

LAISHI LIQUOR LIMITED
Registration No.: ARBN 622384776
(Incorporated in Cayman Islands)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2025

Registered office in Australia:
Unit 20, 217 Hay Street
Subiaco WA 6008

Registration No.: ARBN 622384776

LAISHI LIQUOR LIMITED
(Incorporated in Cayman Islands)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

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NO. 5, FIRST FLOOR, SUSURAN JINGGA
KOMPLEKS PERNIAGAAN MERGONG,
LEBUHRAYA SULTANAH BAHYIAH
05150 ALOR SETAR, KEDAH.

COMPANY REGISTRATION NO. ARBN 622384776

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAISHI LIQUOR LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LAISHI LIQUOR LIMITED, which comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 8 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

COMPANY REGISTRATION NO. ARBN 622384776

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAISHI LIQUOR LIMITED (CONTINUED)**

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

Group

Accuracy of Revenue Recognition (Note 15 to the financial statements)

Total consolidated revenue for the financial year 2025 amounted to A\$3,013,542 (2024: A\$5,077,699). The Group's revenue is mainly related to the sale of bai-jiu liquor in the domestic market. In line with IFRS 15, the Group recognises revenue when a performance obligation is satisfied by transferring control over a promised good or service. Revenue is a key performance indicator and therefore in internal and external stakeholders' focus. This could lead to an increased audit risk relating to sales cut-off and revenues not being recorded in the proper accounting period.

We consider revenue recognition to be a key audit matter due to the number of transactions that occur close to year-end and the potential impact of the cut-off date of these transactions on the consolidated financial statements.

Our responses:

Our audit procedures included, among others:

- enquiring the management regarding significant new contracts and relevant changes in existing contracts. The procedures also included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition;
- understanding of processes and internal controls, including management reviews, with respect to revenue recognition;
- verifying revenue transactions at the end of the financial year and at the beginning of the new financial year have been recognised in the proper accounting period; and
- assessing the Group's disclosures relating to revenue recognition.

COMPANY REGISTRATION NO. ARBN 622384776

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAISHI LIQUOR LIMITED (CONTINUED)**

Key audit matters (continued)

Group (continued)

Inventories (Note 8 to the financial statements)

We focused on this area because the review of saleability and valuation of the inventories, in particular finished goods, at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

Our responses:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories as at period end;
- understanding of processes and internal controls, including management reviews, with respect to revenue recognition;
- checking subsequent sales and evaluating Group's assessment on estimated net realisable value on selected inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements, which disclosed that the Group incurred a net loss of A\$576,246 (2024: A\$562,438) during the financial year ended 30 June 2025 and as of that date, the Group's and the Company's current liabilities exceeded its current assets by A\$2,714,838 and A\$60,000 (2024: A\$2,194,325 and A\$60,000) respectively. The Group recorded a capital deficiency of A\$2,050,236 (2024: A\$1,473,990), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

COMPANY REGISTRATION NO. ARBN 622384776

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAISHI LIQUOR LIMITED**

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

COMPANY REGISTRATION NO. ARBN 622384776

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAISHI LIQUOR LIMITED (CONTINUED)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company 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 auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' 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.

COMPANY REGISTRATION NO. ARBN 622384776

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAISHI LIQUOR LIMITED (CONTINUED)**

Other Matters

This report is made solely the members of the Company, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Ho Associates
AF 0215
Chartered Accountants



Ho Tze Lih BKM.
3286/10/2026 J
Chartered Accountant

Date: **11 SEP 2025**

NO. 5, FIRST FLOOR, SUSURAN JINGGA
KOMPLEKS PERNIAGAAN MERGONG,
LEBUHRAYA SULTANAH BAHYAH
05150 ALOR SETAR, KEDAH.

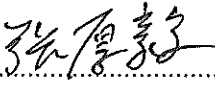
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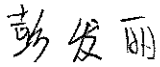
LAISHI LIQUOR LIMITED
(Incorporated in Cayman Islands)

STATEMENT BY DIRECTORS

In the opinion of the Directors of LAISHI LIQUOR LIMITED, do hereby state that in the opinion of the directors, the accompanying financial statements in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2025 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:


.....
ZHANG HOUYI
DIRECTOR


.....
PENG FALI
DIRECTOR

People's Republic of China

Date: 11 SEP 2025

LAISHI LIQUOR LIMITED
(Incorporated in Cayman Islands)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

		Group		Company	
	Note	2025	2024	2025	2024
		A\$	A\$	A\$	A\$
ASSETS					
Non-current assets					
Property, plant and equipment	5	664,602	716,446	-	-
Investment in subsidiaries	6	-	-	54,083,500	54,083,500
Deferred tax assets	7	-	3,889	-	-
Total non-current assets		664,602	720,335	54,083,500	54,083,500
Current assets					
Inventories	8	744,551	1,006,094	-	-
Trade and other receivables	9	5,026,928	4,790,225	-	-
Cash and bank balances	10	221,580	50,281	-	-
Total current assets		5,993,059	5,846,600	-	-
TOTAL ASSETS		6,657,661	6,566,935	54,083,500	54,083,500
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	4,250,032	4,250,032	60,383,500	60,383,500
Foreign currency translation	12	(7,850)	25,618	-	-
Capital reorganisation reserve	13	528,500	528,500	-	-
Accumulated losses		(6,820,918)	(6,278,140)	(6,360,000)	(6,360,000)
(CAPITAL DEFICIENCY)/ SHAREHOLDERS FUNDS		(2,050,236)	(1,473,990)	54,023,500	54,023,500
Current liabilities					
Trade and other payables	14	1,956,588	2,188,293	60,000	60,000
Tax payables		6,751,309	5,852,632	-	-
Total current liabilities		8,707,897	8,040,925	60,000	60,000
TOTAL LIABILITIES		8,707,897	8,040,925	60,000	60,000
TOTAL EQUITY AND LIABILITIES		6,657,661	6,566,935	54,083,500	54,083,500

The accompanying notes form an integral part of these financial statements.

LAISHI LIQUOR LIMITED
(Incorporated in Cayman Islands)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

		Group	
	Note	2025 A\$	2024 A\$
Revenue	15	3,013,542	5,077,699
Cost of sales		(1,147,088)	(2,713,881)
Gross profit		<u>1,866,454</u>	<u>2,363,818</u>
Other income		22,478	62,543
Administrative expenses		(2,420,822)	(2,987,439)
Other operating expenses		-	(6,279)
Loss before tax	16	<u>(531,890)</u>	<u>(567,357)</u>
Income tax expense	17	(10,888)	(4,744)
Loss for the financial year		<u>(542,778)</u>	<u>(572,101)</u>
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(33,468)	9,663
Total comprehensive loss for the financial year		<u>(576,246)</u>	<u>(562,438)</u>
Losses per share (sen):			
Basic loss per share		(0.0037)	(0.0041)
Diluted loss per share		<u>(0.0037)</u>	<u>(0.0041)</u>

The accompanying notes form an integral part of these financial statements.

Registration No.: ARBN 622384776

LAISHI LIQUOR LIMITED
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

	Share capital A\$	Foreign currency translation reserves A\$	Capital reorganisation reserve A\$	Accumulated losses A\$	(Capital deficiency)/ Shareholders funds A\$
Group					
At 1 July 2023	4,250,032	15,955	528,500	(5,706,039)	(911,552)
Total comprehensive loss for the financial year	-	9,663	-	(572,101)	(562,438)
At 30 June 2024	4,250,032	25,618	528,500	(6,278,140)	(1,473,990)
Total comprehensive loss for the financial year	-	(33,468)	-	(542,778)	(576,246)
At 30 June 2025	4,250,032	(7,850)	528,500	(6,820,918)	(2,050,236)
Company					
At 1 July 2023/30 June 2025	60,383,500	-	-	(6,360,000)	54,023,500

The accompanying notes form an integral part of these financial statements.

LAISHI LIQUOR LIMITED
(Incorporated in Cayman Islands)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

		Group	
	Note	2025	2024
		A\$	A\$
Cash flows from operating activities			
Loss before tax		(531,890)	(567,357)
Adjustments for:			
and equipment		59,113	118,204
assets		19,323	18,972
written off		-	29
and other receivables		1,125	6,279
Reversal of impairment loss on trade receivables		(11,300)	(29,239)
Operating loss before changes in working capital		(463,629)	(453,112)
Changes in working capital:			
Inventories		261,543	313,892
Receivables		(208,869)	(339,782)
Payables		(231,705)	507,259
Net cash flows (used in)/from operations		(642,660)	28,257
Tax paid		898,677	(17,267)
Net cash flows from operating activities		256,017	10,990
Cash flows from investing activities			
Acquisition of plant and equipment		(7,378)	(25,022)
Net cash flows used in investing activities		(7,378)	(25,022)
Net change in cash and cash equivalents		248,639	(14,032)
Cash and cash equivalent at the beginning of the financial year		50,281	66,309
Effect of exchange rate changes on cash and cash equivalents		(77,340)	(1,996)
Cash and cash equivalent at the end of the financial year		221,580	50,281
Analysis of cash and cash equivalents:			
Cash and bank balances	10	221,580	50,281

The accompanying notes form an integral part of these financial statements.

LAISHI LIQUOR LIMITED
(Incorporated in Cayman Islands)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Cayman Islands, registered in Australia and listed in National Stock Exchange of Australia ("NSX"), with its registered office in Australia located at Unit 20, 217 Hay Street, Subiaco WA 6008, Australia.

The Company is an investment holding company and does not actively carry on business since the date of incorporation to the date of this report.

The Company was incorporated for the sole purpose of acquiring of subsidiaries and it holds 100% of the issued share capital of subsidiaries company which carry on business as disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB").

2.2 Fundamental accounting principle

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

During the financial year ended 30 June 2025, the Group incurred a net loss of A\$576,246 (2024: A\$562,438) during the financial year ended 30 June 2025 and, as of that date, the Group's and the Company's current liabilities exceeded its current assets by A\$2,714,838 and A\$60,000 (2024: A\$2,194,325 and A\$60,000) respectively. The Group recorded a capital deficiency of A\$2,050,236 (2024: A\$1,473,990), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern will be dependent on:

- financial support from its major shareholders; and
- the timing of business turnaround efforts to operate profitably in the foreseeable future.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Fundamental accounting principle (continued)

In the event that these are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements of the Group may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group be unable to continue as going concern.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remain appropriate as they believe they can realise the assets, and accordingly, realise their assets and discharge their liabilities in the normal course of business.

2.3 Adoption of amendments/improvements to IASBs

The Company has applied the following amendments/improvements for the first time for the financial year beginning on 1 July 2024:

- Amendments to IFRS 7: Financial Instrument: Disclosure
- Amendments to IFRS 16: Leases
- Amendments to IAS 1: Presentation of Financial Statements
- Amendments to IAS 7: Statements of Cash Flows

The adoption of these amendments to IASBs did not have any significant impact to the Company's results and financial position.

Standards issued but not yet effective

The Group and the Company have not applied the following new standard and amendments to standards that have been issued by the IASB but are not yet effective:

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2025. None of these is expected to have a significant effect on the financial statements of the Company.

Effective for financial years beginning on or after 1 January 2025:

- Amendments to IAS 21: The Effects of Change in Foreign Exchange Rates
- Amendments to IAS 7: Statement of Cash Flows

Effective for financial years beginning on or after 1 January 2026:

- Amendments to IFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to IFRS 7: Financial Instruments: Disclosures
- Amendments to IFRS 9: Financial Instruments
- Amendments to IFRS 10: Consolidated Financial Statements

Effective for financial years beginning on or after 1 January 2027:

- Amendments to IFRS 18: Presentation and Disclosure in Financial Statements

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The financial statements have been prepared on a historical cost basis other than as disclosed in Note 3 to the financial statements.

The financial statements have been prepared based the currency of the primary economic environment in which the entity operates (i.e., its functional currency). The functional currency of the operating companies are Chinese Yuan or the Renminbi ("RMB"), while the presentation currency of the Group and of the Company are Australian Dollars ("A\$"). All financial information is presented in Australian Dollars, unless otherwise stated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in statement of comprehensive income as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

(i) Subsidiaries (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in statement of comprehensive income. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3.3 to the financial statements.

(ii) Change in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in statement of comprehensive income. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in statement of comprehensive income.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3.3 to the financial statements.

(v) Reverse acquisition upon consolidation

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

- (a) The assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.
- (b) The assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with the applicable accounting standard.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

(v) Reverse acquisition upon consolidation (continued)

- (c) The retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- (d) The amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree) determined in accordance with the applicable accounting standard. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent, including the equity interests of the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent issued in the reverse acquisition.
- (e) The non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests.

(vi) Reorganisation

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of Guizhou Bainian Lai's Liquor Co. Limited, and Guizhou Lai's Liquor Co. Limited. resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of IFRS 3. For such common control business combinations, the capital reorganisation accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- (a) The results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

(vi) Reorganisation (continued)

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows (continued):

- (c) No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as capital reorganisation reserve or deficit.

Acquisition method

The Company applies the acquisition method for those entities controlled by the Company. Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.2 Property, plant and equipment

(i) Recognition and measurement

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the costs of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in statement of comprehensive income.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to statement of comprehensive income. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives, as follows:

	Estimated useful lives
Furniture and fittings	5 years
Motor vehicles	5 years
Office equipment	5 years
Renovation	3 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting year, and adjusted where appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost will be subject to the impairment requirement in IFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (ie. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by IFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

The Group and the Company evaluate, if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred the control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the right and obligations that the Group and the Company have retained.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Company in full, without taking into account any credit enhancements held by the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

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

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum year considered when estimating expected credit losses is the maximum contractual year over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

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

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying values of assets are reviewed at the end of each reporting year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair valueless costs of disposal and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, reversal of that impairment loss is recognised as income in profit or loss.

3.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial instruments

(i) Initial recognition and measurement

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group becomes a party to the contractual provisions of the instrument.

If a contract, whether financial or non-financial, contains an embedded derivative, the Group assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial asset out of the fair value through profit or loss category.

On initial recognition, all financial assets and financial liabilities (including government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to statement of comprehensive income when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial instruments (continued)

(iii) Subsequent measurement of financial assets and financial liabilities

For the purpose of subsequent measurement, the Group classifies trade and other receivables, advances to related parties, and cash and cash equivalents in the category of loans and receivables. The Group has no other categories of financial assets.

After initial recognition, the Group measures:

- (a) financial assets in the loans and receivables category as at amortised cost using the effective interest method; and
- (b) financial liabilities comprise trade and other payables, borrowings and advances from related parties. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method.

(iv) Recognition of gains and losses

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in statement of comprehensive income only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(b) to the financial statements.

The estimated useful life of the ROU assets as follow:

Leasehold property	40 years
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Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group and the Company apply the exemption described in Note 3.6(b) to the financial statements, then they classify the sublease as an operating lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Leases (continued)

(c) Lessor accounting (continued)

If an entity in the Group and the Company are a lessor in a finance lease, they derecognise the underlying asset and recognise a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group and the Company are a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply IFRS 15 to allocate the consideration under the contract to each component.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

3.8 Share capital, other equity instruments and distributions

The Group and the Company classify and present an issued financial instrument (or its component parts), on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

(i) Share capital

Ordinary shares and non-redeemable preference shares issued that carry no mandatory contractual obligation:

- (a) to deliver cash or another financial asset; or
- (b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Share capital, other equity instruments and distributions (continued)

(ii) Compound financial instruments

The Group and the Company evaluate the terms of an issued financial instrument to determine whether it contains both a liability and an equity component. The proceeds of a convertible bond or other compound instruments are allocated to the liability component measured at fair value, using the discounted cash flow method, and balance to the equity component. Transaction costs are allocated pro rata based on the relative carrying amounts. Any tax effect arising from temporary differences of the liability component is charged or credited to the equity component.

(iii) Distributions

The Group and the Company establish a distribution policy whereby cash dividends can only be paid out of retained profits.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Management declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders.

3.9 Foreign currency translation

(i) Foreign currency transaction and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in statement of comprehensive income, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Foreign currency translation (continued)

(ii) Foreign operations

The results and financial position of operations that have a functional currency different from the presentation currency ("A\$") ("Foreign Operation") are translated into A\$ as follows:

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- (b) Income and expenses for each income statement are translated at the exchange rate at the date of the transactions or an average rate that approximates those rates; and
- (c) All resulting exchange differences are taken to the FCTR within other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, translated at the closing rate at the reporting date.

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to statement of comprehensive income as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.10 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group and the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.11 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability- weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in notes to the account.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.11 Revenue and other income (continued)

(a) Sales of goods

Revenue is measure based on the considerations specified in a contract with a customer in exchange for transferring goods to customer, excluding amounts collected on behalf of third parties. The Group and the Company recognised revenue when or as it transfer control over a product to customer. An asset is transferred when or as the customer obtains control of the asset.

The Group and the Company transfer control of goods at a point in time unless one of the following overtime criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided as the Group and the Company's perform;
- (b) The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (c) The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(b) Interest income

Interest income is recognised as it accrues using the effective interest method in statement of comprehensive income.

3.12 Employee benefits

(i) Short term employee benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Profit-sharing and bonus plans are recognised when the Group and the Company have a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company have no realistic alternative but to make the payments.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.12 Employee benefits (continued)

(ii) Defined contribution plan

Contributions to the statutory pension scheme are recognised as an expense in statement of comprehensive income in the year to which they relate.

3.13 Income tax

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (i) the initial recognition of goodwill; or
- (ii) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for depreciation allowances for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax losses).

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Current and deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.13 Income tax (continued)

A current or deferred tax is recognised as income or expense in statement of comprehensive income for the period, except to the extent that the tax arises from items recognised outside statement of comprehensive income. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.14 Borrowings costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of comprehensive income using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.15 Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount VAT, except where the amount of VAT incurred is not recoverable from the tax office. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown as inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the tax office is included as part of receivables or payables in the statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.18 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint control venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3.20 Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary share.

Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

4.1 Revenue recognition

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies each promise to transfer to the customer as a performance obligation. The Group considers the terms of the contract and all other relevant facts, including the economic substance of the transaction. Judgement is needed to determine whether there is a single performance obligation or multiple, separate performance obligations.

If the consideration promised in a contract includes a variable amount (e.g. early payment discounts, volume discounts), the Group estimates the amount of consideration to which the group will be entitled in exchange for transferring the promised goods or services to a customer. The amount of the variable consideration is estimated by using either of the following methods, depending on which method the Group expects to better predict the amount of consideration to which it will be entitled: the expected value or the most likely amount. The method selected is applied consistently throughout the contract and to similar types of contracts when estimating the effect of uncertainty on the amount of variable consideration to which the Group is entitled. Depending on the outcome of the respective transactions, actual payments may differ from these estimates.

To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. If the stand-alone selling price is not directly observable, then the Group estimates the amount with the expected cost plus margin method.

4.2 Inventories

Inventories are stated at the lower of cost and net realisable value (NRV). NRV for finished goods and work-in-progress are assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the Group's best estimation of the value recoverable through sale.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2025 <u>Cost</u>	Furniture and fittings A\$	Motor vehicles A\$	Office equipment A\$	Renovation A\$	Right-of-use assets A\$	Total A\$
At 1 July 2024	6,805	427,343	78,182	46,142	787,064	1,345,536
Addition	147	-	7,231	-	-	7,378
Written off	(198)	-	(2,430)	-	-	(2,628)
Exchange difference	177	11,111	2,033	1,200	20,463	34,984
At 30 June 2025	6,931	438,454	85,016	47,342	807,527	1,385,270
<u>Accumulated depreciation</u>						
At 1 July 2024	2,843	378,718	45,279	19,995	182,255	629,090
Depreciation charge during the financial year	-	26,307	22,472	10,334	19,323	78,436
Written off	(198)	-	(2,430)	-	-	(2,628)
Exchange difference	73	9,650	1,010	443	4,594	15,770
At 30 June 2025	2,718	414,675	66,331	30,772	206,172	720,668
<u>Carrying amounts</u>						
At 30 June 2025	4,213	23,779	18,685	16,570	601,355	664,602

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings A\$	Motor vehicles A\$	Office equipment A\$	Renovation A\$	Right-of-use assets A\$	Total A\$
Group						
2023						
Cost						
At 1 July 2023	6,495	427,960	54,933	46,208	788,200	1,323,796
Addition	319	-	24,703	-	-	25,022
Written off	-	-	(1,375)	-	-	(1,375)
Exchange difference	(9)	(617)	(79)	(66)	(1,136)	(1,907)
At 30 June 2024	6,805	427,343	78,182	46,142	787,064	1,345,536
Accumulated depreciation						
At 1 July 2023	2,090	281,869	36,682	11,553	163,798	495,992
Depreciation charge during the financial year	767	98,707	10,145	8,585	18,972	137,176
Written off	-	-	(1,346)	-	-	(1,346)
Exchange difference	(14)	(1,858)	(202)	(143)	(515)	(2,732)
At 30 June 2024	2,843	378,718	45,279	19,995	182,255	629,090
Carrying amounts						
At 30 June 2024	3,962	48,625	32,903	26,147	604,809	716,446

The right-of use of assets consists of leasehold property and is held in trust by third party where the Company is the beneficiary. The leasehold property has lease term of 40 years.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2025	2024
	A\$	A\$
At cost		
Unquoted shares	54,083,500	54,083,500

Details of the Company's Group are as follows:

Name	Country of incorporation	Equity Interest (%)		Principal activities
		2025	2024	
International Wines & Trading Sdn. Bhd.	Malaysia	100%	100%	Investment holding
<u>Subsidiaries of International Wines & Trading Sdn. Bhd.</u>				
Guizhou Zhian Trading Co. Limited #	People's Republic of China	100%	100%	Investment holding
Guizhou Bainian Lai's Liquor Co. Limited #	People's Republic of China	100%	100%	Manufacture of bai-jiu products
Guizhou Lai's Liquor Co. Limited. #	People's Republic of China	100%	100%	Sale of bai-jiu products
Guizhou Bainian Yusheng Liquor Co. Limited. #	People's Republic of China	100%	100%	Sale of bai-jiu products

Audited by a firm other than member firms of Ho Associates

1% equity interest in Guizhou Zhian Trading Co., Limited, Guizhou Bainian Lai's Liquor Co., Limited, Guizhou Lai's Liquor Co., Limited and Guizhou Bainian Yusheng Liquor Co. Limited. is held in trust by ZHANG Houyi.

7. DEFERRED TAX ASSETS

	Group	
	2025	2024
	A\$	A\$
At 1 July	3,889	8,583
Recognised in profit or loss (Note 17)	(10,888)	(4,744)
Effect of exchange rate	6,999	50
At 30 June	-	3,889
Representing the tax effect of:		
Temporary differences between carrying amounts and the corresponding tax written down values of assets	-	3,889

8. INVENTORIES

	Group	
	2025 A\$	2024 A\$
At cost or net realisable value		
Raw material	405,787	710,656
Finished goods	339,383	296,997
	<u>745,170</u>	<u>1,007,653</u>
Less: Allowance for slow moving inventories	(619)	(1,559)
	<u>744,551</u>	<u>1,006,094</u>
 Inventories recognised as cost of sales in statement of comprehensive income	 <u>1,147,088</u>	 <u>2,713,881</u>

9. TRADE AND OTHER RECEIVABLES

	Group	
	2025 A\$	2024 A\$
Current:		
Trade		
Gross trade receivables	205,337	180,397
Less: Allowance for impairment loss	(8,788)	(1,304)
	<u>196,549</u>	<u>179,093</u>
Non-trade		
Other receivables	204,967	255,950
Amount owing by a director	4,582,965	4,330,144
Less: Allowance for impairment loss	-	(58)
	<u>4,787,932</u>	<u>4,586,036</u>
Prepayments	42,447	25,096
	<u>4,830,379</u>	<u>4,611,132</u>
Total trade and other receivables	<u>5,026,928</u>	<u>4,790,225</u>

The normal trade credit terms granted to the customers ranges from 7 days and no interest charges.

The amount owing by a director are non-trade in nature, unsecured, interest free and repayable on demand.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for impairment losses on trade receivables are as follow:

	Group	
	2025	2024
	A\$	A\$
At 1 July	1,304	13,480
Impairment loss recognised	1,125	6,279
Reversal of impairment loss recognised	(11,300)	(29,239)
Exchange difference	17,659	10,784
At 30 June	<u>8,788</u>	<u>1,304</u>

The information about the credit exposures is disclosed in Note 22(a) to the financial statements.

The currency profile of trade and other receivables are as follows:

	Group	
	2025	2024
	A\$	A\$
Renminbi	<u>5,026,928</u>	<u>4,790,225</u>

10. CASH AND BANK BALANCES

	Group	
	2025	2024
	A\$	A\$
Cash on hand	60	263
Cash at bank	221,520	50,018
	<u>221,580</u>	<u>50,281</u>

The currency exposure profile of cash and bank balances is as follows:

	Group	
	2025	2024
	A\$	A\$
Renminbi	221,544	50,249
Ringgit Malaysia	<u>36</u>	<u>32</u>

11. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2025 Unit	2024 Unit	2025 A\$	2024 A\$
Group				
Issued and fully paid:				
At 1 July 2023/				
30 June 2025	145,833,750	145,833,750	4,250,032	4,250,032
Company				
Issued and fully paid:				
At 1 July 2023/				
30 June 2025	145,833,750	145,833,750	60,383,500	60,383,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

12. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from translation of the financial statements of the Company and foreign operations with different functional currencies from that of the Group's presentation currency.

13. CAPITAL REORGANISATION RESERVE

	Group	
	2025 A\$	2024 A\$
Capital reorganisation reserve		
At 1 July 2023/30 June 2025	528,500	528,500

The reserve represents the difference between the consideration paid and the equity acquired arising from the acquisition of Guizhou Bainian Lai's Liquor Co., Limited, and Guizhou Lai's Liquor Co., Limited.

14. **TRADE AND OTHER PAYABLES**

	Group		Company	
	2025	2024	2025	2024
	A\$	A\$	A\$	A\$
Current				
Trade				
Third parties	34,854	88,069	-	-
Non-trade				
Other payables	1,738,497	1,922,052	60,000	60,000
Amount due to a director	178,975	174,018	-	-
Accruals	4,262	4,154	-	-
	<u>1,921,734</u>	<u>2,100,224</u>	<u>60,000</u>	<u>60,000</u>
Total trade and other payables	<u>1,956,588</u>	<u>2,188,293</u>	<u>60,000</u>	<u>60,000</u>

The Group's trade payables are settled on a cash basis.

The currency profile of trade and other payables are as follows:

	Group		Company	
	2025	2024	2025	2024
	A\$	A\$	A\$	A\$
Renminbi	1,888,415	2,124,244	-	-
Ringgit Malaysia	8,173	4,049	-	-
Australian dollars	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

15. **REVENUE**

Disaggregation of revenue:

	Group	
	2025	2024
	A\$	A\$
Sales of goods	<u>3,013,542</u>	<u>5,077,699</u>
	Sales of goods	
	2025	2024
	A\$	A\$
Group		
Primary geographical markets:		
China	<u>3,013,542</u>	<u>5,077,699</u>
Timing of revenue recognition:		
At a point in time	<u>3,013,542</u>	<u>5,077,699</u>

16. LOSS BEFORE TAX

Loss before tax has been arrived at:

	Group		Company	
	2025	2024	2025	2024
	A\$	A\$	A\$	A\$
After charging:				
Audit fee:				
- current year/period	8,000	8,000	-	-
Depreciation of plant and equipment	59,113	118,204	-	-
Depreciation of right-of-use assets	19,323	18,972	-	-
Director fee (Note 20 (b))	8,000	-	-	-
Plant and equipment written off	-	29	-	-
Lease expenses related to short-term leases	72,242	-	-	-
Impairment loss on trade and other receivables	1,125	6,279	-	-
Employee benefits expenses				
- salaries, wages and bonus	748,577	742,141	-	-
- Social insurance contribution	83,744	59,220	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
And crediting:				
Reversal of impairment loss on trade receivables	11,300	29,239	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17. INCOME TAX EXPENSE

	Group	
	2025	2024
	A\$	A\$
Deferred tax		
- current year (Note 7)	(10,888)	(4,744)
	<u> </u>	<u> </u>

No provision has been made for tax of the Company as it is registered in Cayman Islands and is exempt from tax. Income tax for the Group's operations in People's Republic of China ("PRC") has been provided at the rate of 25% on the estimate assessable.

17. **INCOME TAX EXPENSE (CONTINUED)**

	Group	
	2025	2024
	A\$	A\$
Loss before tax	(531,890)	(567,357)
Taxation at applicable tax rate of 25%	(132,973)	(141,839)
Tax effects arising from: - non-deductible expenses	122,085	137,095
Tax expense for the financial year	(10,888)	(4,744)

The Group disclosed the corporate income tax rate applicable in the jurisdiction in which the principal subsidiary domiciled which is in PRC.

18. **LOSSES PER ORDINARY SHARE**

(a) **Basic losses per ordinary share**

The basic losses per ordinary share is calculated by dividing the Group's loss attributable to owners of the Company of A\$542,778 by weight average number of ordinary shares outstanding of 145,833,750.

(b) **Diluted losses per ordinary share**

The diluted losses per ordinary share is the same as the basic earnings per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current year.

19. **OPERATING SEGMENT**

Segmental reporting is not presented as the Group is principally engaged in manufacture, sales and marketing of bai-jiu products which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in People's Republic of China.

Group

	Revenue		Non-current assets	
	2025	2024	2025	2024
	A\$	A\$	A\$	A\$
China	3,013,542	5,077,699	664,602	720,335

20. RELATED PARTIES

(a) Identification of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individual or other entities.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows

	Group	
	2025	2024
	A\$	A\$
Director remuneration (Note 16)	8,000	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 9 and 14 to the financial statements.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial assets	
Trade and other receivables	9
Cash and bank balances	10
Financial liabilities	
Trade and other payables	14

(b) Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

- (i) Level 1 - Unadjusted quoted prices in an active market for identical financial instruments
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
- (iii) Level 3 - Inputs that are not based on observable market data

During the financial year ended 30 June 2025 and 30 June 2024, there was no transfer between the fair value measurement hierarchy.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

Financial assets and financial liabilities measured at amortised cost ("AC").

Group	Carrying amounts	AC
At 30 June 2025	A\$	A\$
Financial assets		
Trade and other receivables*	4,984,481	4,984,481
Cash and bank balances	221,580	221,580
	<u>5,206,061</u>	<u>5,206,061</u>
Financial liabilities		
Trade and other payables	<u>1,956,588</u>	<u>1,956,588</u>
At 30 June 2024		
Financial assets		
Trade and other receivables*	4,765,129	4,765,129
Cash and bank balances	50,281	50,281
	<u>4,815,410</u>	<u>4,815,410</u>
Financial liabilities		
Trade and other payables	<u>2,188,293</u>	<u>2,188,293</u>
Company		
At 30 June 2025		
Trade and other payables	<u>60,000</u>	<u>60,000</u>
At 30 June 2024		
Financial liabilities		
Trade and other payables	<u>60,000</u>	<u>60,000</u>

* Excluded prepayments

The financial risk management is integral to the development of the Group's and the Company's business. The Group and the Company have in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's and the Company's principal financial risk management policies are as follows:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with financial institutions.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting year.

The Group and the Company have determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, or there is significant difficulty of the counterparty.

To minimise credit risk, the Group and the Company have developed and maintained the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The Group and the Company consider available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- Significant changes in the payment status of debtors in the Group and the Company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group and the Company categorise a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

The Group's and the Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
1	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
2	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
3	Amount is > 60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
4	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount A\$	Loss allowance A\$	Net carrying amount A\$
Group						
At 30 June 2025						
Trade receivables	9	Note 1	Lifetime ECL (simplified)	205,337	(8,788)	196,549
Other receivables	9	1	12-month ECL	4,787,932	-	4,787,932
				<u>4,993,269</u>	<u>(8,788)</u>	<u>4,984,481</u>
At 30 June 2024						
Trade receivables	9	Note 1	Lifetime ECL (simplified)	180,397	(1,304)	179,093
Other receivables	9	1	12-month ECL	4,586,094	(58)	4,586,036
				<u>4,766,491</u>	<u>(1,362)</u>	<u>4,765,129</u>

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Trade receivables (Note 1)

For trade receivables, the Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

The Group and the Company performed an assessment of its trade receivables based on historical credit loss experience and concluded that there has been no significant increase in the credit risk since the initial recognition of the trade receivables other than as disclosed in the financial statements.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's and the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Group and the Company have no significant concentration of credit risk.

Other receivables

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant other than as disclosed in the financial statements.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting year based on undiscounted contractual payments (including interest):

	Carrying amount A\$	Contractual cash flows On demand or within 1 year A\$	Total A\$
Group			
At 30 June 2025			
Financial liabilities			
Trade and other payables	1,956,588	1,956,588	1,956,588
At 30 June 2024			
Financial liabilities			
Trade and other payables	2,188,293	2,188,293	2,188,293
Company			
At 30 June 2025			
Financial liabilities			
Trade and other payables	60,000	60,000	60,000
At 30 June 2024			
Financial liabilities			
Trade and other payables	60,000	60,000	60,000

23. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's to continue in operations as a going concern and to provide fair returns for shareholders. The Group manages its capital structure and make adjustments to it in the light of changes in economic conditions. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year from 1 July 2024 to 30 June 2025.