacks assets or income to generate enough cash flow to repay the written-down amount. However, according to the Company's procedures for recovering overdue payments, the written-down financial asset may still be subject to enforcement activities.

If a written-down financial asset is recovered, the reversal of the impairment loss is recognized in the income of the period when the recovery occurs.

8. *Transfer of financial assets*

Transfer of financial assets refers to transferring or delivering financial assets to a third party (transferee) other than the issuer of those assets.

Where substantially all the risks and rewards of ownership of a financial asset are transferred, the financial asset is derecognized. A financial asset is recognised if it retains substantially all the risks and rewards of ownership.

Where substantially all the risks and rewards of ownership of a financial asset have not been transferred or retained, they are dealt with in the following circumstances. When control of a financial asset is relinquished, the asset is derecognized, and any resulting assets or liabilities are recognized. If control over the financial asset hasn't been relinquished, the financial asset continues to be recognized to the extent that it continues to be involved in the transferred financial asset and the related liability is recognised accordingly.

9. *Offset of financial assets and financial liabilities*

When the Company has a legal right to offset recognized financial assets and financial liabilities, and the legal right is currently enforceable, and the Company intends to settle on a net basis or simultaneously realize the financial asset and extinguish the financial liability, the financial assets and financial liabilities are presented in the balance sheet at the amount after offsetting each other. Apart from this, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XII) Fair value measurement

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

The Company measures related assets or liabilities at fair value, assuming an orderly transaction to sell assets or transfer liabilities in the primary market. If no primary market exists, the most advantageous market is used. The primary (or most advantageous) market is the one that the Company can access on the measurement date. The Company uses assumptions that maximize the economic benefit of the asset or liability when market participants price it.

For financial assets or liabilities with an active market, the Company determines their fair value using quoted prices in the active market. For financial instruments without an active market, the Company uses valuation techniques to determine their fair value.

When the Company measures non-financial assets at fair value, it considers the ability of market participants to generate economic benefits by using the asset for its highest and best use, or by selling it to other market participants who can use it for that purpose.

The Company uses valuation techniques applicable under current conditions and supported by sufficient data and information. It prioritizes observable inputs and only uses unobservable inputs when observable ones are unavailable or impractical to obtain.

In the financial statements, assets and liabilities measured or disclosed at fair value are categorized into fair value hierarchies based on the lowest-level inputs significant to the overall fair value measurement: Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities as of the measurement date; Level 2 inputs are significant other observable inputs not included in Level 1 that are directly or indirectly observable; Level 3 inputs are significant unobservable inputs for the asset or liability.

On each balance sheet date, the Company reassesses assets and liabilities measured at fair value on an ongoing basis to determine if there are any transfers between fair value measurement levels.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XIII) Inventory

1. *Classification of inventories*

Inventories of the Company includes raw materials, work in progress and inventory goods, etc.

2. *Valuation method of inventories*

Inventories are initially measured at cost when acquired. Raw materials and inventory goods are issued using the moving weighted average method.

3. *The basis for determining the net realisable value of inventories and the method for drawing down the provision for falling prices of inventories*

On the balance sheet date, inventory is measured at the lower of cost or net realizable value. When the net realizable value is below cost, the Company makes a provision for inventory decline in value.

Net realizable value is the amount estimated selling price minus estimated costs of completion, selling expenses and related taxes. In determining net realizable value, it is based on verifiable evidence, considering the purpose of holding inventory and the impact of post-balance-sheet-date events.

The company usually makes a provision for inventory depreciation based on individual inventory items. However, for inventories with large quantity and low unit price, provision for inventory depreciation shall be made according to the inventory category. Inventories that are related to product lines produced and sold in the same region, have the same or similar end use or purpose and are difficult to measure separately from other items are provided for in a consolidated manner.

On the balance sheet date, if the factors affecting the previous write-down of the inventory value have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original provision for inventory depreciation.

4. *Inventory count system*

The Company maintains a perpetual inventory system.

5. *Amortisation method for low-value consumables and packaging materials*

Low-value consumables are written off once.

The packaging materials for revolving are sold by one-off rotation method.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XIV) Long-term equity investment

Long-term equity investments include equity investments in subsidiaries, joint ventures, and associates. An associate enterprise is one in which the Company can exert significant influence.

1. *Determination of initial investment cost*

Long-term equity investments arising from business combinations:

In business combinations under common control, the investment cost is the share of the acquiree's owners' equity carrying value in the Company's consolidated statements on the combination date. In business combinations not under common control, the investment cost is the combination cost.

Long-term equity investments acquired by other means: Long-term equity investments acquired by cash payments are initially invested at the purchase price actually paid. Long-term equity investments made by issuing equity securities, with the fair value of the issued equity securities as the initial investment cost.

2. *Subsequent measurement and profit or loss recognition*

Long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment qualifies as held for sale. The Company's long-term equity investments in associates and joint ventures are accounted for using the equity method.

For the long-term equity investments using the cost method, except for the declared but undistributed cash dividends or profits included in the price or consideration actually paid when the investment is obtained, the Company recognises current profit or loss in accordance with the cash dividends or profits declared and distributed by the acquiree.

For the long-term equity investments using the equity method, if the initial investment cost is higher than the fair value share of the identifiable net assets of the investee at the time of investment, the initial investment cost is not adjusted; If the initial investment cost is lower than the fair value share of the identifiable net assets of the investee at the time of investment, the carrying value of the long-term equity investments should be adjusted and the difference is included in the profit or loss of the current period.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XIV) Long-term equity investment (cont'd)

2. Subsequent measurement and profit or loss recognition (cont'd)

When using the equity method, the Company shall recognize the investment income and other comprehensive income respectively according to the share of net profit or loss and other comprehensive income realized by the investee that shall be enjoyed or shared, and adjust the book value of the long-term equity investment. The carrying amount of the long-term equity investment shall be reduced accordingly by calculating the share according to the profit or cash dividend declared to be distributed by the investee. For changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee, the carrying amount of the long-term equity investment is adjusted and included in capital reserve (other capital reserve). The Company, in accordance with the accounting policies and accounting periods of the Company, recognises its share of the net profit or loss of the investee by adjusting the net profit of the investee based on the fair value of each identifiable asset of the investee at the time of investment.

For equity investments that are capable of exerting significant influence over the investee or exercising joint control over the investee but do not constitute control due to reasons such as additional investment, the sum of the fair value of the equity investment originally held and the cost of the additional investment shall be regarded as the initial cost of investment accounted for under the equity method instead on the conversion date.

Where the Company loses joint control or significant influence over the investee due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for in accordance with Accounting Standard for Enterprises No.22–Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying value on the conversion date when the joint control or significant influence is lost shall be included in the current profit or loss. Other comprehensive income recognised from an original equity investment that is accounted in the equity method is accounted on the same basis as the related assets or liabilities directly disposed of by the investee when the equity method is discontinued. Other changes in the owners' equity related to the original equity investment are transferred to current profit or loss.

Where the Company has lost control over the investee due to the disposal of part of the equity investment or other reasons, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, the accounting shall be changed to the equity method, and the accounting shall be adjusted by the equity method as soon as the remaining equity is deemed to have been acquired. Where the Company has lost control over the investee due to the disposal of part of the equity investment or other reasons, and the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, the accounting treatment shall be carried out in accordance with the relevant provisions of Accounting Standards for Enterprises No.22–Recognition and Measurement of Financial Instruments, and the difference between fair value and carrying value on the date of loss of control shall be included in the current profit or loss.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XIV) Long-term equity investment (cont'd)

2. *Subsequent measurement and profit or loss recognition (cont'd)*

If the Company's shareholding ratio decreases due to additional capital contributions by other investors, causing the loss of control but still allowing joint control or significant influence over the investee, the Company should recognize its share of the increased net assets from the capital increase based on the new ratio. The difference between this amount and the original carrying value of the long-term equity investment corresponding to the decreased ratio should be recorded in the current period's income. Then, adjustments should be made as if the new ratio had been applied using the equity method since the investment was initially obtained.

Profit or loss on unrealised internal transactions between the Company and associates, joint ventures are offset by the share attributable to the Company on a pro rata basis, on which basis investment profit or loss is recognised. However, unrealized internal transaction losses arising from transactions between our company and the investee, if attributable to impairment losses on transferred assets, are not offset.

3. *Criteria for common control and significant impact*

Joint control means jointly controlling an arrangement by relevant parties based on an agreement, where the arrangement's related activities require unanimous consent from the parties sharing control. To determine joint control, firstly, assess if all parties or a party combination collectively control the arrangement. Secondly, check if decisions on the arrangement's related activities need unanimous consent from these controlling parties. If all parties or a party combination must act together to decide on an arrangement's related activities, they collectively control it. If two or more parties combinations can jointly control an arrangement, then it's not joint control. When determining joint control, disregard protective rights.

Significant impact refers to the investor's power to participate in the decision-making of the financial and operating policies of the investee, but is unable to control or jointly control the formulation of these policies with other parties. When assessing whether significant influence can be exerted over the investee, consider the voting rights shares directly or indirectly held by the investor in the investee, as well as the impact of exercisable potential voting rights held by the investor and other parties. This impact is assessed assuming that the exercisable potential voting rights convertible into equity in the investee, including the effects of warrants, share options and convertible corporate bonds in the current period.

When the Company directly or its subsidiaries indirectly own 20%(included)-50% of an investee's voting shares, it usually indicates significant influence, unless there is evidence shows that the Company can not participate in the production and management decisions of the invested unit. Conversely, owning less than 20% typically suggests no significant influence, unless there is evidence shows that the Company can participate in the production and management decisions of the invested unit.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XIV) Long-term equity investment (cont'd)

4. *Equity Investments Held for Sale*

For the remaining equity investments not classified as held for sale, the equity method is used for accounting.

If an equity investment in an associate or joint venture that has been classified as held for sale and no longer meets the held-for-sale criteria, retrospective adjustment using the equity method is applied from the date it was classified as held for sale.

5. *Impairment test method and impairment reserve calculation method*

For investments in subsidiaries, associates and joint ventures, the method of asset impairment, see Note III-(XX).

(XV) Fixed assets

1. *Recognition of fixed assets*

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management and have a useful life of more than one accounting year.

Fixed assets are recognised when the economic benefits associated with the fixed asset is probable flow to the enterprise and the cost of the fixed asset can be measured reliably.

The Company's fixed assets are initially measured at cost.

Subsequent expenditures related to fixed assets are capitalized as part of the asset's cost if the economic benefits are likely to flow to the Company and the cost can be measured reliably. Routine repair costs are expensed as incurred, either charged to current profit or loss or capitalized into related assets. The carrying amount of replaced components is derecognized.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XV) Fixed assets (cont'd)

2. Depreciation of fixed assets

The Company uses the straight-line method to accrue depreciation. Depreciation on fixed assets begins when they are ready for use and stops when they are derecognized or classified as non-current assets held for sale. Without considering impairment, the Company determines the annual depreciation rates for fixed assets based on their categories, estimated useful lives, and residual values, as follows:

Category	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	35-40	10	2.57-2.25
Machinery and equipment	20-30	10	4.50-3.00
Office and other equipments	5	10	18.00
Motor vehicles	5	10	18.00
Plant and buildings leased out under operating leases	40	10	2.25

For the depreciation rate calculation of fixed assets with impairment provisions, the accumulated impairment provisions should also be deducted.

3. The impairment testing method and provision method for impairment of fixed assets are detailed in Note III(XX).

4. At the end of the year, the company reviews the useful life, estimated net residual value and depreciation method of fixed assets.

If the estimated useful life differs from the original estimate, the useful life of fixed assets is adjusted; if the estimated net residual value differs from the original estimate, the estimated net residual value is adjusted.

5. Disposal of fixed assets

A fixed asset is derecognised when it is disposed of, or no economic benefits are expected from its use or disposal. Disposal income from the sale, transfer, retirement or damage of fixed assets is included in the profit or loss of the current period after deducting its carrying amount and relevant taxes and fees.

(XVI) Construction in progress

The Company's construction in progress is valued at the actual cost, which comprises the necessary expenses incurred before the asset is constructed to its intended serviceable condition, including the borrowing costs to be capitalised and related fees paid.

Construction-in-progress is transferred to fixed assets when it reaches its intended usable state.

The impairment provision method for construction-in-progress is detailed in Note III-(XX).

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XVII) Borrowing costs

1. Principles for recognition of capitalisation of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets that meet the conditions for capitalization are capitalised and included in the cost of the related assets; Other borrowing costs are recognised as an expense when incurred based on the amount incurred and credited to profit or loss in the current period. Borrowing costs are capitalised when both of the following conditions are met:

- (1) Expenditure on assets has been incurred, Expenditure on assets includes expenditure incurred in the form of payment of cash, transfer of non-cash assets or assumption of interest-bearing liabilities for the purchase, construction or production of assets that meet the conditions for capitalization;
- (2) Borrowing costs have been incurred;
- (3) The purchase, construction or production activities necessary to bring the asset to its intended use or sale have commenced.

2. Period in which borrowing costs are capitalised

Capitalization of borrowing costs ceases when the acquisition, construction or production of an asset that meets the conditions for capitalization reaches its intended use or sale.

Borrowing costs incurred after an asset that meets capitalization criteria reaches its intended usable or saleable state are recognized as expenses in the period occurred and included in the current period profit or loss.

If the acquisition, construction or production of an asset that meets the conditions for capitalization is interrupted abnormally for more than 3 consecutive months, the capitalization of borrowing costs is suspended. Borrowing costs during normal interruptions continue to be capitalized.

3. The method for calculating the capitalization rate and amount of borrowing costs.

For specific loans, the actual interest expense incurred in the period, less interest income from unused funds or temporary investment income, is capitalized. For general loans, the capitalization amount is determined by multiplying the weighted average excess asset expenditures over specific loans by the capitalization rate of the general loans used. The capitalisation rate is calculated based on the weighted average interest rate on general borrowings.

During the capitalization period, all exchange differences on foreign currency specific loans are capitalized, while those on foreign currency general loans are recognized in the current period's profit or loss.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XVIII) Intangible assets

Intangible assets of the Company includes land use rights, etc.

When obtains intangible assets, the Company measures them at cost initially and analyzes their useful lives. If the useful life is finite, the intangible asset is amortized from the date it is available for use using a method that reflects the expected consumption of economic benefits, over the estimated useful life. If the consumption pattern cannot be reliably determined, the straight-line method is used. For intangible assets with indefinite useful lives, they will not be amortized during the holding period.

All intangible assets of the Company are finite-life land use rights, which amortized in the straight-line method, as follows:

Project	Estimated useful life	Basis
Land use right	35-50 years	Duration of benefit

At the end of each period, the useful life and amortisation method of intangible assets with finite useful lives are reviewed. If they changes, the original estimates are adjusted and accounted for as an accounting estimate change.

On the balance sheet date, if it is expected that an intangible asset can no longer benefits to the enterprise in the future, the carrying amount of that intangible asset will be fully transferred to the current profit or loss.

The impairment provision method for intangible asset is detailed in Note III-(XX).

(XIX) Research and development expenditure

The Company's research and development expenditure are directly related to its research and development activities, including employee compensation, direct input costs, depreciation, design fees, equipment debugging fees, amortization of intangible assets, external research and development fees, and other expenses.

The Company distinguishes between research phase and development phase expenditures for internal research and development projects.

Expenditure during the research phase is included in current profit or loss when occurs.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XIX) Research and development expenditure (cont'd)

Expenditures incurred during the development phase of internal research and development projects are recognized as intangible assets when the following conditions are met: It is technically feasible to complete the intangible asset so that it can be used or sold; Has the intention to complete the intangible asset and use or sell it; The way in which the intangible asset generates economic benefits, including the ability to prove the existence of a market for the products produced using the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally; Having sufficient technical, financial and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset; Expenditure attributable to the development phase of the intangible asset can be measured reliably. Expenditures for the development phase that do not meet the above conditions are included in profit or loss as incurred.

The Company's research and development projects meet the above conditions, passing technical and economic feasibility studies, the research project formed enters the development phase.

Capitalized development costs are listed as development expenditures on the balance sheet and reclassified as intangible assets when the project is ready for use.

(XX) Impairment of assets

Impairment of assets such as long-term equity investments, fixed assets, construction in progress, intangible assets and goodwill (excluding inventory, investment property measured at fair value, deferred tax assets and financial assets) is determined as follows:

On the balance sheet date, the Company assesses whether assets show impairment signs. If signs exist, the Company estimates the recoverable amount and conduct an impairment test. For goodwill from business combinations, indefinite-lived intangible assets and intangible assets not yet ready for their intended use, the Company performs annual impairment tests regardless of impairment signs.

The recoverable amount of an asset is estimated based on the higher of its fair value less disposal costs and the present value of the estimated future cash flows of the asset. The recoverable amount is estimated on a single asset basis. Where it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The identification of an asset group is based on whether the primary cash inflows generated by the asset group is independent of the cash inflows from other assets or asset groups.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XX) Impairment of assets (cont'd)

When the recoverable amount of an asset or asset group is below its carrying amount, the Company reduce the carrying amount to the recoverable amount. The reduction is recorded in the current profit or loss, and a corresponding impairment loss provision is made.

For the impairment testing of goodwill, the carrying amount of goodwill arising from business combinations is, from the acquisition date, allocated to the relevant asset groups using a reasonable method. If it cannot be allocated to the relevant asset groups, it is then allocated to combinations of asset groups. The relevant asset groups or combinations are those that benefit from the synergies of the business combination and are no larger than the operating segments determined by the Company.

When impairment testing, if the relevant asset groups or combinations show impairment indications, the Company first tests the asset groups or combinations without goodwill to determine the recoverable amount and recognize any impairment losses. Then, it tests the asset groups or combinations including goodwill. If the recoverable amount is less than the carrying amount, impairment loss on goodwill is recognized.

Once an asset impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

(XXI) long-term unamortized expenses

Long-term deferred expenses of the Company are measured at actual cost and amortized on average over the estimated benefit period. If a long-term deferred expense project cannot benefit future accounting periods, its amortized cost is fully recognized in the current profit or loss.

(XXII) Employee benefits

1. *The scope of employee benefits*

Employee remuneration refers to various forms of remuneration or compensation given by the Company to obtain services provided by employees or to dissolve labor relations. Staff remuneration includes Short-term employee benefits, post-employment benefits, termination benefits and other long-term staff benefits. Benefits provided to employees' spouses, children, dependents, deceased employees' beneficiaries and other beneficiaries are also considered employee benefits.

Based on liquidity, employee benefits are separately presented in the "Employee benefits payable" and "long-term employee benefits payable" items on the balance sheet.

2. *Short-term employee benefits*

The Company recognizes short-term employee benefits as a liability in the accounting period in which the employees render the services and includes them in current period profit or loss or the cost of related assets. The short-term employee benefits includes actual employee salaries, bonuses, social insurance (medical, occupational injury, maternity) and housing fund contributions made at at the specified basis and proportions.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXII) Employee benefits (cont'd)

3. Post-employment benefits

Post-employment benefit plans include defined contribution plans and defined benefit plan. Defined contribution plans refers to that the Company has no further payment obligations after making the fixed payments to a separate fund. Defined benefit plans refer to post-employment benefit plans other than defined contribution plans.

Defined contribution plans includes social basic old-age insurance and unemployment insurance, etc.

During the accounting period when employees provide services, the amount payable under a defined contribution plan is accrued as a liability and recognized in the current period's income statement or the cost of related assets.

For defined benefit plans, an independent actuary conducts an actuarial valuation at each annual balance sheet date using the projected unit credit method to determine the cost of benefits provided. The employee compensation costs arising from the Company's defined benefit plan include the following components:

- (1) Service cost, including current service cost, past service cost, and settlement gains or losses. Current service cost is the increase in the present value of defined benefit obligations from employees' current service. Past service cost is the change in the present value of defined benefit obligations from plan modifications related to past employee service.
- (2) Net interest on the net liability or asset of the defined benefit plan, including interest income on plan assets, interest expense on defined benefit obligations, and interest on the asset ceiling effect.
- (3) Changes from remeasuring the net liability or asset of the defined benefit plan.

Unless another accounting standard requires or permits capitalizing employee benefit costs, the Company recognizes items (1) and (2) in current period income and item (3) is recognized in other comprehensive income and will not be recycled to profit or loss in subsequent periods. Upon the termination of the original defined benefit plan, the portion originally recognized in other comprehensive income is fully transferred to retained earnings within equity.

4. Termination benefits

The Company recognizes and includes in the current period income statement the employee compensation liability from severance benefits on the earlier of the following dates: when the Company cannot unilaterally withdraw the plan for termination of labor relations or the layoff proposal, or when the Company recognizes costs or expenses related to a restructuring involving severance payments.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXII) Employee benefits (cont'd)

4. Termination benefits (cont'd)

For employees under internal retirement plans, severance payments before official retirement are considered severance benefits. The planned wages and social security payments for internally retired employees from the date they stop working until normal retirement are accrued as an expense in the current period. Financial compensation after official retirement, such as normal old-age pensions, is treated as post-employment benefits.

5. Other long-term employee benefits

For other long-term employee benefits provided by the Company, those meeting the defined contribution plan criteria are accounted for as per the relevant defined contribution plan regulations. For those meeting the defined benefit plan criteria, they are accounted for as per the relevant defined benefit plan regulations. The portion of the employee compensation costs related to 'the changes resulting from the remeasurement of the net defined benefit plan liability or asset' is recognized in the current period's profit or loss or in the cost of the related asset.

(XXIII) Provisions

The Company recognizes an obligation related to a contingency as a provision when the following conditions are met at the same time:

- (1) This obligation is a present obligation of the Company;
- (2) It is probable that an outflow of economic benefits from the Company will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

The Company's projected liabilities are initially measured using the best estimate of the expenditure necessary to meet the relevant present obligations. In determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money relating to contingencies. Where the effect on the time value of money is material, the best estimate is determined by discounting the related future cash outflows. On the balance sheet date, the Company reviews the carrying amount of provisions and adjusts it to reflect the current best estimate.

If all or part of the expenses required by the Company to settle the estimated liabilities are expected to be compensated by a third party, the amount of compensation can only be recognised separately as an asset when it is substantially certain that it will be received, and the amount of compensation recognised does not exceed the carrying amount of the estimated liabilities.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXIV) Revenue

1. General principles for revenue recognition

The Company recognizes revenue when it fulfills a performance obligation in the contract, that is, when the customer obtains control of the related goods or services.

When a contract has two or more performance obligations, the Company allocates the transaction price to each one based on the relative standalone selling prices of the promised goods or services on the contract start date. Revenue is then recognized using this allocated transaction price for each obligation.

A performance obligation that is performed within a certain period of time if one of the following conditions is met, and the Company recognises revenue over a period of time based on the performance schedule:

- (1) The customer obtains and consumes the economic benefits brought about by the Company's performance while the Company performs;
- (2) The customer is able to control the goods under construction during the Company's performance;
- (3) Commodities produced in the course of the Company's performance have an irreplaceable use and the Company is entitled to payment for the performance completed to date accumulated throughout the contract period.

For the performance obligations performed within a certain period of time, the Company recognizes revenue according to the performance progress during that period. When the performance schedule cannot be reasonably determined, if the Company expects to be compensated for the costs already incurred, revenue is recognised based on the amount of costs already incurred until the performance schedule can be reasonably determined.

For performance obligations fulfilled at a point in time, the Company recognize revenue when the customer obtains control of the related goods or services. To determine this, the Company consider the following:

- (1) The Company has a present right to payment for the goods or services, which means the customer has a present obligation to pay.
- (2) The Company has transferred the legal title of the goods to the customer, who now owns them.
- (3) The Company has physically transferred the goods to the customer, who now has possession.
- (4) The Company has transferred the main risks and rewards of ownership of the goods to the customer, indicating that the customer has now assumed the principal risks and rewards associated with the ownership of the goods.
- (5) The customer has accepted the goods or services.
- (6) Other signs indicating the customer has obtained control of the goods.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXIV) Revenue (cont'd)

2. *Specific method of revenue recognition*

General sales(domestic sales): Sales are recognised when control of the product is transferred to the customer (i.e, the product is delivered to the customer) and there are no outstanding obligations that could affect the customer's acceptance of the product.

General sales(overseas sales): Based on the delivery terms of the products as stipulated in the sales contracts signed with the customers, the products are deemed to have been delivered when the risk of damage has been transferred to the customers when the products have arrived at a specific location (including a designated ship at the port of shipment, a designated delivery point at home and abroad, etc.) and the customers have received the products in accordance with the sales contracts.

Sales on consignment: Sales business in which quality acceptance is performed when the customer uses the products and payment is made based on the quantity of products actually used, as agreed in the sales contract, are considered delivered when the customer uses the products.

(XXV) Contract cost

Contract cost includes the incremental cost of obtaining the contract and the cost of performing the contract.

Incremental costs to obtain a contract are those that would not have been incurred if the contract had not been obtained, such as sales commissions. If these costs are expected to be recovered, the Company recognizes them as an asset as contract acquisition costs. Other expenses incurred in obtaining a contract, except for incremental costs expected to be recovered, are recognized in profit or loss when they occur.

The Company recognises as an asset the cost of performing a contract that it incurs to perform the contract that is outside the scope of accounting standards for enterprises other than revenue standards and that simultaneously meets the following conditions:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar), costs that are clearly attributable to the customer, and other costs that are incurred solely as a result of the contract;
- (2) The cost increases the resources that the enterprise will use to fulfill its performance obligations in the future;
- (3) The cost is expected to be recovered.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXV) Contract cost (cont'd)

Assets from contract acquisition and fulfillment costs are amortized on the same basis as the related goods or services revenue, with the amortization period charged to current profit or loss. If the amortization period is within one year, it is expensed when incurred.

The Company recognize an impairment loss by providing for the excess amount when the carrying amount of these assets relating to contract costs exceeds the difference between:

- (1) the expected remaining consideration from transferring the related goods or services, and
- (2) the estimated costs to transfer these goods or services.

(XXVI) Government grants

If there is evidence that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy is recognised at the amount receivable.

Government grants that are monetary assets are measured at the amount received or receivable. Government grants that are non-monetary assets are measured at fair value. Where the fair value cannot be reliably obtained, it is measured at nominal amount (RMB1.00).

Government grants relating to assets represent government grants obtained by the Company to purchase, build or otherwise form long-term assets. Revenue-related government grants are government grants other than those relating to assets.

Where government grants are not explicitly targeted, those forming long-term assets are categorized as asset-related grants based on asset value, with the remainder as income-related grants. If it is difficult to distinct, the entire grant is treated as income-related.

Government grants relating to assets should be written down against the carrying amount of the related assets. Government grants relating to revenue that are used to compensate the related expenses or losses already incurred by the enterprise are directly included in the current profit or loss. Those used to compensate an enterprise for related expenses or losses in subsequent periods are recognised as deferred revenue and are included in the current profit or loss or charged to related costs in the period in which the related expenses or losses are recognized. Government grants measured at nominal amounts are credited directly to profit or loss for the current period. The Company adopts a consistent approach to handle the same or similar government-subsidized business.

Government grants relating to the day-to-day activities of the enterprise, in accordance with the substance of economic business, are included in other income or offset against related costs and expenses. Government grants that are not related to the daily activities of the enterprise are included in the non-operating income and expenses.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXVI) Government grants (cont'd)

If the recognised government grants need to be returned, the carrying amount of the relevant assets is written down on initial recognition, and the carrying amount of the assets is adjusted; Where there is a relevant deferred revenue balance, the relevant deferred revenue book balance is written down, and the excess is included in the current profit or loss; Under other circumstances, it is directly included in the current profit or loss.

Where a loan is obtained at a preferential policy interest rate provided by the lending bank, the recorded value of the loan shall be the amount of the loan actually received, and the relevant borrowing costs shall be calculated based on the principal of the loan and the preferential policy interest rate. If the government directly appropriates the discount interest funds to the Company, the discount interest is offset against the borrowing cost.

(XXVII) Deferred income tax assets and deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Adjustments to goodwill from business combinations or deferred income taxes related to transactions affecting owners' equity directly are recorded in owners' equity. All other deferred income taxes are recognized as income tax expenses in the current period's profit or loss.

The Company uses the balance sheet liability method to recognize deferred income taxes based on temporary differences between carrying amounts and tax bases of assets and liabilities as of the balance sheet date.

All taxable temporary differences give rise to deferred tax liabilities, except when they arise from:

- (1) temporary differences arising from the initial recognition of goodwill; A temporary difference arising from a transaction or event that is not a business combination and that affects neither accounting profit nor taxable income (or deductible losses) when the transaction or event occurs (except for individual transactions where the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences)
- (2) For taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXVII) Deferred income tax assets and deferred income tax liabilities (cont'd)

The Company recognises deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised and deductible losses and tax deductions can be carried forward to future years. Unless the deductible temporary difference arises in the following transactions:

- (1) A transaction or event that is not a business combination and that affects neither accounting profit nor taxable income (or deductible losses) when the transaction or event occurs (except for individual transactions where the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences)
- (2) For taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the corresponding deferred tax assets are recognized if the following conditions are met: the temporary difference is likely to be reversed in the foreseeable future, and it is likely that taxable income will be obtained in the future to offset the deductible temporary difference

At the balance sheet date, the Company measures deferred income tax assets and deferred income tax liabilities at the tax rates that apply in the period in which the asset is expected to be recovered or the liability is settled, and reflects the income tax impact of the manner in which assets are expected to be recovered or liabilities settled at the balance sheet date.

On the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If sufficient taxable income is unlikely to be available in future periods to utilize the benefits of deferred tax assets, the Company reduce their carrying amount. If sufficient taxable income is likely to be available later, the reduced amount is reinstated.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented net of offset when the following conditions are met:

- (1) The enterprise has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- (2) Deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax administration department on the same taxable entity or different taxable entities.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXVIII) Lease

1. Recognition of lease

On the commencement date of the contract, as a lessee or lessor, the Company assesses whether the customer in the contract has the right to obtain nearly all the economic benefits from using an identified asset during the period of use and can direct the use of that asset during the period. If one party in a contract gives up the right to control the use of one or more identifiable assets for a period of time in exchange for consideration, the contract is a lease or includes a lease.

2. Accounting for the Company as lessee

On the commencement date of leasing, the Company recognizes the right-to-use assets and lease liabilities for leases, in addition to short-term leases and low-value assets leases with simplified treatment.

For the accounting policy on right-of-use assets, refer to Note III-(XXIX).

The initial measurement of lease liabilities is based on the present value of unpaid lease payments at the lease commencement date, calculated using the lease implicit interest rate. If this rate is unavailable, the incremental borrowing rate is used as the discount rate. Lease payments include fixed and substantive fixed payments (net of lease incentives), variable payments based on indices or ratios, exercise prices of purchase options (if the lessee is reasonably certain to exercise them), termination payments (if the lease term reflects the lessee's intention to terminate), and payments for guaranteed residual values. Interest expenses on lease liabilities are calculated using a fixed periodic rate and recognized in profit or loss for each period. Variable lease payments not included in the liability's initial measurement are recognized in profit or loss when incurred.

Short-term leases

Short-term leases refer to leases with a lease term not exceeding 12 months from the lease commencement date, excluding leases that include purchase options.

The Company recognizes the lease payments for short-term leases on a straight-line basis over the periods of the lease term, charging them to the cost of the related asset or to current profits and losses.

For short-term leases, the Company applies the aforementioned simplified accounting treatment to leases meeting the short-term lease criteria, categorized by type of leased assets.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXVIII) Lease (cont'd)

2. Accounting for the Company as lessee (cont'd)

Low-value assets leases

A low-value asset lease refers to a lease where the value of a brand new individual leased asset is below RMB40,000.

The Company recognizes the lease payments for low-value assets leases on a straight-line basis over the periods of the lease term, charging them to the cost of the related asset or to current profits and losses.

For low-value asset leases, the Company selects the above simplified approach based on each lease's specifics.

Lease Modifications

When a lease is modified and the following conditions are met simultaneously, the Company accounts for the modification as a separate lease: 1. The modification expands the scope of the lease by adding the right to use one or more additional leased assets. 2. The increase in consideration is equivalent to the adjusted separate price of the expanded portion based on the contract circumstances.

If the lease modification does not qualify as a separate lease, on the effective date of the modification, the Company reallocates the contract's consideration, redetermines the lease term, and remeasures the lease liability using the revised discount rate and modified lease payments.

If the modification results in a narrower lease scope or shorter lease term, the Company correspondingly reduces the carrying value of the right-of-use asset and recognizes any related gains or losses from partial or full termination in profit or loss for the current period.

For other lease modifications that lead to a remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

3. Accounting for the Company as Lessor

When the Company acts as a lessor, it recognizes a lease as a finance lease if substantially all the risks and rewards associated with ownership of the asset have been transferred. All other leases are recognized as operating leases.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXVIII) Lease (cont'd)

3. Accounting for the Company as Lessor (cont'd)

Finance Leases

At the lease commencement date, the Company initially measures finance lease receivables at the net investment in the lease, which is the sum of the present value of the unguaranteed residual value and the present value of lease payments not yet received as of the lease commencement date, discounted using the implicit interest rate of the lease. As a lessor, the Company calculates and recognizes interest income over the lease term using a constant periodic interest rate. Variable lease payments received by the Company as a lessor that are not included in the net investment in the lease are recognized in profit or loss when they are actually incurred.

The derecognition and impairment of finance lease receivables are accounted for in accordance with: Accounting Standards for Business Enterprises No. 22–Recognition and Measurement of Financial Instruments; and Accounting Standards for Business Enterprises No. 23–Transfer of Financial Assets.

Operating Leases

Rentals under operating leases are recognized as current profits or loss on a straight-line basis over the lease term by the Company. Initial direct costs incurred in connection with operating leases are capitalized and allocated over the lease term on the same basis as the recognition of rental income, with the amortized amounts recognized in profit or loss periodically. Variable lease payments related to operating leases that are not included in lease receipts are recognized in profit or loss when they are actually incurred.

Lease Modifications

For modifications to operating leases, the Company accounts for the modified lease as a new lease from the effective date of the modification. Prepaid or receivable lease payments related to the original lease are treated as lease receipts under the new lease.

A modification to a finance lease is accounted for as a separate lease by the Company if the modification meets both of the following conditions: 1. The modification expands the scope of the lease by adding one or more underlying assets; and 2. The additional consideration is commensurate with the stand-alone price (adjusted for contract-specific factors) of the incremental rights to use the added assets.

If a finance lease modification does not qualify as a separate lease, the Company accounts for the modified lease as follows: 1. If the modified lease would have been classified as an operating lease had the modification been effective at the lease commencement date, the Company accounts for the modified lease as a new operating lease from the effective date of the modification, using the net investment in the original lease as the carrying amount of the leased asset; 2. If the modified lease would still be classified as a finance lease had the modification been effective at the lease commencement date, The Company accounts for the modification in accordance with the provisions of Accounting Standards for Business Enterprises No. 22–Recognition and Measurement of Financial Instruments regarding contract modifications or re-negotiations.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXIX) Right-of-use assets

1. Recognition criteria for right-of-use assets

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

At the lease commencement date, the Company initially measures the right-of-use assets at cost, which includes: Initial measurement amount of lease liabilities; For the lease payment paid on or before the lease term, if there is a lease incentive, the relevant amount of the enjoyed lease incentive shall be deducted; Initial direct expenses incurred by the Company; The Company's estimated costs (excluding costs incurred for the production of inventories) for the purpose of dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the status agreed in the lease terms. As a lessee, the Company recognizes and measures costs such as those for dismantling and restoration in accordance with Accounting Standard No. 13 for Contingencies. Any subsequent adjustments due to the remeasurement of lease liabilities are also accounted for.

2. Depreciation Method for Right-of-Use Assets

The Company uses the straight-line method for depreciation. As a lessee, if it can reasonably determine that it will obtain ownership of the leased asset at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset. If it cannot reasonably determine that it will obtain ownership of the leased asset at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

3. For impairment testing and provision methods of right-of-use assets, refer to Note III-(XX)

(XXX) Repurchase of shares of the Company

Shares repurchased by the Company are managed as stock prior to their cancellation or transfer. All expenditures incurred for the repurchase of shares are transferred to the cost of stock. The consideration and transaction costs paid in a share repurchase reduce shareholder's equity and no gain or loss is recognised when the shares of the Company are repurchased, transferred or cancelled.

The transfer of stock, according to the difference between the actual amount received and the carrying amount of the stock, included in the capital reserve, the capital reserve is insufficient to offset, offset the surplus reserve and undistributed profits. For the cancellation of stock, the share capital shall be reduced based on the par value of the stock and the number of shares cancelled, and the capital reserve shall be reduced based on the difference between the carrying amount of the cancelled stock and the par value, if the capital reserve is insufficient, the surplus reserve and undistributed profits shall be reduced.

(XXXI) Changes in significant accounting policies and accounting estimates

1. Changes in accounting policies

There were no changes in significant accounting policies during the Reporting Period.

Notes to the Financial Statements

III Significant accounting policies, accounting estimates (cont'd)

(XXXI) Changes in significant accounting policies and accounting estimates (cont'd)

2. Changes in accounting estimates

There were no changes in significant accounting estimates during the Reporting Period.

IV Tax

(I) Major taxes and tax rates of the Company

Items of taxation	Tax basis	Tax rate
Value-added tax	The output tax is calculated based on the income from sales of goods and taxable services calculated in accordance with the provisions of the tax law. after deducting the deductible input tax in the current period, the difference is the value-added tax payable.	5%, 6%, 9%, 13%
Urban maintenance and construction tax	Based on VAT payable	1%, 5%, 7%
Education surcharge	Based on VAT payable	3%
Local education surcharge	Based on VAT payable	2%
Business income tax	Taxable amount of income	15%, 25%

Note:

According to the “Notice of Shaanxi Provincial State Administration of Taxation and Shaanxi Provincial Department of Finance on Trial Implementation of Measures for Verification and Deduction of Input Value-added Tax on Agricultural Products in Concentrated Juice Industry”, “Notice of Shanxi Provincial Department of Finance and Shanxi Provincial State Administration of Taxation on Incorporation of Verification and Deduction of Input Value-added Tax on Fruit and Vegetable Juice and Fruit and Vegetable Beverages and Other Industries”, “Notice of Dalian Municipal State Administration of Taxation and Dalian Municipal Finance Bureau on Relevant Issues Concerning Enlargement of Verification and Deduction of Input Value-added Tax on Agricultural Products”, “Notice of Shandong Provincial Department of Finance and Shandong Provincial State Administration of Taxation on Publishing the Verification and Deduction Standard of Input Tax of Value-added Tax on Some Agricultural Products such as Soybeans” and the “Notice of the State Administration of Taxation of Xinjiang Uygur Autonomous Region on Further Expanding the Pilot Industry Scope of Deduction of Input VAT on Agricultural Products”, Baishui Andre Juice Co., Ltd. and Liqun Andre Juice Co., Ltd., subsidiaries of the Company, have been subject to the approved deduction of input tax of agricultural product value-added tax since January 2014, Yongji Andre Juice Co., Ltd., since December 2014, and Dalian Andre Juice Co., Ltd., since April 2018 and Yantai North Andre Juice Co., Ltd and Yantai Longkou Andre Juice Co., Ltd., since January 2021 and Aksu Andre Juice Co., Ltd., since April 2023 and Yan’an Andre Juice Co., Ltd., since June 2024. When agricultural products are purchased, the recorded value of raw materials is recognised based on the amount including tax, when finished products are sold, the approved deduction of input tax is deducted from current operating costs. As a result, the Company’s VAT to be credited at the end of the year excludes the input tax on purchased agricultural products that have not yet been sold under the approved deduction method of VAT on agricultural products.

Notes to the Financial Statements

IV Tax (cont'd)

(II) Preferential tax policies and basis

Except for the following subsidiaries which are entitled to tax incentives, the income tax rate applicable to the Company and domestic subsidiaries for the year is 25%, and the overseas subsidiaries of the Company are subject to income tax at the local applicable tax rates.

1. According to Announcement No. 23 of 2020 of the Ministry of finance, the State Administration of Taxation and the national development and Reform Commission on the Continuation of the Enterprise Income Tax Policy for the Western Development, Baishui Andre Juice Co., Ltd. and Anyue Andre Lemon Industry Technology Co., Ltd.* shall pay the enterprise income tax at the reduced tax rate of 15% from 2021 to 2030. And Aksu Andre Juice Co., Ltd.* shall pay the enterprise income tax at the reduced tax rate of 15% from 2023 to 2030. And Yan'an Andre Juice Co., Ltd.* shall pay the enterprise income tax at the reduced tax rate of 15% from 2024 to 2030.
2. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Scope of Primary Processing of Agricultural Products Subject to the Preferential Enterprise Income Tax Policy (for Trial Implementation) (Cai Shui [2008] No.149), Yantai North Andre Juice Co., Ltd., Baishui Andre Juice Co., Ltd., Xuzhou Andre Juice Co., Ltd., Yantai Longkou Andre Juice Co., Ltd., Dalian Andre Juice Co., Ltd.*, Yongji Andre Juice Co., Ltd., Liquan Andre Juice Co., Ltd.*, Anyue Andre Lemon Industry Technology Co., Ltd.*, Aksu Andre Juice Co., Ltd.*, and Yan'an Andre Juice Co., Ltd.*, *are entitled to the preferential policy of exemption from income tax for the raw juice and fruit dregs produced and sold.

V Notes to key items in the consolidated financial statements

1. Cash at bank and on hand

Items	Closing balance	Opening balance
Cash on hand	93.92	100.65
Deposits with banks	236,453,941.17	544,174,112.63
Other monetary funds	—	—
Total	236,454,035.09	544,174,213.28
Of which: total amount deposited abroad	7,128,786.88	3,052,569.11

On 31 December 2024, the Company had no funds mortgage, pledged or frozen, or funds stored overseas and restricted in fund repatriation.

* For identification purposes only

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

2. Financial assets held for trading

Items	Closing balance	Opening balance
Subtotal of financial assets classified as at fair value through profit or loss	41,034,077.78	146,474,548.64
of which: Asset management plan	-	51,555,000.00
Funds	-	59,280,540.00
Investment in equity instruments	-	35,639,008.64
Open-ended net value-based product	<u>41,034,077.78</u>	<u>-</u>
Total	<u>41,034,077.78</u>	<u>146,474,548.64</u>

3. Bills receivable

Categories of bills	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Bank's acceptance bill	<u>738,100.00</u>	<u>-</u>	<u>738,100.00</u>	<u>7,347,725.00</u>	<u>-</u>	<u>7,347,725.00</u>

- (1) At the end of the period, the Company had no pledged notes receivable.
- (2) At the end of the period, the Company had no notes receivable that had been endorsed or discounted but had not matured.
- (3) At the end of the period, the Company has no notes converted into receivables due to the non-performance of the drawer.
- (4) At the end of the period, the Company had no actual written off of notes receivable

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

4. Accounts receivables

1. Disclosure of trade receivables by age

Aging	Closing balance	Opening balance
Within 1 year		
Within 6 months	319,374,019.23	142,494,073.95
6 months to 1 year	11,861,013.60	1,423,334.99
Subtotal within 1 year:	331,235,032.83	143,917,408.94
1-2 years	34,776.22	—
Subtotal	331,269,809.05	143,917,408.94
Less: loss allowance	29,383,419.66	9,474,403.13
Total	301,886,389.39	134,443,005.81

2. Classified disclosure by bad debt provision accrual method

Type	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Accounts receivable for which ECLs are accrued individually	1,850,286.97	0.56	1,850,286.97	100.00	—
Accounts receivable with expected credit losses by portfolio	329,419,522.08	99.44	27,533,132.69	8.36	301,886,389.39
Where:					
Portfolio of amounts due from customers	329,419,522.08	99.44	27,533,132.69	8.36	301,886,389.39
Total	331,269,809.05	100.00	29,383,419.66	8.87	301,886,389.39

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

4. Accounts receivables (cont'd)

2. Classified disclosure by bad debt provision accrual method (cont'd)

Type	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage(%)	Amount	Expected credit loss rate (%)	
Accounts receivable for which ECLs are accrued individually	-	-	-	-	-
Accounts receivable with expected credit losses by portfolio	143,917,408.94	100.00	9,474,403.13	6.58	134,443,005.81
Where:					
Portfolio of amounts due from customers	143,917,408.94	100.00	9,474,403.13	6.58	134,443,005.81
Total	143,917,408.94	100.00	9,474,403.13	6.58	134,443,005.81

Accounts receivable for which ECLs are accrued individually

Customer Name	Closing balance			Basis of withdrawal
	Book balance	Bad-debt provision	Expected credit loss rate (%)	
Customer A	1,850,286.97	1,850,286.97	100.00	The customer has gone bankrupt and undergone restructuring
Total	1,850,286.97	1,850,286.97	100.00	

Note: At the end of last year, there are not accounts receivable for which ECLs are accrued individually.

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

4. Accounts receivables (cont'd)

2. Classified disclosure by bad debt provision accrual method (cont'd)

Accounts receivable with expected credit losses by portfolio
Portfolio of amounts due from customers

Type	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Expected credit loss rate (%)	Book balance	Bad-debt provision	Expected credit loss rate (%)
Not past due	309,392,515.91	18,563,550.94	6.00	137,921,993.28	8,275,320.00	6.00
Within 30 days overdue	12,955,411.56	2,591,082.31	20.00	5,995,415.66	1,199,083.13	20.00
31 to 60 days overdue	1,732,737.94	1,039,642.77	60.00	-	-	-
More than 61 days overdue	5,338,856.67	5,338,856.67	100.00	-	-	-
Total	329,419,522.08	27,533,132.69	8.36	143,917,408.94	9,474,403.13	6.58

3. Bad-debt provision accrued, recovered or written off in the current period

Items	Bad-debt provision amount
Opening balance	9,474,403.13
Accrued in the current period	19,909,016.53
recovered or return in the current period	-
Written off in the current period	-
Closing balance	29,383,419.66

4. There are no actual accounts receivable written off in this period.

5. Five largest accounts receivable by debtor at the end of the year

As of December 31, 2024, the total amount of five largest accounts receivable by debtor is RMB174,522,725.14, and 52.68% of the total closing balance of accounts receivable. The total amount of the closing balance of bad-debt provision is RMB10,471,363.50

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

5. Advance payment

1. *Prepayments are presented by age*

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,138,627.55	100.00	1,743,659.77	99.96
1-2 years	<u>-</u>	<u>-</u>	<u>633.90</u>	<u>0.04</u>
Total	<u>2,138,627.55</u>	<u>100.00</u>	<u>1,744,293.67</u>	<u>100.00</u>

2. *Top five prepayments of ending balance by prepayment object*

As of December 31, 2024, the total amount of top five prepayments of ending balance by prepayment object is RMB1,466,803.85, and 68.59% of the closing balance of total prepayments.

6. Other receivables

Items	Closing balance	Opening balance
Other receivables	<u>1,131,471.62</u>	<u>999,749.54</u>
Total	<u>1,131,471.62</u>	<u>999,749.54</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

6. Other receivables (cont'd)

(I) Other receivables

1. Disclosure by age

Aging	Closing balance	Opening balance
Within 1 year	992,180.65	655,591.44
1-2 years	121,000.00	163,674.84
2-3 years	100,000.00	215,090.12
3-4 years	–	30,500.00
4-5 years	500.00	98,145.55
More than 5 years	800.00	–
Subtotal	1,214,480.65	1,163,001.95
Less: loss allowance	83,009.03	163,252.41
Total	1,131,471.62	999,749.54

2. Breakdown by nature of amounts

Items	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Deposits, petty cash, cash						
pledge	613,449.50	52,957.48	560,492.02	382,624.23	16,500.00	366,124.23
others	601,031.15	30,051.55	570,979.60	780,377.72	146,752.41	633,625.31
Total	1,214,480.65	83,009.03	1,131,471.62	1,163,001.95	163,252.41	999,749.54

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

6. Other receivables (cont'd)

(I) Other receivables (cont'd)

3. Provision for bad debts of other receivables

In the stage one, the bad-debt provision at the end of the period

Type	Book balance	Rate of expected credit loss in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts by portfolio				
Deposits, petty cash, cash pledge	613,449.50	8.63	52,957.48	560,492.02
others	601,031.15	5.00	30,051.55	570,979.60
Total	1,214,480.65	6.83	83,009.03	1,131,471.62

At the end of the period, the company has no other receivables in stage two and stage three.

At the end of last year, the bad-debt provisions were in the stage one.

Type	Book balance	Rate of expected credit loss in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts by portfolio				
Deposits, petty cash, cash pledge	382,624.23	4.31	16,500.00	366,124.23
others	780,377.72	18.80	146,752.41	633,625.31
Total	1,163,001.95	14.04	163,252.41	999,749.54

At the end of last year, the company has no other receivables in stage two and stage three.

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

6. Other receivables (cont'd)

(I) Other receivables (cont'd)

4. Bad-debt provision accrued, return or transfer during the period

	Stage one	Stage two	Stage three	
	Expected credit loss in the next 12 months	Expected credit loss over the whole duration (No credit impairment)	Expected credit loss over the whole duration (Credit impairment occurred)	Total
Bad-debt provision				
Opening balance	163,252.41	-	-	163,252.41
Provision in current period	16,757.33	-	-	16,757.33
Return in current period	97,000.71	-	-	97,000.71
Transfer in current period	-	-	-	-
Write off in current period	-	-	-	-
Closing balance	83,009.03	-	-	83,009.03

5. Other receivables that are not actually written off in the current period.

6. Five largest other receivables by debtor at the end of the year

Name of organization	Nature of money	Closing Balance	Aging	Percentage of other receivables ending balance (%)	Bad-debt provision closing balance
Customer B	Deposit	200,000.00	Within 1 year	16.47	10,000.00
Customer C	Deposit	100,000.00	2-3 years	8.23	20,000.00
Customer D	Deposit	100,000.00	1-2 years	8.23	10,000.00
LI Weilin	petty cash	65,000.00	Within 1 year	5.35	3,250.00
QU Yunjiang	petty cash	45,000.00	Within 1 year	3.71	2,250.00
Total		510,000.00		41.99	45,500.00

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

7. Inventory

1. Inventory classification

Categories of inventories	Closing Balance			Opening balance		
	Book balance	reserve/Provision	Book value	Book balance	reserve/Provision	Book value
		performance cost			for depreciation of contract	
Raw materials	38,444,916.60	-	38,444,916.60	30,572,231.80	-	30,572,231.80
Work-in-process	152,184.00	-	152,184.00	-	-	-
Finished goods	1,121,766,896.11	1,780,095.08	1,119,986,801.03	870,743,249.98	382,303.78	870,360,946.20
Total	1,160,363,996.71	1,780,095.08	1,158,583,901.63	901,315,481.78	382,303.78	900,933,178.00

2. Provision for depreciation of inventories and provision for depreciation of contract performance cost

Items	Opening balance	Increase in current period		Decrease in current period		Closing Balance
		Provision	Others	Switch back or Resell	Others	
Finished goods	382,303.78	1,637,873.59	-	240,082.29	-	1,780,095.08

8. Other current assets

Items	Closing balance	Opening balance
Input VAT recoverable	70,972,934.73	15,373,766.54

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

9. Other non-current financial assets

Categories	Closing Balance	Opening balance
Equity instrument investment	<u>461,281.69</u>	<u>566,000.00</u>

10. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	<u>842,217,964.35</u>	<u>757,884,823.49</u>
Total	<u>842,217,964.35</u>	<u>757,884,823.49</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

10. Fixed assets (cont'd)

(1) Fixed assets

1. Fixed assets

Items	Plant and buildings	Machinery and equipment	Office and other equipments	Motor vehicles	Total
I. Original book value					
1. Opening balance	582,423,342.90	1,001,869,917.28	26,853,324.14	11,492,594.14	1,622,639,178.46
2. Increase in current period	36,842,361.96	79,629,568.03	1,074,330.57	2,630,626.74	120,176,887.30
Purchases	25,075,341.16	35,428,815.06	979,600.47	2,267,086.91	63,750,843.60
Transfer-in of construction in progress	11,563,421.11	44,200,752.97	94,730.10	363,539.83	56,222,444.01
Translation differences in foreign currency statements	203,599.69	-	-	-	203,599.69
3. Decrease in current period	165,000.00	163,629.02	82,384.66	1,608,018.02	2,019,031.70
Disposal or retirement	165,000.00	163,629.02	82,384.66	1,608,018.02	2,019,031.70
4. Closing balance	<u>619,100,704.86</u>	<u>1,081,335,856.29</u>	<u>27,845,270.05</u>	<u>12,515,202.86</u>	<u>1,740,797,034.06</u>
II. Accumulated depreciation					
1. Opening balance	186,402,638.76	603,987,007.61	21,173,278.99	8,529,110.00	820,092,035.36
2. Increase in current period	11,867,179.83	22,631,371.59	351,866.13	682,945.06	35,533,362.61
Provision for current period	11,837,855.00	22,631,371.59	351,866.13	682,945.06	35,504,037.78
Translation differences in foreign currency statements	29,324.83	-	-	-	29,324.83
3. Decrease in current period	53,212.50	138,944.40	74,146.20	1,442,344.77	1,708,647.87
Disposal or retirement	53,212.50	138,944.40	74,146.20	1,442,344.77	1,708,647.87
4. Closing balance	<u>198,216,606.09</u>	<u>626,479,434.80</u>	<u>21,450,998.92</u>	<u>7,769,710.29</u>	<u>853,916,750.10</u>
III. Impairment allowance					
1. Opening balance	22,052,390.44	22,489,144.08	120,785.09	-	44,662,319.61
2. Increase in current period	-	-	-	-	-
3. Decrease in current period	-	-	-	-	-
4. Closing balance	<u>22,052,390.44</u>	<u>22,489,144.08</u>	<u>120,785.09</u>	<u>-</u>	<u>44,662,319.61</u>
IV. Book value					
1. Closing carrying amount	398,831,708.33	432,367,277.41	6,273,486.04	4,745,492.57	842,217,964.35
2. Opening book value	<u>373,968,313.70</u>	<u>375,393,765.59</u>	<u>5,559,260.06</u>	<u>2,963,484.14</u>	<u>757,884,823.49</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

10. Fixed assets (cont'd)

(1) Fixed assets (cont'd)

2. Temporarily idle fixed assets as of 31 December 2024

Category	Original value	Accumulated depreciation	Provision for impairment	Book value
Housings and buildings	<u>2,015,336.95</u>	<u>1,195,959.55</u>	<u>–</u>	<u>819,377.40</u>

3. Fixed assets leased out under operating leases

Items	Closing book value
Plant and buildings	<u>14,043,222.79</u>

4. The company has no fixed assets without a certificate of title.

11. Construction in progress

Items	Closing balance	Opening balance
Construction in process	<u>1,678,500.00</u>	<u>1,384,429.43</u>
Total	<u>1,678,500.00</u>	<u>1,384,429.43</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

11. Construction in progress (cont'd)

(1) Construction in process

1. Construction in progress

Items	Closing balance			Opening balance		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Devices to be installed	1,678,500.00	-	1,678,500.00	1,263,557.87	-	1,263,557.87
Renovation of buildings	-	-	-	120,871.56	-	120,871.56
Total	1,678,500.00	-	1,678,500.00	1,384,429.43	-	1,384,429.43

2. Changes in major construction-in-progress projects in the current period

Project name	Opening balance	Increase in current period	Current period transfer-in fixed assets	Other decrease for the current period	Closing balance
Annual output of 7200 tons of decolorized and deacidified concentrated fruit juice production line		35,957,607.28	35,957,607.28	-	-
Annual output of 12000 tons of NFC juice		18,175,899.24	18,175,899.24	-	-

Project name	Budget figure (ten thousand yuan)	Proportion of project investment to budget (%)	Progress (%)	Sources of fund
Annual output of 7200 tons of decolorized and deacidified concentrated fruit juice production line	12,722.75	26.06	31.00	Own funds
Annual output of 12000 tons of NFC juice	10,466.83	34.05	34.00	Own funds

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

12. Intangible assets

1. Intangible assets

Items	Land use right	Total
I. Original book value		
1. Opening balance	127,559,128.10	127,559,128.10
2. Increase in current period	17,298,212.38	17,298,212.38
Purchases	17,298,212.38	17,298,212.38
3. Decrease in current period	9,219,648.54	9,219,648.54
Disposals	9,219,648.54	9,219,648.54
4. Closing balance	135,637,691.94	135,637,691.94
II. Accumulated amortization		
1. Opening balance	35,056,546.56	35,056,546.56
2. Increase in current period	2,823,534.67	2,823,534.67
Provision for current period	2,823,534.67	2,823,534.67
3. Decrease in current period	3,531,642.13	3,531,642.13
Disposals	3,531,642.13	3,531,642.13
4. Closing balance	34,348,439.10	34,348,439.10
III. Impairment allowance		
1. Opening balance	–	–
2. Increase in current period	–	–
3. Decrease in current period	–	–
4. Closing balance	–	–
M. Book value		
1. Closing carrying amount	101,289,252.84	101,289,252.84
2. Opening book value	<u>92,502,581.54</u>	<u>92,502,581.54</u>

2. No land use right without a certificate of title.

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

13. Development expenditures

Items	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Internal development expenditure	Other increase	Recognized as intangible assets	Record current profit and loss	
Development and application of key technologies for deep processing of representative fruits in North China		4,347,684.08	-	-	-	4,347,684.08
The 14th five-year national project of accurate storage, transportation, and processing after harvest		<u>176,788.29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,788.29</u>
Total		<u><u>4,524,472.37</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,524,472.37</u></u>

14. Goodwill

1. Original carrying amount of goodwill

The name of the investee or the event forming goodwill	Opening balance	Increase in current period	Decrease in current period	Closing balance
		Formation of business combination	Disposals	
Anyue Andre Lemon Industry Technology Co., Ltd.	3,066,598.32	-	-	3,066,598.32
Yongji Andre Juice Co., Ltd.	4,566,292.71	-	-	4,566,292.71
Yantai Longkou Andre Juice Co., Ltd.	<u>1,020,683.72</u>	<u>-</u>	<u>-</u>	<u>1,020,683.72</u>
Total	<u><u>8,653,574.75</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>8,653,574.75</u></u>

Note: On 29 April 2014, the Company paid an acquisition cost of RMB52,120,000.00 to acquire the interest in Anyue Andre Lemon Industry Technology Co., Ltd. The excess of the acquisition cost over the proportionate share of the fair value of the identifiable assets and liabilities of Anyue Andre Lemon Industry Technology Co., Ltd. was recognized as goodwill relating to Anyue Andre Lemon Industry Technology Co., Ltd.

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

14. Goodwill (cont'd)

1. Original carrying amount of goodwill (cont'd)

On 26 April 2011, the Company paid an acquisition cost of RMB56,201,585.00 to acquire the interest in Yongji Andre Juice Co., Ltd. The excess of the acquisition cost over the proportionate share of the fair value of the identifiable assets and liabilities of Yongji Andre Juice Co., Ltd. was recognized as goodwill relating to Yongji Andre Juice Co., Ltd.

On 13 September 2002, the Company paid an acquisition cost of RMB32,035,810.00 to acquire the interest in Yantai Longkou Andre Juice Co., Ltd. The excess of the acquisition cost over the proportionate share of the fair value of the identifiable assets and liabilities of Yantai Longkou Andre Juice Co., Ltd. was recognized as goodwill relating to Yantai Longkou Andre Juice Co., Ltd.

2. Provision for impairment of goodwill

The name of the investee or the event forming goodwill	Opening balance	Increase in current period Provision	Decrease in current period Disposals	Closing balance
Anyue Andre Lemon Industry Technology Co., Ltd.	3,066,598.32	–	–	3,066,598.32

15. Deferred income tax assets

1. Details of deductible temporary differences for unrecognised deferred income tax assets

Items	Closing balance	Opening balance
Deductible temporary differences	31,246,523.77	57,748,877.25
Deductible loss	7,134,626.15	4,513,522.03
Total	38,381,149.92	62,262,399.28

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

15. Deferred income tax assets (cont'd)

2. Expiration of deductible tax losses for unrecognised deferred tax assets

Age	Closing balance	Opening balance
2024	–	53,475.07
2025	–	–
2026	1,803,830.81	1,803,830.81
2027	200,213.05	200,213.05
2028	3,467,235.54	2,456,003.10
2029	1,663,346.75	–
Total	7,134,626.15	4,513,522.03

16. Other non-current assets

Items	Closing balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Advance payment for equipment and project purchase	10,827,674.40	–	10,827,674.40	927,040.00	–	927,040.00

17. Accounts payable

1. Disclosure by nature of payable

Items	Closing balance	Opening balance
Materials and other payables	82,169,590.02	37,493,818.39
Amounts due for works and equipments	14,806,085.58	8,541,904.60
Total	96,975,675.60	46,035,722.99

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

17. Accounts payable (cont'd)

2. Disclosure by age

Items	Closing balance	Opening balance
Within 1 year	89,805,138.68	37,184,592.53
More than 1 years	<u>7,170,536.92</u>	<u>8,851,130.46</u>
Total	<u><u>96,975,675.60</u></u>	<u><u>46,035,722.99</u></u>

18. Contract liabilities

Items	Closing balance	Opening balance
Payments received in advance	<u><u>2,748,130.25</u></u>	<u><u>2,684,114.99</u></u>

19. Employee benefits payable

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term employee benefits	19,875,915.76	84,275,909.52	85,227,529.06	18,924,296.22
Post-employment benefits – defined contribution plans	<u>–</u>	<u>6,436,268.65</u>	<u>6,436,268.65</u>	<u>–</u>
Total	<u><u>19,875,915.76</u></u>	<u><u>90,712,178.17</u></u>	<u><u>91,663,797.71</u></u>	<u><u>18,924,296.22</u></u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

19. Employee benefits payable (cont'd)

1. Short-term employee benefits

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and subsidies	12,464,837.09	77,480,847.47	78,786,312.06	11,159,372.50
Staff welfare	7,360,882.08	1,711,542.93	1,399,506.17	7,672,918.84
Social security contributions	-	3,551,986.05	3,551,986.05	-
Among them:				
Basic medical insurance	-	2,975,588.77	2,975,588.77	-
Work injury insurance	-	423,217.07	423,217.07	-
Maternity insurance	-	153,180.21	153,180.21	-
Housing fund	-	1,018,214.00	1,018,214.00	-
Labour union funds and staff education funds	50,196.59	513,319.07	471,510.78	92,004.88
Total	<u>19,875,915.76</u>	<u>84,275,909.52</u>	<u>85,227,529.06</u>	<u>18,924,296.22</u>

2. Defined contribution plans

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Post-employment benefits				
Among them:				
Basic pension	-	6,303,231.27	6,303,231.27	-
Unemployment insurance	-	133,037.38	133,037.38	-
Total	<u>-</u>	<u>6,436,268.65</u>	<u>6,436,268.65</u>	<u>-</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

19. Employee benefits payable (cont'd)

3. Other description of Employee benefits payable

- 1) As at 31 December 2024, there were no amounts in arrears in the remuneration payable by the Company to the employees.
- 2) In accordance with the relevant PRC regulations, the Company participates in the employees' defined contribution retirement scheme arranged by the local government for its employees. The Company is required to make contributions to the retirement scheme at a specific percentage or at a specific amount of the employees' remuneration. The relevant local government authorities are responsible for all retirement liabilities of the retired employees. The Company is not subject to any other material obligation in respect of the payment of pension in respect of these plans other than the annual contributions mentioned above.
- 3) During the period (2024, 2023 and 2022), the Company had no forfeited contributions (by employers on behalf of employees who leave the defined contribution plans of the Company prior to vesting fully in such contributions) which may be used by the Company to reduce the existing level of contributions.

20. Taxes payable

Tax items	Closing balance	Opening balance
Value-added tax	5,146,549.04	777,099.14
Property tax	676,903.75	661,028.32
Land use tax	729,750.23	681,402.11
Business income tax	–	3,640,322.17
City Construction and Maintenance Tax, Education Fee Surcharge and Local Education Surcharge	591,597.03	47,419.09
Others	568,130.73	366,985.24
Total	7,712,930.78	6,174,256.07

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

21. Other accounts payable

Items	Closing balance	Opening balance
Other payables	<u>1,543,670.21</u>	<u>2,035,247.71</u>
Total	<u>1,543,670.21</u>	<u>2,035,247.71</u>

(I) Other payables

Nature of money	Closing balance	Opening balance
Quality guarantee fund	2,550.00	33,245.50
Deposits and margin	916,925.09	1,342,266.73
Accrued expenses	59,653.65	10,190.05
Others	<u>564,541.47</u>	<u>649,545.43</u>
Total	<u>1,543,670.21</u>	<u>2,035,247.71</u>

22. Other current liabilities

Items	Closing balance	Opening balance
Output tax to be transferred	<u>352,363.93</u>	<u>184,880.15</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

23. Long-term payables

Items	Closing balance	Opening balance
Long-term payables	<u>1,729,656.00</u>	<u>1,692,623.00</u>
Total	<u>1,729,656.00</u>	<u>1,692,623.00</u>

(I) Long-term payables

Nature of money	Closing balance	Opening balance
Payable for plant ownership and land use rights	1,099,816.00	1,062,783.00
Special funds for counterpart aid from Jiangsu and Shaanxi	<u>629,840.00</u>	<u>629,840.00</u>
Total	<u>1,729,656.00</u>	<u>1,692,623.00</u>

24. Deferred income

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance	Cause of formation
Government grants	<u>2,037,894.57</u>	<u>1,735,500.00</u>	<u>–</u>	<u>3,773,394.57</u>	<u>–</u>

Description of deferred income: The government grants included in deferred earnings are detailed in Note VIII. Government grants.

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

25. Share capital

Items	Opening balance	Current Period Change Increase (+) Decrease (-)				Subtotal	Closing balance
		Issue a new share	Give out shares	Conversion of provident fund into shares	Others		
Total number of shares	349,000,000.00	-	-	-	-	-	349,000,000.00

26. Treasury stock

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Reduce the registered capital from repurchase	-	67,779,330.82	-	67,779,330.82

Description of treasury stock:

(1) As of 31 December 2024, the Company has actually repurchased 7,800,000 shares of H Shares, accounting for 9.94% of the Company's total share capital of H Shares, accounting for 2.23% of the Company's total share capital, and the total amount paid was RMB67,779,330.82 (inclusive of transaction costs). The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations.

27. Surplus reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Legal earned surplus reserve	109,950,353.75	29,867,548.26	-	139,817,902.01

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

28. Retained earnings

Items	Current amount incurred	Prior period occurrence
Undistributed profit at end of prior period before adjustment	2,070,671,322.38	1,856,357,428.90
Adjust the total undistributed profit at the beginning of the period (increase+, decrease-)	-	-
Adjusted opening undistributed profit	2,070,671,322.38	1,856,357,428.90
Plus: net profit attributable to owners of the parent in the current period	260,703,197.00	255,520,074.21
Less: draw down statutory surplus reserve	29,867,548.26	5,436,180.73
common stock dividend payable	76,780,000.00	35,770,000.00
Undistributed profit at end of period	<u>2,224,726,971.12</u>	<u>2,070,671,322.38</u>

29. Operating income and operating costs

1. Operating income, operating costs

Items	Current amount incurred		Prior period occurrence	
	Income	Cost	Income	Cost
Principal businesses	1,411,667,732.00	1,063,304,525.26	868,537,450.63	584,135,235.96
Other businesses	<u>6,319,265.99</u>	<u>3,148,292.64</u>	<u>7,567,503.08</u>	<u>2,928,696.65</u>
Total	<u>1,417,986,997.99</u>	<u>1,066,452,817.90</u>	<u>876,104,953.71</u>	<u>587,063,932.61</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

29. Operating income and operating costs (cont'd)

2. The geographical location of the Company's principal operating income from external customers is set out as follows:

Classification of the contracts	Operating income	Operating cost
Type of goods		
Fruit juice and Essence	1,363,854,325.75	1,042,466,855.62
Fruit residue	47,813,406.25	20,837,669.64
Others	6,319,265.99	3,148,292.64
Type of markets or customers		
America	224,687,324.34	—
Asia	718,866,603.51	—
Africa	185,672,586.16	—
Europe	196,755,925.89	—
Oceania	92,004,558.09	—
Classification by time of commodity transfer		
Transfer at a certain point in time	1,417,986,997.99	1,066,452,817.90
Transfer within a certain period of time	—	—
Total	1,417,986,997.99	1,066,452,817.90

Note: The company conducts cost accounting according to product varieties and categories, and does not apportion or estimate costs by customer, sales model and operating region, so the data of operating costs by operating region is not listed.

30. Taxes and surcharges

Items	Current amount incurred	Prior period occurrence
Urban maintenance and construction tax	1,816,111.00	1,419,271.04
Surcharge for Education	1,681,844.13	1,386,636.75
Property tax	3,614,904.52	3,608,754.61
Land use tax	3,217,211.21	3,169,520.10
Others	1,223,927.50	994,507.94
Total	11,553,998.36	10,578,690.44

Description of taxes and surcharges: The payment criteria of taxes and surcharges are detailed in Note IV. Taxes

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

31. Selling and distribution expenses

Items	Current amount incurred	Prior period occurrence
Payroll and welfare	2,375,540.75	2,124,939.20
Sales commission	2,542,238.72	487,823.83
Others	1,655,389.63	753,015.70
Total	<u>6,573,169.10</u>	<u>3,365,778.73</u>

32. General and administrative expenses

Items	Current amount incurred	Prior period occurrence
Payroll and welfare	26,530,002.65	28,500,357.86
Depreciation and amortisation charges	6,893,991.84	7,077,799.18
Maintenance and service charges	3,058,727.23	3,235,829.03
Audit and consulting fees	1,517,924.49	1,009,433.96
of which: Annual audit fee	1,009,433.93	1,009,433.96
Fixed increase audit fee	508,490.56	–
Office and travel expenses	3,082,066.09	2,605,019.52
Others	5,167,698.88	3,212,175.42
Total	<u>46,250,411.18</u>	<u>45,640,614.97</u>

33. Research and development expenses

Items	Current amount incurred	Prior period occurrence
Employee compensation	4,565,583.64	4,580,563.79
Depreciation and amortisation	571,108.78	475,524.24
Experimental materials and inspection fee	12,426,281.97	11,332,398.50
Others	1,109,247.19	827,345.12
Total	<u>18,672,221.58</u>	<u>17,215,831.65</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

34. Financial expenses

Items	Current amount incurred	Prior period occurrence
Interest expense	37,033.00	1,229,796.88
Less: interest income	4,612,849.99	9,559,874.00
Exchange gain or loss	-10,064,450.22	-5,370,597.48
Bank charges	258,640.46	170,048.25
Total	-14,381,626.75	-13,530,626.35

35. Other income

Items	Current amount incurred	Prior period occurrence
Foreign trade subsidies	90,334.00	223,348.00
Preferential policy of tax refund for ex-servicemen	—	114,750.00
Listing subsidy	—	1,600,000.00
Support fund subsidy	—	788,900.00
Subsidy for pest control at plant protection stations in 2022	—	40,000.00
Technical Transformation Award of the Bureau of Industry and Information Technology	451,000.00	—
Expand the import and export of feature agricultural products	40,000.00	—
Reward for imported scientific research supplies	7,275.00	—
Subsidies for enterprises above designated size	50,000.00	—
Refund of personal income tax handling fee	10,250.40	9,783.64
Others	3,000.00	6,000.00
Total	651,859.40	2,782,781.64

Description of government subsidy: Specific information on government subsidy are detailed in Note VIII. Government Subsidies

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

36. Investment income

Items	Current amount incurred	Prior period occurrence
Investment gain from disposal of long-term equity investment	–	762,364.25
Investment income in the period in which financial asset hold for trading are held	300,000.00	1,289,895.27
Investment gain from disposal of financial asset hold for trading (Note)	9,196,065.65	61,319,680.71
Total	9,496,065.65	63,371,940.23

Note: Details of Investment gain from disposal of financial asset hold for trading are as follows:

Items	Current amount incurred	Prior period occurrence
Trading equity instrument investment – equity investment	-157,911.88	34,152,429.31
Others	9,353,977.53	27,167,251.40
Total	9,196,065.65	61,319,680.71

37. The change of income fair value

Items	Current amount incurred	Prior period occurrence
financial asset hold for trading (Note)	-9,951,131.42	-36,513,500.14
Other non-current financial assets	-104,718.31	-5,434,000.00
Total	-10,055,849.73	-41,947,500.14

Note: Details of the change of income fair value of financial asset hold for trading are as follows:

Items	Current amount incurred	Prior period occurrence
Trading equity instrument investment – equity investment	-4,471,789.20	-19,281,635.19
Others	-5,479,342.22	-17,231,864.95
Total	-9,951,131.42	-36,513,500.14

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

38. Credit impairment loss (Losses are filled in with" -")

Items	Current amount incurred	Prior period occurrence
Bad debt losses of other receivables	80,243.38	1,306,451.74
Bad debt losses of account receivable	<u>-19,909,016.53</u>	<u>12,911,159.39</u>
Total	<u>-19,828,773.15</u>	<u>14,217,611.13</u>

39. Asset impairment loss (Losses are filled in with" -")

Items	Current amount incurred	Prior period occurrence
Loss on depreciation of inventories	-1,637,873.59	114,382.34
Impairment loss on fixed assets	<u>-</u>	<u>-</u>
Total	<u>-1,637,873.59</u>	<u>114,382.34</u>

40. Proceeds from disposal of assets

Items	Current amount incurred	Prior period occurrence
Gains or losses on disposal of fixed assets (Losses are filled in with" -")	476,917.31	11,204.64
Gains or losses on disposal of intangible assets (Losses are filled in with" -")	<u>-648,998.07</u>	<u>-</u>
Total	<u>-172,080.76</u>	<u>11,204.64</u>

41. Non-operating income

Items	Current amount incurred	Prior period occurrence
Others	<u>3,289.61</u>	<u>9,802.67</u>

Note: All non-operating income items in the current period are recognized as non-recurring gains and losses.

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

42. Non-operating expenses

Items	Current amount incurred	Prior period occurrence
Donations	5,000.00	5,000.00
Losses from scrapping of fixed assets	121,005.96	42,529.67
Others	<u>3,670.51</u>	<u>5,011.21</u>
Total	<u>129,676.47</u>	<u>52,540.88</u>

Note: all non-operating expenses items in the current period are recognized as non-recurring gains and losses.

43. Income tax expense

1. Income tax expense statement

Items	Current amount incurred	Prior period occurrence
Current income tax calculated according to tax law and relevant regulations	<u>489,770.58</u>	<u>8,758,339.08</u>
Total	<u>489,770.58</u>	<u>8,758,339.08</u>

2. Accounting profit and income tax expense adjustment process

Items	Current amount incurred	Prior period occurrence
Total profit	261,192,967.58	264,278,413.29
Income tax expense at statutory applicable tax rates	65,298,241.90	66,069,603.32
The effect of applying different tax rates to subsidiaries	-7,335,800.97	-111,265.53
Effect of adjustments to prior period income taxes	489,770.58	-1,965.92
Impact of non-taxable income	-60,571,054.79	-54,891,274.30
Non-deductible costs, expenses and losses	675,752.27	96,262.96
Impact of the use of deductible losses and deductible temporary differences from deferred income tax assets not recognised in prior periods	-	-
The effect of deductible temporary differences or deductible losses on deferred income tax assets not recognised in the current period	6,045,620.96	1,632,290.49
Extra deductions for R&D expenses	-4,112,759.37	-4,035,311.95
Income tax expense	<u>489,770.58</u>	<u>8,758,339.08</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

44. Notes to the statement of cash flows

(1) Cash received relating to other operating activities

Items	Current amount incurred	Prior period occurrence
Other operating income	6,319,265.99	7,567,503.08
Government subsidy	2,387,359.40	3,882,781.64
Other current accounts	4,616,139.60	1,601,341.34
Restricted credit margin	—	10,000,000.00
Total	13,322,764.99	23,051,626.06

(2) Cash paid relating to other operating activities

Items	Current amount incurred	Prior period occurrence
General and administrative expenses	12,684,907.26	10,062,457.93
Selling and distribution expenses	4,197,628.35	1,240,839.53
Research and development expenses	13,535,529.16	12,159,743.62
Development expenditure	4,091,622.48	—
Other business costs	2,616,816.96	2,614,485.53
other current expenses	1,243,217.06	933,904.33
Total	38,369,721.27	27,011,430.94

(3) Cash received relating to other investing activities

Items	Current amount incurred	Prior period occurrence
Interest income	—	3,830,555.68
Equity intention deposit	—	100,000,000.00
Total	—	103,830,555.68

(4) Cash paid relating to other financing activities

Items	Current amount incurred	Prior period amount
Share repurchase	67,779,330.82	59,538,215.04

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

45. Supplementary information to the statement of cash flows

1. Supplementary information to the statement of cash flows

Supplementary information	Current amount incurred	Prior period occurrence
1. Reconciliation of net profit to cash flows from operating activities		
Net profits	260,703,197.00	255,520,074.21
Plus: provision for impairment of assets	1,637,873.59	-114,382.34
credit impairment loss	19,828,773.15	-14,217,611.13
depreciation of fixed assets	35,533,362.61	30,823,065.42
depreciation of right of use assets	-	-
amortisation of intangible assets	2,823,534.67	2,706,361.34
amortization of long-term prepaid expenses	-	-
loss on disposal of fixed assets, intangible assets and other long-term assets (Revenue is filled with "-")	172,080.76	-11,204.64
loss from retirement of fixed assets (gains are filled with "-")	121,005.96	42,529.67
loss on changes in fair value (gains are filled with "-")	10,055,849.73	41,947,500.14
finance expenses (revenue is filled with "-")	-1,279,218.55	-10,370,289.35
investment losses (gains are filled with "-")	-9,496,065.65	-63,371,940.23
decrease in deferred income tax assets (increase is indicated by "-")	-	-
increase in deferred income tax liabilities (decrease is indicated by "-")	-	-
decrease in inventories (increase is indicated by "-")	-259,430,818.71	-349,998,648.66
decrease in operating receivables (increase is indicated by "-")	-236,787,755.88	100,548,246.61
increase in operating payables (decrease is indicated by "-")	66,913,906.06	-23,355,376.87
others	-	-
Net cash flows from operating activities	-109,204,275.26	-29,851,675.83
2. Significant non-cash investing and financing activities		
3. Net changes in cash and cash equivalents		
Closing balance of cash	236,454,035.09	544,174,213.28
Less: opening balance of cash	544,174,213.28	224,342,437.81
Plus: ending balance of cash equivalents	-	-
Less: opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-307,720,178.19	319,831,775.47

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

45. Supplementary information to the statement of cash flows (cont'd)

2. Net cash received from disposal of subsidiaries

Items	Current amount incurred	Prior period occurrence
Cash or cash equivalents received in the current period from the disposal of subsidiaries in the prior period	-	39,340,000.00
Of which: Yantai Andre Juice Co., Ltd.	<u>-</u>	<u>39,340,000.00</u>
Net cash received from disposal of subsidiaries	<u>-</u>	<u>39,340,000.00</u>

3. Composition of cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	236,454,035.09	544,174,213.28
Of which: cash on hand	93.92	100.65
bank deposits available for payment at any time	236,453,941.17	544,174,112.63
II. Balance of cash and cash equivalents at the end of the period	<u>236,454,035.09</u>	<u>544,174,213.28</u>

Notes to the Financial Statements

V Notes to key items in the consolidated financial statements (cont'd)

46. Monetary items in foreign currencies

1. Monetary items in foreign currencies

Items	Closing foreign currency balance	Translation rate	Closing translation of RMB balance
Cash at bank and cash on hand			
Of which: USD	12,248,576.54	7.1884	88,047,667.62
Euro	0.05	7.5257	0.38
Hong Kong dollar	2,835,223.31	0.9260	2,625,416.70
Accounts receivable			
Of which: USD	36,420,343.53	7.1884	261,803,997.43
Accounts payable			
Of which: USD	2,564,671.54	7.1884	18,435,884.90
Euro	20,000.00	7.5257	150,514.00
Other payables			
Of which: USD	781,859.58	7.1884	5,620,319.40

47. Lease

(I) Disclosure as lessor

Operating lease

Items	Current amount incurred	Prior period amount
Lease income	1,837,103.09	1,958,354.84
Among them: income related to variable lease payments not included in lease payments	-	-

Notes to the Financial Statements

VI Changes in the scope of consolidation

On June 25, 2024, the company's subsidiary Baishui Andre Juice Co., Ltd. established Yan'an Andre Fruit Juice Co., Ltd., holding 100% of the shares. Unified Social Credit Code: 91610628MAB3BM1306. Registered Capital: RMB60000000. Legal Representative: Huang Lianbo. Registered Address: 150 meters east of 210 National Highway, Chafang Subdistrict, Fuxian County, Yan'an City, Shaanxi Province. Business Scope: Permitted projects: Beverage production (Projects subject to approval according to law, business activities can only be carried out after approval by relevant departments. The specific business items are subject to the approval results.

On July 30, 2024, the company's subsidiary Baishui Andre Juice Co., Ltd. established Jingning Andre Juice Co., Ltd., holding 100% of the shares. Unified Social Credit Code: 91620826MADUP7TM83. Registered Capital: RMB10000000. Legal Representative: Huang Lianbo. Registered Address: No.6 Laifengsan Road, Bali Town Industrial Park, Jingning County, Pingliang City, Gansu Province, Business Scope: Permitted projects: Beverage production (Projects subject to legal approval may only commence operations after approval by relevant authorities).

VII Interests in other entities

(I) Equity in subsidiaries

1. Composition of enterprise groups

Name of subsidiary	Registered capital	Principal business place	Place of registration	Business nature	Shareholding (%)		Method of obtaining
					Direct	Indirect	
Baishui Andre Juice Co., Ltd.	USD17,125,000.00	Shaanxi Province, China	Shaanxi Province, China	Production and sale of concentrated fruit juice	74.44	25.56	Acquisition of establishment
Yantai Longkou Andre Juice Co., Ltd.	USD22,860,000.00	Shandong province, China	Shandong province, China	Production and sale of concentrated fruit juice	39.66	60.34	Acquisition of establishment
Xuzhou Andre Juice Co., Ltd.	USD11,600,000.00	Jiangsu province, China	Jiangsu province, China	Production and sale of concentrated fruit juice	64.66	35.34	Acquisition of establishment
Andre Juice Co.,Ltd.	USD50,000.00	British Virgin Islands	British Virgin Islands	Investment holding	100.00	-	Acquisition of establishment
North Andre Juice (USA), Inc.	USD1,900,000.00	United States of America	United States of America	Concentrated fruit juice sales	-	100.00	Acquisition of establishment
Dalian Andre Juice Co., Ltd.	RMB143,000,000.00	Liaoning province, China	Liaoning province, China	Production and sale of concentrated fruit juice	83.22	16.78	Acquisition of establishment

Notes to the Financial Statements

VII Interests in other entities (cont'd)

(I) Equity in subsidiaries (cont'd)

1. Composition of enterprise groups (cont'd)

Name of subsidiary	Registered capital	Principal business place	Place of registration	Business nature	Shareholding (%)		Method of obtaining
					Direct	Indirect	
Yongji Andre Juice Co., Ltd.	USD24,750,000.00	Shanxi province, China	Shanxi province, China	Production and sale of concentrated fruit juice	74.99	25.01	Acquisition by consolidation under non-uniform control
Anyue Andre Lemon Industry Technology Co., Ltd.*	RMB50,000,000.00	Sichuan province, China	Sichuan province, China	Production and sale of concentrated fruit juice	-	100.00	Acquisition by consolidation under non-uniform control
Liquan Andre Juice Co., Ltd.*	RMB100,000,000.00	Shaanxi province, China	Shaanxi province, China	Production and sale of concentrated fruit juice	-	100.00	Acquisition by consolidation under non-uniform control
Yantai Andre Drinking Water Co., Ltd.	USD5,000,000.00	Shandong province, China	Shandong province, China	Beverage production and sales	65.00	35.00	Acquisition of establishment
Aksu Andre Juice Co., Ltd.	RMB80,000,000.00	Xinjiang Uygur Autonomous Region, China	Xinjiang Uygur Autonomous Region, China	Production and sale of concentrated fruit juice	87.50	12.50	Acquisition of establishment
Yan'an Andre Fruit Juice Co., Ltd.,	RMB60,000,000.00	Shanxi province, China	Shaanxi province, China	Production and sale of concentrated fruit juice	83.30	16.70	Acquisition of establishment
Jingning Andre Juice Co., Ltd.,	RMB10,000,000.00	Gansu province, China	Gansu province, China	Production and sale of concentrated fruit juice	-	100.00	Acquisition of establishment

* For identification purposes only

Notes to the Financial Statements

VIII Government subsidy

(I) Government subsidies recognized by other receivables

As at 31 December 2024,our company has no outstanding government subsidy payments.

(II) Government subsidies included in deferred income

Classification	Opening balance	Increase in current period	Decrease in current period	Closing balance
Government subsidies related to assets	1,100,000.00	–	–	1,100,000.00
Government subsidies related to earnings	<u>937,894.57</u>	<u>1,735,500.00</u>	<u>–</u>	<u>2,673,394.57</u>
Total	<u><u>2,037,894.57</u></u>	<u><u>1,735,500.00</u></u>	<u><u>–</u></u>	<u><u>3,773,394.57</u></u>

1. Government subsidies recognized as deferred income are subsequently measured using the net method.

Categories	Opening balance	Additional Subsidy Amount for the Current Period	Amount transferred to reverse related costs in the current period	Other changes	Closing balance	Items for amount transferred to offset relevant cost and expense in current period
Government subsidies related to assets:						
Provincial modern agriculture Industrial park-Apple deep processing industrial park	1,100,000.00	–	–	–	1,100,000.00	
Subtotal	<u>1,100,000.00</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,100,000.00</u>	
Government subsidies related to earnings:						
Development and application of key technologies for deep processing of representative fruits in North China	937,894.57	777,000.00	–	–	1,714,894.57	
Rural Revitalization Technological Innovation Boost Action	–	490,500.00	–	–	490,500.00	
Subsidy for the 2023 National Key Research and Development Program	–	468,000.00	–	–	468,000.00	
Subtotal	<u>937,894.57</u>	<u>1,735,500.00</u>	<u>–</u>	<u>–</u>	<u>2,673,394.57</u>	
Total	<u><u>2,037,894.57</u></u>	<u><u>1,735,500.00</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>3,773,394.57</u></u>	

Notes to the Financial Statements

VIII Government subsidy (cont'd)

(II) Government subsidies included in deferred income (cont'd)

2. Government subsidies included in current profit and loss by the total amount method

Categories	Prior period occurrence	Current amount incurred	Accounting subjects
Government subsidies related to earnings:			
Foreign trade subsidies	223,348.00	90,334.00	Other income
Preferential policy of tax refund forex-servicemen	114,750.00	–	Other income
Listing subsidy	1,600,000.00	–	Other income
Support fund subsidy	788,900.00	–	Other income
Subsidy for pest control at plantprotection stations in 2022	40,000.00	–	Other income
Technical Transformation Award of the Bureao of Industry and Information Technology	–	451,000.00	Other income
Expand the import and export of feature agricultural products	–	40,000.00	Other income
Reward for imported scientific research supplies	–	7,275.00	Other income
Subsidies for enterprises above designated size	–	50,000.00	Other income
Others	6,000.00	3,000.00	Other income
Total	<u>2,772,998.00</u>	<u>641,609.00</u>	

IX Disclosure of risks associated with financial instruments

The Company's major financial instruments include monetary funds, debt investments, financial assets held for trading, receivables, Other receivables, Other non-current assets, Accounts payable, etc. Details of each financial instrument have been disclosed in the relevant notes. The risks associated with these financial instruments and the Company's risk management policies to mitigate these risks are described below, the management of the Company manages and monitors these exposures to ensure that the above risks are controlled within the limits.

Notes to the Financial Statements

IX Disclosure of risks associated with financial instruments (cont'd)

1. Risk management objectives and policies

Major risks arising from the Company's financial instruments mainly including credit risk, liquidity risk and market risk.

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines and overseeing the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates related risks through close cooperation with other business units of the Company. The Company's internal audit department conducts regular audit on the risk management control and procedures and reports the audit results to the Company's audit Committee.

The Company diversified its exposure to financial instruments through an appropriate mix of diversified investments and businesses and reduced its exposure to a single industry, specific region or specific counterparty by developing appropriate risk management policies.

(I) Credit risk

Credit risk is the risk that the Company will incur financial losses as a result of a counter party's failure to meet its contractual obligations.

The Company manages credit risk on a portfolio category basis. Credit risk primarily arises from bank deposits, notes receivable, accounts receivable, other receivables, long-term receivables, and debt investments.

The monetary funds held by the Company are mainly deposited in financial institutions such as state owned holding banks and other large and medium-sized commercial banks. The management believes that these commercial banks have high reputation and asset status, do not have significant credit risk. For notes receivable, accounts receivable, other receivables, the Company has established relevant policies to control credit risk exposure. The Company assesses the customer's credit worthiness and sets a corresponding credit period based on the customer's financial position, credit history and other factors such as current market conditions. The Company regularly reviews customer credit history as part of its credit risk management procedures, for customers with poor credit records, the Company applies written reminders, shortens the credit period or cancels the credit period to ensure that the Company's overall credit risk remains within manageable parameters.

The Company's accounts receivable counterparties span multiple industries and regions. The Company conducts ongoing credit assessments of their financial standing and purchases credit guarantee insurance where appropriate.

Notes to the Financial Statements

IX Disclosure of risks associated with financial instruments (cont'd)

1. Risk management objectives and policies (cont'd)

(I) Credit risk (cont'd)

The Company's maximum credit risk exposure is represented by the carrying amount of each financial asset recognized in the balance sheet. The Company has not provided any additional guarantees that would result in credit risk exposure beyond these amounts.

As of December 31, 2024, accounts receivable from the Company's top five customers accounted for 52.68% of the total accounts receivable.

Investment in debt

The Company generally limits its investments to securities with active markets (excluding long-term strategic investments) and engages with counterparties holding high credit ratings to mitigate credit risk exposure.

To monitor changes in credit risk, the Company tracks published external credit ratings. To determine whether these ratings remain current and assess whether significant increases in credit risk have occurred by the reporting date that are not yet reflected in published ratings, the Company supplements its analysis by reviewing bond yield movements and available news and regulatory information related to issuers.

The carrying amount of the Company's debt investments as of the balance sheet date

Items	Closing balance	Opening balance
financial assets held for trading	-	51,555,000.00

(II) Liquidity risk

Liquidity risk is the risk that an enterprise will experience a shortage of funds when it meets its obligation to settle by delivering cash or other financial assets.

When managing liquidity risk, the Company's subsidiary entities are responsible for their own cash management activities, including short-term investments of cash surpluses and arranging loans to meet anticipated cash requirements (subject to approval from the Company's Board of Directors if borrowing amounts exceed certain pre-set authorization thresholds). The Company's policy is to regularly monitor the short-term and long-term liquidity requirements and compliance with borrowing agreements to ensure that adequate cash reserves and marketable securities are maintained and sufficient reserves are pledged by major financial institutions to meet the short-term and longer-term liquidity requirements.

Notes to the Financial Statements

IX Disclosure of risks associated with financial instruments (cont'd)

1. Risk management objectives and policies (cont'd)

(II) Liquidity risk (cont'd)

As at 31 December 2024, the Company's financial liabilities and off-balance-sheet guarantee items are presented as follows based on the remaining contractual terms using undiscounted contractual cash flows:

items	Closing balance						total
	Immediate repayment	Within 1 month	1-3 months	3 months-1year	1-5 years	More than 5 years	
Non-derivative financial liabilities							
Accounts payable	96,975,675.60	-	-	-	-	-	96,975,675.60
Other payables	1,543,670.21	-	-	-	-	-	1,543,670.21
Long-term payables	629,840.00	-	-	-	-	1,099,816.00	1,729,656.00
Subtotal, non-derivative financial liabilities	99,149,185.81	-	-	-	-	1,099,816.00	100,249,001.81

As at 31 December 2023, the Company's financial liabilities and off-balance-sheet guarantee items are presented as follows based on the remaining contractual terms using undiscounted contractual cash flows:

items	Opening balance						total
	Immediate repayment	Within 1 month	1-3 months	3 months-1year	1-5 years	More than 5 years	
Non-derivative financial liabilities							
Accounts payable	46,035,722.99	-	-	-	-	-	46,035,722.99
Other payables	2,035,247.71	-	-	-	-	-	2,035,247.71
Long-term payables	629,840.00	-	-	-	-	1,062,783.00	1,692,623.00
Subtotal, non-derivative financial liabilities	48,700,810.70	-	-	-	-	1,062,783.00	49,763,593.70

The amounts of financial liabilities disclosed in the above table are undiscounted contractual cash flows and may differ from the carrying amounts in the balance sheet.

The maximum guaranteed amount of the signed guarantee contract does not represent the amount to be paid.

Notes to the Financial Statements

IX Disclosure of risks associated with financial instruments (cont'd)

1. Risk management objectives and policies (cont'd)

(III) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including interest rate risk, exchange rate risk and other price risks.

Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. This risk may arise from financial instruments denominated in a foreign currency other than the functional currency.

The principal operations of the Company are located in the PRC and the principal operations are settled in RMB. However, foreign currency assets and liabilities recognised by the Company and future foreign currency transactions in which the currencies of valuation of foreign currency assets and liabilities and foreign currency transactions are mainly USD and HKD remain subject to exchange rate risk.

As at 31 December 2024, the amounts of foreign currency financial assets and foreign currency financial liabilities held by the Company translated into RMB are as follows:

Items	Foreign currency financial liabilities		Foreign currency financial assets	
	Closing balance	Opening balance	Closing balance	Opening balance
USD	24,056,204.30	4,599,255.86	349,851,665.05	147,006,200.20
Euro	150,514.00	–	0.38	0.39
Hong Kong dollar	–	–	2,625,416.70	1,085,686.90
Total	24,206,718.30	4,599,255.86	352,477,082.13	148,091,887.49

The Company closely monitors the impact of exchange rate fluctuations on the Company's exchange rate risk. The Company continuously monitors the scale of the Company's foreign currency transactions and foreign currency assets and liabilities to minimise the exposure to foreign exchange risk; To this end, the Company will sign forward settlement and sale contracts to avoid exchange rate risk.

As at 31 December 2024, the Company would increase or decrease net profit by approximately RMB16,413,518.19 (approximately RMB7,174,631.58 for 2023) for various types of USD, Euro and HKD financial assets and USD and HKD financial liabilities of the Company if RMB appreciated or depreciated by 10% against USD, Euro and HKD with other factors held constant.

Notes to the Financial Statements

IX Disclosure of risks associated with financial instruments (cont'd)

2. Capital management

The Company's capital management policy aims to ensure its ability to continue operating, thereby providing returns to shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to minimize capital costs.

To maintain or adjust the capital structure, the Company may modify financing methods, adjust dividend policies or cash dividend payout ratios, repurchase shares, or issue new shares and other equity instruments.

The Company monitors its capital structure based on the debt-to-asset ratio (total liabilities divided by total assets). As of the end of the reporting period, the Company's debt-to-asset ratio was 4.81% (3.09% at the end of the prior year).

X Fair value

Based on the lowest of the three levels for each significant input used in the fair value measurement, fair value is classified into three levels:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date (Unadjusted).

Level 2: Directly (i.e., price) or indirectly (i.e., derived from price) using observable input values other than market quotations for assets or liabilities in level 1.

Level 3: Assets or liabilities use any input values that are not based on observable market data (unobservable input).

(I) Items and amounts measured at fair value

Assets and liabilities measured at fair value at the end of the period are listed as follows according to the above three levels:

Items	Fair value measurement at Level 1	Fair value measurement at Level 2	Fair value measurement at Level 3	Total
Ongoing fair value measurement				
Financial assets held for trading				
Investment in debt instruments	–	–	41,034,077.78	41,034,077.78
Investment in equity instruments	–	–	–	–
Subtotal of financial assets designated at fair value through profit or loss	–	–	461,281.69	461,281.69
Total assets	–	–	41,495,359.47	41,495,359.47

Notes to the Financial Statements

X Fair value (cont'd)

1. Items and amounts measured at fair value (cont'd)

During the year, there were no transfers between Level 1 and Level 2, or into or out of Level 3, in the fair value measurement of the Company's financial assets and liabilities.

For financial instruments traded in active markets, the Company determines their fair value based on the quoted prices in their active markets. For financial instruments not traded in active markets, the Company employs valuation techniques to determine their fair value. The valuation models used primarily include discounted cash flow models and market comparable company models. Key inputs to the valuation techniques mainly consist of risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of liquidity.

2. Items and amounts not measured at fair value but with fair value disclosed

The Company's financial assets and liabilities measured at amortized cost primarily include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term loans due within one year, long-term payables, and long-term loans.

XI Related parties and related party transactions

1. The parent company of the Company

Name of the parent company	Place of registration	Business nature	Registered capital
Shandong Andre Group Co., Ltd.	Yantai City, Shandong Province	Investment and Assets Management	RMB400000000.00

The ultimate controlling parties of the Company are Wang An and Wang Meng.

2. The Company's subsidiaries

Details of subsidiaries are provided in Note VII-I.

Notes to the Financial Statements

XI Related parties and related party transactions (cont'd)

3. Other related parties

Other related party names	Relationship between other related parties and the Company
President Enterprises (China) Investment Co., Ltd. and its subsidiaries	Enterprises that have a significant impact on the Company (i)
Guangzhou President Enterprises Co., Ltd.	Enterprises holding more than 5% of the Company's shares. Subsidiaries of President Enterprise Co., Ltd. (i)
Chengdu President Enterprise Food Co., Ltd.	Enterprises holding more than 5% of the Company's shares. Subsidiaries of President Enterprise Co., Ltd. (i)
Yantai Andre Yangma Island Andre Holiday Co., Ltd.	Enterprises under the same ultimate control
Yantai Andre Real Estate Development Co., Ltd.	Enterprises under the same ultimate control
Yantai Andre Property Management Co., Ltd.	Enterprises under the same ultimate control
Yantai DSM Andre Pectin Co., Ltd.	An enterprise that is significantly affected by the ultimate controlling party
Yantai Yitong Biological Energy Co., Ltd.	Enterprises under the same ultimate control
Aksu Yitong heating Co., Ltd.	Enterprises under the same ultimate control
Yantai Xingan Investment Centre (Limited Partnership)	Enterprises holding more than 5% of the Company's shares
Donghua Fruit Industry Co., Ltd.	Controlling shareholder. Enterprises under the same ultimate control
China Pingan Investment Holdings Limited	Controlling shareholder. Enterprises under the same ultimate control
Yantai Andre Holiday Hotel Plaza Limited	Enterprises under the same ultimate control
Yantai Andre Agricultural Technology Co., Ltd.	Enterprises under the same ultimate control
Kunlong Spring Resort Ltd	Enterprises under the same ultimate control
Mitsui Products Co., Ltd. and its subsidiaries	Enterprises holding more than 5% of the Company's shares

(i) President Enterprises (China) Investment Co., Ltd. exerts effective voting rights through its subsidiaries Chengdu President Enterprise Food Co., Ltd. and Guangzhou President Enterprises Co., Ltd. at the general meeting of shareholders of the Company and its representatives on the board of directors of the Company, which has a significant impact on the Company.

(ii) Mitsui Products Co., Ltd. reduced its stake in the Company on 22 February 2023, resulting in its shareholding ratio of less than 5%. According to the Listing Rules of Shanghai Stock Exchange, it will still be recognized as a related party within 12 months after the occurrence of the above events.

Notes to the Financial Statements

XI Related parties and related party transactions (cont'd)

4. Related party transaction

1. Related purchases and sales

(1) Related party transactions of purchasing goods and receiving services

Affiliated party	Related party transactions	Current amount incurred	Prior period occurrence
Yantai Yitong Biology Heat Co., Ltd. and its subsidiaries	Purchase of products	31,676,273.65	14,176,025.12
Yantai Andre Construction and Installation Engineering Co., Ltd.	Purchases of service	15,192.66	20,664,565.46
Yantai DSM Andre Pectin Co., Ltd.	Purchase of products	195,692.00	245,260.01
Yantai Andre Holiday Hotel Plaza Limited	Purchase of products	-	761.06
Yantai Andre Holiday Hotel Plaza Limited	Purchases of service	411,727.22	172,368.55
Yantai Andre Real Estate Development Co., Ltd.	Purchase of products	-	442.48
Kunlong Spring Resort Ltd.	Purchases of products	-	2,176.99
Kunlong Spring Resort Ltd.	Purchases of service	568,326.80	202,413.14
Yantai Huatai Beverage Co., Ltd.	Purchase of products	-	110,783.23
Yantai Andre Yangma Island Andre Holiday Co., Ltd.	Purchases of service	792.45	-
		=====	=====

Note: The 2022-2024 Product Purchase Framework Agreement between the Company and Yantai Yitong Biological Energy Co., Ltd. (hereinafter referred to as "Yantai Yitong"), signed on December 30, 2021, stipulated an annual transaction cap of RMB30,000,000 for 2024. However, the actual transaction amount for 2024, preliminarily verified by the Company's finance department (unaudited), reached RMB31,676,300, which exceeded the estimated annual cap by RMB1,676,300. Under the Hong Kong Listing Rules, the ongoing connected transactions under the Yitong Product Purchase Framework Agreement are only subject to the reporting and announcement requirements of the Hong Kong Listing Rules, and are exempt from the independent shareholder approval requirement. At the 28th meeting of the 8th Board of Directors on March 3, 2025, the Company approved the motion on "Confirming the Excess of the Company's 2024 Annual Daily Connected Transactions over the Estimated Amount". The Company has also strengthened internal control measures and taken remedial actions to prevent recurrence of similar incidents. For details, please refer to the announcement on "Continuing Connected Transactions Annual Cap Exceeded" disclosed on the HKEX website (www.hkexnews.hk) on March 3, 2025, and the detailed description of the Yitong related party situation in the corporate governance report.

Notes to the Financial Statements

XI Related parties and related party transactions (cont'd)

4. Related party transaction (cont'd)

1. Related purchases and sales (cont'd)

(2) Related party transactions of selling goods and providing services

Affiliated party	Related party transactions	Current amount incurred	Prior period occurrence
Uni-President China Holdings Ltd.and its subsidiaries	Sales of goods	26,198,713.55	16,635,524.15
Uni-President China Holdings Ltd.and its subsidiaries	Rendering of service	-	1,575,080.21
Ton Yi (China) Investment Co.,Ltd.and its subsidiaries	Sales of goods	5,321,074.93	4,892,538.59
Yantai DSM Andre Pectin Co., Ltd.	Sales of goods	47,595,456.91	38,056,312.57
Yantai DSM Andre Pectin Co., Ltd.	Sales of materials	-	477.48
Yantai DSM Andre Pectin Co., Ltd.	Rendering of service	895,944.00	895,944.00
Yantai Yitong Biological Energy Co., Ltd.	Sales of goods	-	7,942.35
Aksu Yitong heating Co., Ltd.	Sales of materials	3,462.05	-
Yantai Huatai Beverage Co., Ltd.	Sales of goods	-	61,231.86
Yantai Huatai Beverage Co., Ltd.	Sales of materials	-	3,346.52
Yantai Xingan Investment Centre (Limited Partnership)	Disposal of fixed assets	619,469.03	-
Yantai Andre Real Estate Development Co., Ltd.	Rendering of service	140,608.00	140,608.00
Yantai Andre Construction and Installation Engineering Co., Ltd.	Sales of materials	222.37	413.45
Yantai Andre Construction and Installation Engineering Co., Ltd.	Rendering of service	133,833.24	144,314.29
Mitsui Products Co., Ltd. and its subsidiaries	Sales of goods	13,223,789.88	82,192,914.64
Kunlong Spring Resort Ltd.	Sales of goods	858,396.99	-

Note: 1. The prices for the Company's related party transactions involving sales of goods and rendering of services are determined based on market prices.

2. In July 2023, the Company transferred its 25% stake in Yantai Huatai Beverage Co., Ltd. to a third party. According to Shanghai Stock Exchange Listing Rules, Yantai Huatai Beverage Co., Ltd. will still be deemed an associated party within 12 months after the transfer. In this period, there were no related-party transactions between the Company and Yantai Huatai Beverage Co., Ltd.

3. According to the written notice from Mitsui Products Co., Ltd., it reduced its stake in the Company to below 5% on February 22, 2023. Under the Listing Rules of Hong Kong Exchange, Mitsui Products Co., Ltd. is no longer a related party. However, according to Shanghai Stock Exchange Listing Rules No.6.3.3, it will still be recognized as a related party within 12 months after the event. Therefore, the related-party transaction data between Mitsui Products Co., Ltd. and its subsidiaries refers to the amount from January 1, 2024 to February 21, 2024.

Notes to the Financial Statements

XI Related parties and related party transactions (cont'd)

4. Related party transaction (cont'd)

2. Related lease conditions

(1) The Company acts as a lessor

Name of lessee	Types of leased assets	Lease income recognised in the current period	Lease income recognised in prior period
Yantai DSM Andre Pectin Co., Ltd.	House lease	738,036.00	738,036.00
Yantai Andre Real Estate Development Co., Ltd.	House lease	210,912.00	210,912.00
Yantai Andre Construction and Installation Engineering Co., Ltd.	House lease	193,253.21	193,253.21

3. Related party guarantees

(1) The Company act as guaranteed party

Guarantor	Guaranteed amount	Date of commencement	Date of maturity	Whether the guarantee has been fulfilled
Shandong Andre Group Co., Ltd.	249,000,000.00	03 June 2024	03 June 2025	No
Shandong Andre Group Co., Ltd.	<u>50,000,000.00</u>	31 May 2024	30 May 2025	No
Total	<u><u>299,000,000.00</u></u>			

4. Remuneration of key management personnel

Items	Current amount incurred	Prior period occurrence
Remuneration of key management personnel	<u><u>4,165,259.02</u></u>	<u><u>3,528,406.84</u></u>

Notes to the Financial Statements

XI Related parties and related party transactions (cont'd)

5. Receivables and payables from related parties

(1) Amounts due from related parties of the Company

Items	Affiliated party	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivables					
	Yantai DSM Andre Pectin Co., Ltd.	7,300,302.86	438,851.17	6,056,699.22	472,692.01
	Uni-President China Holdings Ltd. and its subsidiaries	3,152,824.80	214,616.00	3,081,684.09	184,901.05
Other receivable					
	Uni-President China Holdings Ltd. and its subsidiaries	200,000.00	10,000.00	30,000.00	12,000.00

(2) The Company's payables to related parties

Items	Affiliated party	Closing balance	Opening balance
Accounts payable			
	Yantai Yitong Biological Energy Co., Ltd.	961,900.01	175,704.12
	Aksu Yitong heating Co., Ltd.	585,954.12	–
	Yantai Andre Construction and Installation Engineering Co., Ltd.	1,656.00	–
Other payables			
	Yantai Yitong Biological Energy Co., Ltd.	–	5,658.42

Notes to the Financial Statements

XII Commitments and contingencies

(I) Significant commitments

1. *Foreign investment contracts and related financial expenditures that have not yet been performed or fully performed*

Yantai Andre Drinking Water Co., Ltd., was established on 13 November 2020 with the joint contribution of the Company and its subsidiaries, Andre Juice Co., Ltd. (hereinafter referred to as “BVI Andre”), Yantai Xinweishun Packing Co., Ltd. and Yantai Rongze Carton Factory. The registered capital of the Company is USD5 million, of which USD2.5 million is subscribed by the Company, accounting for 50.00% of the registered capital; BVI Andre, subscribed USD1.75 million, accounting for 35.00% of the registered capital; Yantai Xinweishun Packing Co., Ltd. subscribed USD0.5 million, accounting for 10.00% of the registered capital; Yantai Rongze Carton Factory subscribed USD0.25 million, accounting for 5.00% of the registered capital. On 28 September 2023, Yantai Xinweishun Packing Co., Ltd. and Yantai Rongze Carton Factory withdrew and transferred the subscription shares to the Company. After the change, the subscribed capital of the Company was changed to USD3.25 million accounting for 65% of the registered capital. As at 31 December 2024, except for the paid in capital contribution of BVI Andre, the contribution of other shareholders has not been made yet, so the Company is required to fulfill its obligation to contribute USD3.25 million to Yantai Andre Drinking Water Co., Ltd.

Save for the above commitments, as at 31 December 2024, the Company had no other significant commitments that should be disclosed but not disclosed.

(II) Contingencies

The Company has no material contingencies that should be disclosed up to the date of approval of the financial report.

XIII Significant contingencies existing at the balance sheet date

1. Jingning Andre Juice Co., Ltd., was dissolved in 24 March 2025, having conducted no business operations during its existence.
2. The H-share repurchased during the current period completed cancellation procedures on 13 February 2025, and the Company’s issued share capital was correspondingly reduced by the par value of such shares.
3. The Company’s application for the 2024 simplified private placement of A-shares to specific investors remains under regulatory review and registration procedures, with the timeline for effective registration and completion of issuance payment remaining uncertain. To avoid potential conflicts between the 2024 profit distribution and this capital raising initiative, following prudent deliberations and in the paramount interest of the Company and all shareholders, the Board recommends postponing the deliberation of the 2024 annual profit distribution plan.

Save for the above commitments, the company has no other significant contingencies existing at the balance sheet date that should be disclosed but not disclosed.

Notes to the Financial Statements

XIV Description of other important matters

1. Remuneration of directors and supervisors

Name	Directors' and Supervisors' Allowances		Basic wages, allowances and benefits		Retirement benefit		Total	
	Current		Current		Current		Current	
	Period	Prior Period	Period	Prior Period	Period	Prior Period	Period	Prior Period
Executive Director								
Wang An	80,000.00	80,000.00	-	-	-	-	80,000.00	80,000.00
Wang Kun	80,000.00	46,666.66	359,850.00	264,483.33	16,765.80	12,842.55	456,615.80	323,992.54
Wang Yanhui	80,000.00	80,000.00	273,649.95	258,993.31	16,765.80	17,117.40	370,415.75	356,110.71
Wang Meng	80,000.00	46,666.66	235,000.05	205,733.37	-	-	315,000.05	252,400.03
Non-executive director								
Liu Zongyi	80,000.00	80,000.00	-	-	-	-	80,000.00	80,000.00
Zhang Hui	26,666.64	80,000.00	-	117,237.99	-	16,200.00	26,666.64	213,437.99
Zhang Wei	40,000.00	-	-	-	-	-	40,000.00	-
Independent non-executive Directors								
Li Yao	80,000.00	80,000.00	-	-	-	-	80,000.00	80,000.00
Gong Fan	80,000.00	80,000.00	-	-	-	-	80,000.00	80,000.00
Wang Yan	80,000.00	80,000.00	-	-	-	-	80,000.00	80,000.00
Supervisors								
Meng Xianglin	50,000.00	50,000.00	121,304.00	110,075.00	9,501.13	16,503.48	180,805.13	176,578.48
Huang Lianbo	50,000.00	50,000.00	291,261.08	257,193.87	16,765.80	19,592.51	358,026.88	326,786.38
Wang Bo	50,000.00	50,000.00	278,105.33	253,099.47	16,765.80	17,171.40	344,871.13	320,270.87
Total	856,666.64	803,333.32	1,559,170.41	1,466,816.34	76,564.33	99,427.34	2,492,401.38	2,369,577.00

Note: Non-executive directors Zhang Wei appointed on June 18, 2024 and Zhang Hui resigned on April 29, 2024.

2. Highest-paid individuals of the Company

The five highest paid persons of the Company this year include three directors and two supervisors. Their remuneration has been reflected in the remuneration of directors and supervisors.

Note 1: In 2024, the Company did not pay or should pay the two individuals with the highest emoluments any amount to compensate them for losing the position of any manager of other subsidiaries in the Company;

Note 2: In 2024, the Company has no amount of money that has been paid or should be paid to the two individuals with the highest emoluments in order to promote them to join or when they join the Company.

Notes to the Financial Statements

XIV Description of other important matters (cont'd)

3. Capital commitment

Items	Current Period	Prior Period
Contracts for the purchase of fixed assets that have been signed and are being or are about to be performed	<u>4,827,616.87</u>	<u>159,352.56</u>

XV Notes to major items in the financial statements of the parent company

1. Accounts receivable

1. Disclosure of trade receivables by age

Aging	Closing balance	Opening balance
Within 6 months (inclusive)	170,873,416.28	121,531,530.77
6 months to 1 year (inclusive)	199,936,202.58	10,309,293.18
Subtotal within 1 year:	370,809,618.86	131,840,823.95
1-2 year (inclusive)	34,776.22	–
Subtotal	370,844,395.08	131,840,823.95
Less: bad-debt provision	<u>17,135,965.86</u>	<u>8,241,570.92</u>
Total	<u>353,708,429.22</u>	<u>123,599,253.03</u>

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

1. Accounts receivable (cont'd)

2. Classified disclosure by bad-debt provision accrual method

Type	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Expected Credit Loss Rate (%)	
Accounts receivable for which ECLs are accrued individually	199,872,769.04	-	-	-	199,872,769.04
Accounts receivable with expected credit losses by portfolio	170,971,626.04	100.00	17,135,965.86	10.02	153,835,660.18
Where: Portfolio of amounts due from customers	170,971,626.04	100.00	17,135,965.86	10.02	153,835,660.18
Total	370,844,395.08	100.00	17,135,965.86	4.62	353,708,429.22

continued:

Type	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Percentage (%)	Amount	Expected Credit Loss Rate (%)	
Accounts receivable for which ECLs are accrued individually	-	-	-	-	-
Accounts receivable with expected credit losses by portfolio	131,840,823.95	100.00	8,241,570.92	6.25	123,599,253.03
Where: Portfolio of amounts due from customers	131,840,823.95	100.00	8,241,570.92	6.25	123,599,253.03
Total	131,840,823.95	100.00	8,241,570.92	6.25	123,599,253.03

Accounts receivable requiring specific bad debt provision: No such receivables were recorded at the period end and the prior year end.

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

1. Accounts receivable (cont'd)

2. Classified disclosure by bad-debt provision accrual method (cont'd)

Accounts receivable with expected credit losses by portfolio

Portfolio of amounts due from customers

Type	Closing balance		
	Book balance	Bad-debt provision	Expected Credit Loss Rate (%)
Overdue time			
Not past due	157,303,856.14	9,438,231.36	6.00
Within 30 days overdue	6,596,175.29	1,319,235.06	20.00
31-60 days overdue	1,732,737.94	1,039,642.77	60.00
More than 61 days overdue	5,338,856.67	5,338,856.67	100.00
Total	170,971,626.04	17,135,965.86	10.02

Type	Opening balance		
	Book balance	Bad-debt provision	Expected Credit Loss Rate (%)
Not past due	129,475,670.49	7,768,540.23	6.00
Within 30 days overdue	2,365,153.46	473,030.69	20.00
Total	131,840,823.95	8,241,570.92	6.25

3. Provision for bad debts withdrawn, recovered or reversed in the current period

Items	Amount of provision for bad-debts withdrawn
Opening balance	8,241,570.92
Provision in current period	8,894,394.94
Recovery or reversal in current period	—
Write off in current period	—
Closing balance	17,135,965.86

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

1. Accounts receivable (cont'd)

4. *There is no actual write-off of accounts receivable in the current period*

5. *Five largest accounts receivable by debtor at the end of the year*

The combined amount of the top five accounts receivable balances at the end of the period, categorized by debtor, is RMB292,518,698.93, accounting for 78.88% of the total accounts receivable balance. The total provision for bad debts related to these accounts at the end of the period is RMB11,754,033.90.

2. Other receivables

Items	Closing balance	Opening balance
Dividends receivable	25,699,658.48	25,699,658.48
Other receivables	<u>375,670,994.12</u>	<u>128,407,299.95</u>
Total	<u>401,370,652.60</u>	<u>154,106,958.43</u>

(I) *Dividends receivable*

1. Dividends receivable

Investee	Closing balance	Opening balance
Andre Juice Co., Ltd.	<u>25,699,658.48</u>	<u>25,699,658.48</u>

2. Significant dividends receivable aged more than 1 year

Investee	Closing balance	Aging	Reasons for recovery	Whether the impairment and the reasons
Andre Juice Co., Ltd.	<u>25,699,658.48</u>	More than 3 years	Not yet paid	No. Dividends from subsidiaries can be paid at any time.

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

2. Other receivables (cont'd)

(II) Other receivables

1. Disclosure of other receivables by age

Aging	Closing balance	Opening balance
With in 1 year	375,509,406.61	73,834,973.66
1-2 years	100,000.00	54,593,981.45
2-3 years	100,000.00	–
3-4 years	–	–
4-5 years	–	–
More than 5 years	–	–
Subtotal	375,709,406.61	128,428,955.11
Less: bad-debt provision	38,412.49	21,655.16
Total	375,670,994.12	128,407,299.95

2. Breakdown by nature of amounts

Items	Closing balance		
	Book balance	Bad-debt provision	Book value
Consolidated subsidiaries	375,341,156.83	–	375,341,156.83
Deposits, petty cash, cash pledge	255,850.00	32,792.50	223,057.50
Others	112,399.78	5,619.99	106,779.79
Total	375,709,406.61	38,412.49	375,670,994.12
Items	Opening balance		
	Book balance	Bad-debt provision	Book value
Consolidated subsidiaries	128,095,851.85	–	128,095,851.85
Deposits, petty cash, cash pledge	230,000.00	13,000.00	217,000.00
Others	103,103.26	8,655.16	94,448.10
Total	128,428,955.11	21,655.16	128,407,299.95

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

2. Other receivables (cont'd)

(II) Other receivables (cont'd)

3. The situation of provision for bad debts

As at 31 December 2024, the provision for bad debts is in the stage one

Type	Book balance	Expected Credit Loss Rate in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts on a portfolio	375,709,406.61	0.01	38,412.49	375,670,994.12
Consolidated subsidiaries	375,341,156.83	–	–	375,341,156.83
Deposits, petty cash, cash pledge	255,850.00	12.82	32,792.50	223,057.50
Others	112,399.78	5.00	5,619.99	106,779.79
Total	375,709,406.61	0.01	38,412.49	375,670,994.12

Note: As at 31 December 2024, the Company has no other receivables in the stage two and stage three.

As at 31 December 2023, the provision for bad debts is in the stage one

Type	Book balance	Expected Credit Loss Rate in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts on a portfolio	128,428,955.11	0.02	21,655.16	128,407,299.95
Consolidated subsidiaries	128,095,851.85	–	–	128,095,851.85
Deposits, petty cash, cash pledge	230,000.00	5.65	13,000.00	217,000.00
Others	103,103.26	8.39	8,655.16	94,448.10
Total	128,428,955.11	0.02	21,655.16	128,407,299.95

Note: As at 31 December 2023, the Company has no other receivables in the stage two and stage three.

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

2. Other receivables (cont'd)

(II) Other receivables (cont'd)

4. Provision for bad debts of other receivables during the period

	Stage one Expected credit loss in the next 12 months	Stage two Expected credit loss over the whole duration (No credit impairment)	Stage three Expected credit loss over the whole duration (Credit impairment occurred)	Total
Opening balance	21,655.16	–	–	21,655.16
Provision in current period	16,757.33	–	–	16,757.33
Return in current period	–	–	–	–
Transfer in current period	–	–	–	–
Write off in current period	–	–	–	–
Closing balance	<u>38,412.49</u>	<u>–</u>	<u>–</u>	<u>38,412.49</u>

5. As at 31 December 2024, the company has no other receivables whose bad debt reserves have been reversed, recovered or written off in the current period.

6. Five largest other receivables by debtor at the end of the year

Name of organization	Nature of money	Closing balance	Aging	Percentage of other receivables ending balance (%)	Bad-debt provision closing balance
Aksu Andre Juice Co., Ltd.	Receivables from subsidiaries	120,846,027.36	Within 1 year	32.16	
Anyue Andre Lemon Industry Technology Co., Ltd.	Receivables from subsidiaries	67,281,145.05	Within 1 year	17.91	
Yongji Andre Juice Co., Ltd.	Receivables from subsidiaries	65,830,674.87	Within 1 year	17.52	
Yan'an Andre Fruit Juice Co., Ltd.,	Receivables from subsidiaries	55,456,441.91	Within 1 year	14.76	
Dalian Andre Juice Co., Ltd.,	Receivables from subsidiaries	<u>46,737,498.42</u>	Within 1 year	12.44	
Total		<u>356,151,787.61</u>		94.79	

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

3. Long-term equity investment

Items	Closing balance			Opening balance		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Investment in subsidiaries	628,942,158.14		628,942,158.14	578,942,158.14		578,942,158.14

1. Investment in subsidiaries

Investee	Opening balance	Increase in current period	Decrease in current period	Provision for impairment in current period	Closing balance	Closing balance of impairment allowance
Baishui Andre Juice Co., Ltd.	110,630,130.07	-	-	-	110,630,130.07	-
Yantai Longkou Andre Juice Co., Ltd.	80,622,695.55	-	-	-	80,622,695.55	-
Xuzhou Andre Juice Co., Ltd.	58,645,418.00	-	-	-	58,645,418.00	-
Andre Juice Co., Ltd.	8.00	-	-	-	8.00	-
Dalian Andre Juice Co., Ltd.*	119,000,000.00	-	-	-	119,000,000.00	-
Yongji Andre Juice Co., Ltd.	140,043,906.52	-	-	-	140,043,906.52	-
Aksu Andre Juice Co., Ltd.*	70,000,000.00	-	-	-	70,000,000.00	-
Yan'an Andre Juice Co., Ltd.*	-	50,000,000.00	-	-	50,000,000.00	-
Total	578,942,158.14	50,000,000.00	-	-	628,942,158.14	-

* For identification purposes only

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

4. Operating income and operating costs

1. Operating income, operating costs

Items	Current amount incurred		Prior period occurred	
	Income	Cost	Income	Cost
Principal businesses	1,067,666,041.83	987,017,424.72	652,168,708.11	613,627,137.72
Other business	12,177,944.95	9,459,709.93	8,772,883.26	5,668,971.19
Total	1,079,843,986.78	996,477,134.65	660,941,591.37	619,296,108.91

2. The geographical location of the Company's principal operating income from external customers is set out as follows:

Classification of the contracts	Operating income	Operating cost
Type of goods		
Fruit juice and Essence	1,062,022,593.42	984,922,063.68
Fruit residue	5,643,448.41	2,095,361.04
Others	12,177,944.95	9,459,709.93
Type of markets or customers		
America	298,220,893.27	—
Asia	512,814,210.23	—
Africa	101,750,511.24	—
Europe	123,934,159.35	—
Oceania	34,124,212.69	—
Classification by time of commodity transfer		
Transfer at a certain point in time	1,079,843,986.78	996,477,134.65
Transfer within a certain period of time		
Total	1,079,843,986.78	996,477,134.65

Note: The Company conducts cost accounting based on product categories and types. As costs are not allocated or estimated by customer, sales model, or operating region, the breakdown of operating costs by operating region is not disclosed.

Notes to the Financial Statements

XV Notes to major items in the financial statements of the parent company (cont'd)

5. Investment income

Items	Current amount incurred	Prior period occurrence
Investment income in the period in which financial assets held for trading are held	300,000.00	1,289,895.27
Investment income from disposal of financial assets held for trading	8,937,639.62	61,014,420.64
Investment income from disposal of Other non-current financial assets	-	-5,434,000.00
Long-term equity investment income accounted for by cost method	<u>241,543,903.50</u>	<u>-</u>
Total	<u>250,781,543.12</u>	<u>56,870,315.91</u>

XVI Supplementary information

(I) List of current non-recurring profit and loss

Items	Current amount incurred	NOTE
Profit or loss on disposal of non-current assets, including the reversal of previously recognized impairment allowances	-293,086.72	
Government grants recognized in current period profit or loss, excluding those grants that are closely related to the Company's normal business operations, comply with national policy regulations, are granted based on defined criteria, and have a sustained impact on the Company's profit or loss.	641,609.00	
Profit or loss on changes in fair value arising from the holding of trading financial assets and trading financial liabilities, and investment income from the disposal of trading financial assets, trading financial liabilities, debt investments and other debt investments, other than effective hedging business in relation to the normal operations of the Company	-559,784.08	
Other non-operating income and expenses other than those mentioned above	-5,380.90	
Total non-recurring profit and loss	-216,642.70	
Less: income tax impact	-32,637.91	
Net non-recurring profit and loss	-184,004.79	
Non-recurring profit and loss attributable to the Company's common shareholders	<u>-184,004.79</u>	

Notes to the Financial Statements

XVI Supplementary information (cont'd)

(II) Return on net assets and earnings per share

Profit for the Reporting Period	Weighted mean Return on net assets (%)	Earnings per share	
		Basic earnings per share	Dilute earnings per share
Net profit attributable to ordinary shareholders of the Company	9.91	0.75	0.75
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	<u>9.91</u>	<u>0.75</u>	<u>0.75</u>

Yantai North Andre Juice Co., Ltd.

26 March, 2025

