Yantai Changyu Pioneer Wine Co., Ltd.

2026 Semi-annual Report

百年张裕

August 21, 2026

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I. Important Notice, Table of Contents and Definition

The board of directors, directors and senior executives of the Company guarantee the truthfulness, accuracy and completeness of the contents contained in the semi-annual report with no false records, misleading statements or significant omissions, and undertake individual and joint legal liabilities.

Mr. Hongjiang ZHOU (Person in charge of the Company) and Ms. Cuimei GUO (Person in charge of accounting work, Person in charge of accounting organ & Accountant in charge) assure the truthfulness, accuracy and completeness of the financial report in the semi-annual report.

Except for the following directors, other directors attended this board meeting for reviewing this semi-annual report in person.

Name of director not attending the meeting personally	Position of director not attending the meeting personally	Reason of not attending the meeting personally	Name of entrustee
Yan XU	Independent Director	On a business trip	Zhuquan WANG
Marco Giovanni Ferrari	Director	On a business trip	Claudio Michele d'Agostino

Forward-looking statements such as future plans and development strategies covered in this report do not constitute a substantial commitment of the Company to investors. Investors are advised to pay attention to investment risks.

Regarding significant risks that the Company may face during the business process, please refer to “10. Risks and response measures” in “III Discussion and Analysis of Management Team” in this report. Investors are suggested to read carefully and pay attention to investment risks.

The Company has no plan to distribute cash dividends and bonus shares and capital reserve will not be transferred to equity.

Reference Documents

(1) The original of 2026 Semi-annual Report autographed by the Chairman.

(2) The Financial Statements autographed and sealed by the Chairman, Chief Accountant and Accountants in Charge.

(3) The *Prospectus and Public Offering Announcement* for Stock B in 1997; The *Prospectus and The Shares' Change & Public Offering Announcement* for Stock A in 2000.

(4) The originals of all documents and announcements that the Company made public during the report period in the newspapers designated by China Securities Regulatory Commission.

Definition

Definition Item	Refers to	Definition Content
Company/The Company	Refers to	Yantai Changyu Pioneer Wine Co., Ltd.
Changyu Group/Controlling Shareholder	Refers to	Yantai Changyu Group Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shenzhen Stock Exchange
KPMG Huazhen	Refers to	KPMG Huazhen LLP (Limited Liability Partnership)
Deloitte Touche Tohmatsu CPA	Refers to	Deloitte Touche Tohmatsu Certified Public Accountants LLP
CNY	Refers to	Chinese Yuan

II. Brief Introduction for the Company and Main Financial Indicators

1. Company's information

Stock Abbreviation	Changyu A, Changyu B	Stock Code	000869，200869
Stock Abbreviation after Alteration	—		
Place of Stock Listing	Shenzhen Stock Exchange		
Legal Name in Chinese	烟台张裕葡萄酿酒股份有限公司		
Abbreviation of Chinese Name	张裕		
Legal Name in English	YANTAI CHANGYU PIONEER WINE COMPANY LIMITED		
Abbreviation of English Name	CHANGYU		
Legal Representative	Hongjiang ZHOU		

2. Contact person and information

	Secretary of the Board of Directors	Authorized Representative of Securities Affairs
Name	Jianxun JIANG	Tingguo LI
Address	56 Dama Road, Yantai, Shandong, China	56 Dama Road, Yantai, Shandong, China
Tel.	0086-535-6602761	0086-535-6633656
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E-mail	jiangjianxun@changyu.com.cn	stock@changyu.com.cn

3. Other information

1) Contact information of the Company

Whether there is any change in the Company's registered address, office address, corresponding postcode, website address and email address during the report period

☐Applicable ☑Inapplicable

There is no change in the Company's registered address, office address, corresponding postcode, website address and email address during the report period. Please refer to *2025 Annual Report* for detailed information.

2) Information disclosure and filing location

Whether there is any change in information disclosure and filing location during the report period

☐Applicable ☑Inapplicable

There is no change in the name of the newspaper for information disclosure, the address of the website designated by the China Securities Regulatory Commission for publishing the semi-annual report, and the filing location of the Company's semi-annual report selected by the Company during the report period. Please refer to *2025 Annual Report* for detailed information.

3) Other relevant information

Whether there is any change in other relevant information during the report period

☐Applicable ☑Inapplicable

4. Key accounting data and financial indicators

Whether the Company needs to retrospectively adjust or restate the accounting data of previous fiscal years.

☐Yes ☑No

Item	During the report period	In the same period of last year	More or less than the same period of last year (%)
Operating revenue (CNY)	1,572,704,753	1,470,576,177	6.94%
Net profit attributed to shareholders of the listed company (CNY)	140,515,805	185,597,142	-24.29%
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	132,958,779	172,159,827	-22.77%
Net cash flows from operating activities (CNY)	418,235,893	239,421,128	74.69%
Basic earnings per share (CNY/share)	0.21	0.28	-25%
Diluted earnings per share (CNY/share)	0.21	0.28	-25%
Weighted average return on equity	1.35%	1.73%	-0.38%
Item	**At the end of this report period**	**At the end of last year**	**More or less than the end of last year (%)**
Total assets (CNY)	11,883,028,631	12,050,601,981	-1.39%
Net Assets attributed to shareholders of the listed company (CNY)	10,276,824,571	10,347,247,577	-0.68%

5. Differences in accounting data under PRC accounting standards and international accounting standards

1) Differences of net profit and net asset in the financial report disclosed according to both international accounting standards and PRC accounting standard

☐Applicable ☑Inapplicable

There are no differences for net profit and net assets in the financial report disclosed according to both international accounting standards and PRC accounting standards during the report period.

2) Differences of net profit and net asset in the financial report disclosed according to both foreign accounting standards and PRC accounting standards

☐Applicable ☑Inapplicable

There are no differences of net profit and net asset in the financial report disclosed according to both foreign accounting standards and PRC accounting standards during the report period.

6. Item and amount of non-recurring gains and losses

☑Applicable ☐Inapplicable

Unit：CNY

Item	Amount	Explanation
Profits and losses on disposal of non-current assets (including the write-off part of the provision for asset impairment has been made)	38,966	-
Government grants included in the current profits and losses(except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper basis of calculation)	8,354,311	-
Other non-operating income and expenditure besides above-mentioned items	2,420,717	-
Less: Amount affected by income tax	2,592,122	-
Amount affected by minority equity (after tax)	664,846	-
Total	7,557,026	-

Specific situation of other gains and losses projects conforming to the definition of non-recurring profit and loss

☐Applicable ☑Inapplicable

There does not exist specific situation of other profit and loss items conforming to the definition of non-recurring profit and loss.

Explanation for regarding the non-recurring profit and loss specified in the *Explanatory Announcement on Public Company's Information Disclosure No.1- Non-recurring Profit and Loss* as recurrent profit and loss

☐Applicable ☑Inapplicable

There is no situation regarding the non-recurring profit and loss specified in the *Explanatory Announcement on Public Company's Information Disclosure No.1- Non-recurring Profit and Loss* as recurrent profit and loss

III. Discussion and Analysis of Management Team

1. Main businesses during the report period

During the report period, the Company's main business was production and operation of wine and brandy.

The Company need to comply with the disclosure requirements of "Food and Liquor Manufacturing Related Businesses" in *Shenzhen Stock Exchange Industry Information Disclosure Guideline No. 3 - Industry Information Disclosure*.

1) Situation of the industry in which the Company operates

During the report period, the Company's main business was production and operation of wine and brandy, thus providing domestic and foreign consumers with healthy and fashionable alcoholic drinks. Compared with earlier stage, there were no significant changes happened to the Company's main business. The wine industry that the Company involved in was still in growth stage. Being affected by many factors in recent years, the competition in domestic wine market was fierce. However, seen from the long term, the Company believes that the existing consumption concept might change with the increase of people's income level and their pursuit of a relaxed, romantic and healthy lifestyle. More domestic wine would be drunk by people, and wine would enter more and more household consumption. The situation of current low average consumption of domestic wine would gradually improve. The Company was at the forefront in the domestic wine market and was significantly ahead of major domestic competitors.

2) License obtained

Producer name	Food category	Obtaining time	Obtaining method	Food production license number
Yantai Changyu Pioneer Wine Co., Ltd.	Alcohol	2021.06.01	Approval from government authority	SC11537060100050
Beijing Chateau Changyu AFIP Global Co., Ltd.	Alcohol	2022.08.22	Approval from government authority	SC11511280920745
Liaoning Changyu Golden Icewine Valley Co., Ltd.	Alcohol	2021.03.25	Approval from government authority	SC11521052200370
Ningxia Changyu Longyu Estate Co., Ltd.	Alcohol	2018.01.25	Approval from government authority	SC11564010500657
Xinjiang Chateau Changyu Baron Balboa Co., Ltd.	Alcohol	2017.08.25	Approval from government authority	SC11565900100392
Yantai Chateau Changyu-Castel	Alcohol	2021.06.08	Approval from	SC11537063600172

Co., Ltd.			government authority	
Shaanxi Changyu Chateau Longue Chanson Co., Ltd.	Alcohol	2020.10.19	Approval from government authority	SC11561040400532
Yantai Chateau Koya Brandy Co., Ltd.	Alcohol	2021.01.11	Approval from government authority	SC11537063601165

3) Explanation for other significant events

During the report period, there did not exist the trademark ownership dispute, food quality issue or food safety incident etc. that had a significant impact on the Company.

Brand operation

The Company's products were divided into two series: wine and brandy. For wine, main brands included Changyu, Longyu, Noble Dragon, AFIP, Kilikanoon, Golden Icewine Valley, Longue Chanson, Baron Balboa, Donelly, Long Tailed Cat, Commander Bear, Grappie, ATRIO, IWCC, Vermouth and so on. For Brandy, main brands included Koya, Liquan, Mminni, Pagese, Unicorn, Roullet Fransac and so on.

Major sales mode

The Company's main sales mode was the distribution mode, and main sales channel was offline sales, that is, the Company's products were distributed to sales terminals through approximately 5000 distributors at home and abroad and ultimately provided to consumers.

Distribution mode

☑Applicable ☐Inapplicable

① Situation of change in the number of distributors is shown as follows.

Region	**At the beginning of the report period**	**Increased number during the report period**	**At the end of the report period**
Eastern China	2290	62	2352
South China	581	4	585
Central China	381	-8	373
North China	323	-5	318
Northwest China	157	-8	149
Southwest China	420	3	423
Northeast China	280	4	284
HongKong, Macao,Taiwan China and overseas	796	110	906
Total	5228	162	5390

② Sales information of the Company’s top 5 distributors during the report period

No.	Customer name	Sales amount (CNY）	Proportion in total sales（%）
1	THE CO-OP UK	20,320,423	1.29%
2	Shanghai Muge Trading Co., Ltd.	18,076,847	1.15%

3	Beijing JD Century Information Technology Co., Ltd.	17,729,971	1.13%
4	Shenzhen Changyuexin Trading Co., Ltd.	17,179,694	1.09%
5	DIA RETAIL ESPAÑA, S.A.	16,880,116	1.07%
Total	--	90,187,051	5.73%

The ratio of sales in self-owned exclusive shop exceeds 10%

☐Applicable ☑Inapplicable

Sales of online direct sales

☑Applicable ☐Inapplicable

Sales model	First half of 2026			First half of 2025		
	Operating income (CNY)	Operating cost (CNY)	Gross margin	Operating income (CNY)	Operating cost (CNY)	Gross margin
Distribution	1,270,312,869	529,242,951	58.34%	1,167,253,176	472,711,388	59.50%
Direct sales	302,391,884	125,472,448	58.51%	303,323,001	120,094,870	60.41%
Total	1,572,704,753	654,715,399	58.37%	1,470,576,177	592,806,258	59.69%

The change in sales prices of major products accounting for more than 10% of total operating income in current report period exceeds 30% compared with those in last report period

☐Applicable ☑Inapplicable

Procurement mode and procurement content

Unit: CNY

Procurement mode	Procurement content	Amount of major procurement contents
Qualitative and price comparison	Raw materials including grape/bulk wine	239,130,438
Invitation for bids / qualitative and price comparison	Packaging materials	171,578,245
Invitation for bids / qualitative and price comparison	Brewing materials	11,353,639
Invitation for bids / qualitative and price comparison	Goods and materials for vineyard	136,277
Contract	Fuel and power	13,368,713
Qualitative and price comparison	Other alcoholic products and derivatives	2,892,772

Amount of purchasing raw materials from cooperatives or farmers exceeds 30% of total procedure amount

☐Applicable ☑Inapplicable

The year-on-year change in the price of major outsourced raw materials exceeds 30%

☐Applicable ☑Inapplicable

Major production mode

The production mode of the Company is self-produce.

Commissioned processing and production

☐Applicable ☑Inapplicable

Major components of operating costs

① Classification of sector

Unit: CNY

Sector	Project	First half of 2026		First half of 2025		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Liquor and alcoholic beverage	Blending liquor	282,232,769	44.79%	267,451,974	46.89%	5.53%
	Packing material	174,235,825	27.65%	140,956,522	24.71%	23.61%
	Wages	22,012,122	3.49%	15,526,190	2.72%	41.77%
	Manufacturing expenses	110,775,284	17.58%	97,986,705	17.18%	13.05%
	Contract performance costs	40,902,250	6.49%	48,483,312	8.50%	-15.64%

② Classification of product

Unit: CNY

Product	Project	First half of 2026		First half of 2025		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	207,481,662	46.00%	189,873,882	46.52%	9.27%
	Packing material	122,251,181	27.10%	100,999,372	24.75%	21.04%
	Wages	16,830,327	3.73%	11,392,118	2.79%	47.74%
	Manufacturing expenses	76,758,292	17.02%	72,441,749	17.75%	5.96%
	Contract performance costs	27,734,135	6.15%	33,426,696	8.19%	-17.03%
Brandy	Blending liquor	74,751,107	41.74%	77,578,092	47.81%	-3.64%
	Packing material	51,984,645	29.03%	39,957,149	24.62%	30.10%
	Wages	5,181,795	2.89%	4,134,072	2.55%	25.34%
	Manufacturing expenses	34,016,992	18.99%	25,544,956	15.74%	33.17%
	Contract performance costs	13,168,115	7.35%	15,056,616	9.28%	-12.54%

Yield and inventory

Sector/Product	Item	Unit	First half of 2026	First half of 2025	Year-on-year increase or decrease (%)
Liquor and alcoholic beverage	Sales	Ton	35,627	33,812	5.37%
	Yield	Ton	29,164	27,411	6.39%
	Inventory	Ton	19,498	20,451	-4.66%
Wine	Sales	Ton	23,965	23,336	2.70%
	Yield	Ton	20,409	20,525	-0.56%
	Inventory	Ton	13,474	13,610	-1.00%
Brandy	Sales	Ton	11,662	10,476	11.32%
	Yield	Ton	8,754	6,886	27.12%
	Inventory	Ton	6,023	6,841	-11.95%

2. Analysis of core competitiveness

Compared with the participants in the arena of the Chinese wine competition sector, the Company owns following advantages:

Firstly, the Company has a large brand influence. Main brands used have a long history. “Changyu”, “Noble Dragon” and “AFIP” are all “China famous brands” that have strong influence and good reputation.

Secondly, the Company has set up a nationwide marketing network. The Company has formed a “three-level” marketing network system mainly composed of the Company's salesmen and distributors and the online sales platform has had a certain scale and strong influence, owing strong marketing ability and market exploitation ability.

Thirdly, the Company has strong scientific prowess and a product R&D system. Relying on the country's “State-level Wine R&D Center”, the Company has owned powerful winemaker team, mastered advanced winemaking technology and production processes and had strong product innovation capacity and perfect quality control system.

Fourthly, the Company is in possession of a lot of grape-growing bases that are compatible with its development requirements. The Company has developed a great deal of vineyards in the most suitable areas for wine grape growing such as Shandong, Ningxia and Xinjiang, and its subsidiary overseas enterprises also own matching grape bases in local area, making the overall scale and structure generally meet the Company's needs for future development.

Fifthly, products in high, medium and low-grade as well as varieties and categories are all complete. Over 100 varieties of series products such as wine, brandy and sparkling wine covers various grades, including high, medium and low-grade, which can meet different consumer groups' demands. The Company has taken the dominant status in the domestic wine industry after many years' development and has comparative advantages in the future competition.

Sixthly, the Company has a relatively perfect motivation system. Most of Company's employees indirectly hold the Company's equity through controlling shareholders. There are high consistency between employee benefits and shareholders benefits, in favor of motivating employees to create value for shareholders.

Seventhly, the Company has set up flexible and efficient decision-making mechanism. The Company's core management team always maintains a working style of unity and pragmatic and flexible and efficient decision-making mechanism, which makes the Company can deal with market changes more calmly.

Eighthly, the global production capacity layout has been basically completed. The Company has completed production capacity layout in China, France, Chile, Spain, Australia and other major wine producing countries in the world, enabling making better use of global high-quality raw material resources, capital, talents and advanced production processes and technologies to provide consumers with diversified quality products and better serve consumers.

Based on the above reasons, the Company has formed relatively strong core competence and will maintain a relatively dominant position in the future predictable market competition.

3. Analysis in main business

Summarization

During the report period, the domestic wine market still maintained a downward trend. Market demand was seriously insufficient, and competition was extremely fierce. The profitability of wine enterprises further declined. The market share of wine in alcoholic products became smaller and smaller. Coupled with the squeeze from other advantageous wine types, the development trend of the industry remained at a low level and there were no obvious signs of a rebound. Facing a severe market environment, the Company adhered to a consumer-oriented approach, intensified marketing reforms, strictly controlled various expenses, actively engaged in product and marketing innovation, and strove to explore new sales channels and emerging markets, achieving certain results.

First, adhere to a consumer-oriented approach, actively guide and cultivate the wine consumption population, create wine consumption scenarios, and strive to expand the wine market scale. During the reporting period, the Company significantly adjusted and improved the sales division system, deepened the “marketing” and “sales” separation reform, shortened the distance between the Company and consumers, laying a solid foundation for better serving consumers; further focused on products, markets and marketing actions, based on different market development stages, implement targeted marketing strategies. Some "decisive battle" markets and innovative products such as Long Tailed Cat have achieved breakthrough progress. The sales revenue of key products has steadily increased. Initiating or leveraging marketing events such as Yun Lin's endorsement for Long Tailed Cat, Macron's praise for Changyu Longyu, Wulaa's "Yantai's sea wind has alcohol", Minhong Yu's visit to Changyu, Shi Yu becoming the new spokesperson for Changyu's classic brand, Trump's special occasion of drinking Changyu AFIP, and Putin's 13 visits to China all drinking Changyu AFIP, and have further enhanced the brand's popularity and reputation.

Second, closely followed the consumption trends, accelerated the speed of market response, continuously improved product quality and developed new products, effectively meeting the demands of consumers. During the reporting period, the overall quality of our products steadily improved, and the speed of responding to consumers' needs further accelerated; in accordance with the new consumption environment, we strengthened the marketing promotion of innovative products such as "Long Tailed Cat" and "Commander Bear", achieving remarkable results; by fully leveraging celebrity fans, carried out interactive communication and marketing for new product launches online, which stimulated product sales.

Third, the "going out work" of tourism business has been steadily promoted, the tourist reception volume and tourism income have achieved double growth year on year, and the satisfaction of tourists has been greatly improved, which has not only better empowered the brand of Changyu, but also achieved considerable economic benefits.

Fourth, strengthen financial management and audit supervision, prevent operational risks, and enhance operational efficiency. During the reporting period, the Company proposed the "automatic collection, fixed retention, and linked payment" fund pool strategy, promoted the settlement of internal unit debts, and improved the safety and utilization efficiency of funds; reasonably combined various diversified financial management tools such as time deposits, structured deposits, and agreed deposits, increasing the fund income; effectively handled special tasks such as personal income tax research, goods and labor tax investigation, tax source sorting of real estate, and tax deduction for fund dividends research, avoiding and preventing tax-related risks; by leveraging information tools such as "Every Moment" and "Collaborative Office", further standardized capital expenditure project management; persistently conducted regular audits such as manager departure audits and economic efficiency audits, strengthened key expense audits such as advertising expenses of business divisions, and improved the level of audit supervision, reducing operational risks.

Fifth, the Company continued to implement B-share repurchases to protect the interests of investors. As of July 28, 2026, the Company had cumulatively repurchased 13,960,000 domestic listed foreign capital shares (B shares) through the dedicated securities account for share repurchase by means of centralized bidding, accounting for 6.9991% of the Company's B shares and 2.1240% of the Company's current total share capital. The highest transaction price for this repurchase was HKD 8.43 per share, while the lowest was HKD 7.99 per share. The total amount of funds paid for the repurchase was HKD115,634,831.36 (including transaction fees).

Based on the implementation of above measures, the Company achieved certain results in the first half of 2026 with a slight increase in revenue compared to the previous year; however, the net profit had a year-on-year decline, and the Company faces significant pressure and great uncertainty in fully achieving the financial budget targets for the year 2026. To achieve the business goals, the Company will focus on the following tasks in the second half of 2026:

First, guided by the “adhere to the right path while innovating” strategy, the Company will comprehensively and deeply implement the separation of “marketing” and “sales”, get closer to consumers, adhere to the consumer--oriented approach, continuously improve products and services, and promote the steady and healthy development of all wine varieties.

Second, accelerate the training and recruitment of talents, and build a backbone team capable of handling tough tasks. The Company will focus on large-scale recruitment of outstanding talents with experience in the fast-moving consumer goods industry, expertise in marketing, brand promotion, digitalization, and AI application, fully stimulating the “catfish effect”, and enhancing the execution and combat effectiveness of the management team.

Third, increase the development and promotion of new products, strengthen product quality and cost management, and continuously enhance product competitiveness. After conducting in-depth and detailed research on the target population and consumption scenarios, the Company will introduce de-alcohol wine and herbal wine in a timely manner; in response to the current market trend of the low-alcohol trendy wine growing rapidly, follow the market trend, fully utilize the global procurement model and the rich and high-quality fruit resources in Yantai, combine technological innovation, and turn low-alcohol trendy wine into a star product with advantages in cost and quality, which is highly favored by Chinese people.

Fourth, improve financial accounting, strengthen fund management, and strive to achieve the goal of cost reduction and efficiency improvement. The Company will coordinate various resources to complete the bank account bank-enterprise direct connection, the sorting of bill direct connection information, connection, complete the upgrade and transformation of each instant reimbursement system and SAP system, and the connection with the treasury system, steadily promote the launch and implementation of the treasury project; promote the official launch of the SAP system of the tourism system; do a good job in the data sorting, process promotion and assessment of the cost reduction and efficiency improvement projects, and ensure the complete achievement of the cost reduction and efficiency improvement goal.

Fifth, complete the work of repurchasing and canceling a portion of the restricted shares for the third period of lifting restriction involved in the Company's 2023 restricted share incentive plan.

Year-on-year change in key financial data

Unit: CNY

	This period	The same period of last year	Year-on-year increase or decrease	Cause of significant changes
Operating revenue	1,572,704,753	1,470,576,177	6.94%	Mainly due to the increase in product sales volume

Operating cost	654,715,399	592,806,258	10.44%	Mainly due to the adjustment of product varieties
Sales expense	458,709,936	402,150,816	14.06%	Mainly due to the increase in marketing expenses
Management expense	121,375,686	126,647,959	-4.16%	Mainly due to the decline in depreciation expenses
Financial expense	11,470,668	-14,647,932	Inapplicable	Mainly due to the increase in exchange loss
Income tax expense	68,901,273	81,765,775	-15.73%	Mainly due to the decline in operating profit
R&D expense	9,923,137	9,071,966	9.38%	Mainly due to the increase in research and development expenses
Net cash flow generated in operating activities	418,235,893	239,421,128	74.69%	Mainly due to the decrease in cash used for purchasing goods and paying for services
Net cash flow generated in investment activities	-34,870,771	92,905,302	-137.53%	Mainly due to the decrease in cash flows from the disposal of fixed assets
Net cash flow generated in financing activities	-203,934,105	-272,782,891	25.24%	Mainly due to the dividends distribution and decline in profits
Net increased amount of cash and cash equivalents	178,051,017	61,013,083	191.82%	Mainly due to the increase in net cash flow from operating activities

Significant change in the profit form and profit source of the Company during the report period

☐Applicable ☑Inapplicable

There is no significant change in the profit form and profit source of the Company during the report period.

Composition of operating revenue

Unit: CNY

	This report period		The same period of last year		Year-on-year increase or decrease (%)
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	1,572,704,753	100%	1,470,576,177	100%	6.94%
Sector-classified					
Sector of liquor and alcoholic beverage	1,572,704,753	100%	1,470,576,177	100%	6.94%
Product-classified					
Wine	1,047,878,619	66.63%	1,017,390,566	69.18%	3%
Brandy	451,447,014	28.71%	388,044,327	26.39%	16.34%

Tourism	56,362,523	3.58%	47,631,132	3.24%	18.33%
Others	17,016,597	1.08%	17,510,152	1.19%	-2.82%
Area-classified					
Domestic	1,319,443,801	83.90%	1,213,721,087	82.53%	8.71%
Overseas	253,260,952	16.10%	256,855,090	17.47%	-1.40%

The cases of industry, product or area accounting for over 10% in the Company's operating revenue or operating profit

☑Applicable ☐Inapplicable

Unit: CNY

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease (%) of operating revenue	Year-on-year increase or decrease (%) of operating cost	Year-on-year increase or decrease (%) of gross margin
Sector-classified						
Sector of liquor and alcoholic beverage	1,572,704,753	654,715,399	58.37%	6.94%	10.44%	-1.32%
Product-classified						
Wine	1,047,878,619	451,055,597	56.96%	3.00%	10.52%	-2.93%
Brandy	451,447,014	179,102,654	60.33%	16.34%	10.37%	2.14%
Tourism	56,362,523	15,791,898	71.98%	18.33%	21.05%	-0.63%
Others	17,016,597	8,765,250	48.49%	-2.82%	-6.31%	1.92%
Area-classified						
Domestic	1,319,443,801	495,097,216	62.48%	8.71%	15.14%	-2.10%
Abroad	253,260,952	159,618,183	36.97%	-1.40%	-1.97%	0.36%

Under the condition that the statistical caliber of the Company's main business data is adjusted during the report period, the Company's main business data adjusted on the basis of caliber at the end of report period in recent one period.

☐Available ☑Not available

The Company need to comply with the disclosure requirements of "Food and Liquor Manufacturing Related Businesses" in *Shenzhen Stock Exchange Industry Information Disclosure Guideline No. 3 - Industry Information Disclosure.*

1) Detailed information on sales expenses

Items	This period	The same period of last year	Proportion of this period	Proportion of last period	Year-on-year increase or decrease
Labor cost	126,706,728	119,403,300	27.62%	29.69%	6.12%

Marketing expenses	165,264,594	130,423,949	36.03%	32.43%	26.71%
Cost of services	17,428,750	15,252,966	3.80%	3.79%	14.26%
Depreciation expense	31,272,848	30,786,813	6.82%	7.66%	1.58%
Storage rental fee	11,813,394	11,354,031	2.58%	2.82%	4.05%
Advertising expenses	37,780,989	29,798,339	8.24%	7.41%	26.79%
Trademark usage fee	6,470,914	5,451,141	1.41%	1.36%	18.71%
Travel expenses	13,046,687	12,906,974	2.84%	3.21%	1.08%
Design and production fee	5,937,874	4,921,771	1.29%	1.22%	20.65%
Conference fee	3,467,275	3,000,702	0.76%	0.75%	15.55%
Water, electricity and gas charges	5,352,813	5,414,402	1.17%	1.35%	-1.14%
Others	34,167,070	33,436,428	7.45%	8.31%	2.19%
Total	458,709,936	402,150,816	100%	100.00%	14.06%

4. Analysis in non-main business

☐Applicable ☑Inapplicable

5. Analysis in assets and liabilities

1) Significant change in assets composition

Unit: CNY

Item	At the end of this report period		At the end of last year		Proportion increase or decrease (%)	Explanation on significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Monetary funds	2,083,218,301	17.53%	1,890,611,804	15.69%	1.84%	No significant changes
Account receivables	163,572,526	1.38%	264,932,724	2.20%	-0.82%	No significant changes
Contract assets	0	0%	0	0%	0%	No significant changes
Inventory	2,793,700,741	23.51%	2,836,077,209	23.53%	-0.02%	No significant changes
Investment real estate	18,773,534	0.16%	19,900,228	0.17%	-0.01%	No significant changes
Long-term equity investments	23,357,099	0.20%	26,656,197	0.22%	-0.02%	No significant changes
Fixed assets	5,183,660,371	43.62%	5,308,778,632	44.05%	-0.43%	No significant changes
Construction in progress	6,350,167	0.05%	4,313,088	0.04%	0.01%	No significant changes
Right-of-use asset	88,248,378	0.74%	55,252,509	0.46%	0.28%	No significant changes
Short-term borrowings	244,352,064	2.06%	240,674,788	2%	0.06%	No significant changes

Contract liability	115,718,391	0.97%	135,067,463	1.12%	-0.15%	No significant changes
Long-term borrowings	44,628,112	0.38%	52,374,840	0.43%	-0.05%	No significant changes
Lease liability	47,387,670	0.40%	19,437,830	0.16%	0.24%	No significant changes

2) Main overseas assets situation

☑Applicable ☐Inapplicable

Unit：CNY

Details of assets	Formation reasons	Assets scale	Location	Operation mode	Control measures for safeguarding of asset security	Earning condition	Proportion of overseas assets in the Company's net assets	Whether there are significant impairment risks
Hacienda Y Vinedos Marques Del Atrio. SL	Acquisition of equity	639,572,887	Spain	Independent operation	The Company participates in making important decisions through Board of Directors and appoints CFO on financial management.	-3,927,478	6.13%	No
Indomita Wine Company Chile, S.p.A.	Establishment of joint venture	515,819,594	Chile	Independent operation	The Company participates in making important decisions through Board of Directors.	-4,083,170	4.95%	No
Kilikanoon Estate Pty., Ltd.	Acquisition of equity	130,189,322	Australia	Independent operation	The Company participates in making important decisions through Board of Directors.	-4,376,492	0.75%	No
Francs Champs Participations SAS	Sole proprietorship establishment	193,503,440	France	Independent operation	The Company participates in making important decisions through directly appointing senior executive.	-3,474,192	1.86%	No
Other information explanation		None						

3) Assets and liabilities measured at fair value

☐Applicable ☑Inapplicable

4) Limitations of assets rights up to the end of the report period

Please refer to the "Notes to the Consolidated Financial Statements" in the financial report of this report, specifically the "Assets with restricted ownership or use rights".

6. Analysis in investment condition

1) Overall situation

☑Applicable ☐Inapplicable

Investment amount during the report period (CNY)	Investment amount of the same period of last year (CNY)	Variation
16,956,847	30,353,311	-44.14%

2) Cases of acquired significant equity investments during the report period

☐Applicable ☑Inapplicable

3) Cases of significant ongoing non-equity investments during the report period

☑Applicable ☐Inapplicable

Unit: CNY

Project name	Investment mode	Whether belongs to fixed assets investment	Involved sectors of investment projects	Investment amount during the report period	Accumulated actual investment amount up to the end of the report period	Capital source	Project progress	Estimated earnings	Accumulated realized earnings up to the end of the report period	Reasons for unreached planning schedule and estimated earnings	Disclosure date	Disclosure index (if have)
Yantai Changyu International Wine City Blending and Cooling Center	Self-constructed	Yes	Liquor and alcoholic beverage sector	0	1,705,784,100	Owned fund	100.00%	0	0	-	2017.04.22	Please refer to *Resolution Announcement of Seventh Session Board of Directors 4th Meeting, Resolution Announcement of Seventh Session Board of Directors 8th Meeting, Resolution Announcement of Seventh Session Board of Directors 10th Meeting, Resolution Announcement of Eighth Session Board of Directors*
Yantai Changyu International Wine City Bottling Center	Self-constructed	Yes		1,500,000	1,138,020,000	Owned fund	100.00%	0	0	-	2017.04.22	
Oak Barrel	Self-cons	Yes		10,006,247	247,527,147	Owned	98.00%	0	0	-	2021.04	

Procurement Project	tructed					fund					.28	*4th Meeting, Resolution Announcement of Eighth Session Board of Directors 11th Meeting, Resolution Announcement of Ninth Session Board of Directors 5th Meeting, Resolution Announcement of Ninth Session Board of Directors 9th Meeting, Resolution Announcement of Ninth Session Board of Directors 11th Meeting* and *Resolution Announcement of Tenth Session Board of Directors 5th Meeting* disclosed on CNINFO (http://www.cninfo.com.cn/)
Projects of Yantai local companies and chateaux placed other than Yantai	Self-constructed	Yes		5,450,600	11,183,600	Owned fund	75.00%	0	0	-	2025.04.18	
Total	--	--	--	16,956,847	3,102,514,847	--	--	0	0	--	--	--

4) Financial assets investment

① Security investment situation

☐Applicable ☑Inapplicable

There are no security investments for the Company during the report period.

② Derivatives investment

☐Applicable ☑Inapplicable

There are no derivatives investments for the Company during the report period.

5) The usage situation of raised capital

☐Applicable ☑Inapplicable

There are no usage situations of raised capital for the Company during the report period.

7. Sale of significant assets and equities

1) Sale of significant assets

☐Applicable ☑ Inapplicable

There are no sale of significant assets for the Company during the report period.

2) Sale of significant equities

☐Applicable ☑Inapplicable

8. Analysis of main holding and joint stock companies

☑Applicable ☐ Inapplicable

Situation of main subsidiaries and joint stock companies affecting over 10% of the Company's net profit

Unit: CNY

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Yantai Changyu Pioneer Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY8million	593,797,739	14,703,921	1,034,589,646	103,864,535	84,330,874
Yantai Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY5million	89,504,019	79,114,571	337,933,233	57,372,596	43,020,282
Changyu Trading Co., Ltd. in Development Zone of Yantai	Subsidiary	Sales of alcoholic products	CNY5million	97,300,034	15,151,797	49,828,680	6,676,628	4,998,721
Laizhou Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY1million	39,351,180	1,087,342	121,891,996	6,343,136	4,757,427

Acquisition and disposal of subsidiaries during the report period

☐Applicable ☑Inapplicable

Explanation on main holding and joint stock companies

None

9. Situation of the structured subjects controlled by the Company

☐Applicable ☑Inapplicable

10. Risks and response measures

1) Risk in price fluctuation of raw materials

Grapes are the Company's main raw materials. The grape's yield and quality are affected to a certain extent by the natural factors such as drought, wind, rain, frost and snow. These force majeure factors greatly influence the quantity and price of the grapes in this Company orders and add the uncertainty to the Company's production and operation. Therefore, the Company will lower the risks that are likely to affect grape quality and result in price fluctuation by means of expanding the self-run vineyards, strengthening the vineyard management and optimizing the layout of vineyards.

2) Risk in uncertainty of market input and output

To cope with the cutthroat market competition and to meet the needs for market development, the Company has input more and more capital in the market and the sales expense has taken up a higher percentage point in the business revenue. The input-output ratio will affect the Company's operating results to a great extent and the risk that some investments may not reach the expectations is likely to occur. Therefore, the Company will strengthen market research and analysis, enhance market forecast accuracy and continue to perfect the input-output evaluation system to ensure the investments in market to be satisfactory as expected.

3) Risk in product transport

The Company's products are fragile and sent to different places all over the world, mostly by sea, railway and expressway. The peak season of sales is usually in cold winter and close to the spring festival when market has a great demand. At that time, the natural and human factors such as serious shortage of transport capacity resulting from busy flow of people and goods, wind, snow, freezing as well as traffic accidents make the transport departments difficult to send products to markets in time and safely. As a result, it makes this Company have to face the risks of missing the peak season of sales. Therefore, the Company will adopt all methods possible like making precise sales prediction and well designed connection of production and sales, reasonably arranging production and transport means and making use of more available warehouses in different places to lower these kinds of risks.

4) Risk in investment faults

The Company invested many projects in the previous periods and the investment amounts were relatively large. For individual project, owing to the influence of various factors, it led to have the risks of facing with the investment amount out of budget or hardly taking back the expected investment earnings. The Company will take an adequate argument and scientific decision-making for investment projects, try hard to reduce and avoid investment risks.

5) Risk in exchange rate

The Company's overseas subsidiaries export products to many different countries and the export amount is relatively large. There may be exchange losses or gains due to exchange rate fluctuation.

6) Other risks

During the production and sales of the Company's products, it may be affected by force majeure such as wars, typhoons, earthquakes, etc..

11. Market value management system and valuation enhancement plan formulation and implementation

Whether the company has established a market value management system

☑Yes ☐No

The company has formulated a *Market Value Management System*, which mainly covers the purposes and basic principles of market value management, the structure and responsibilities of market value management, the main methods of market value management, the monitoring and early warning mechanism, and the emergency measures. This has further standardized and improved the behavior of market value management.

Whether the company has disclosed a valuation enhancement plan

☐Yes ☑No

12. Implementation of the "The Improvement Both on Quality and Return" action plan

Whether the company disclosed the "The Improvement Both on Quality and Return" action plan

☐Yes ☑No

IV. Corporate Governance, Environmental and Social Responsibility

1. Changes in the Company's directors and senior executives

☑Applicable ☐Inapplicable

Name	Position held	Type	Date	Reason
Zhenbo XIAO	General manager assistant	Terminate the appointment	2026.03.09	Personal reason

2. Situation of profit distribution and capitalization of capital reserve into share capital during the report period

☐Applicable ☑Inapplicable

The Company plans not to distribute cash dividends or give bonus shares or make capitalization of capital reserve into share capital.

3. Implementation of the Company's equity inventive plan, employee stock ownership plan or other employee incentive measures

☑Applicable ☐Inapplicable

1) Equity incentive

In 2023, the Company implemented the restricted share incentive plan for 203 middle-level managers and core cadres and granted them 6,785,559 shares of restricted share. On July 24, 2026, the Company's Fifth Interim Board of Directors Meeting in 2026 deliberated and approved the *Proposal on Failure to Achieve Conditions for Lifting Restrictions in the Third Period of Lifting Restriction Involved in the Company's 2023 Restricted Share Incentive Plan* and *Proposal on Buy-back and Cancelling Some Restricted Shares of the Company's 2023 Restricted Share Incentive Plan and to Adjust the Buy-back Price*. The conditions for lifting restrictions in the third restriction-lifted period of restricted shares granted under the Company's Incentive Plan have not been met, and the number of restricted shares granted to the Company's 179 incentive subjects that needs to be bought back and cancelled amounts to 2,485,626 shares.

2) Implementation of employees' share ownership plan

☐Available ☑Not available

3) Other employee incentives

☐Available ☑Not available

4. Environmental information disclosure situation

Whether the listed company and its major subsidiaries are included in the list of enterprises that disclose environmental information in accordance with the law

☑Yes ☐No

The number of enterprises included in the list of enterprises legally disclosing environmental information		1
No.	Company Name	Query index for the report on the legal disclosure of environmental information
1	Liaoning Changyu Golden Icewine Valley Co., Ltd.	https://qyxxpl.ywzh.lnsthj.cn:8802/home/index

5. Social responsibility performance

1) The Company served the rural revitalization well, adopted the mode of “company + farmer” or “company + cooperative + farmer”, reformed the sloping fields of Jiaodong Peninsular and the northwestern area including Ningxia and Xinjiang and so on, the uncultivated land or the barren land into graperies. By means of providing capital and technology of viticulture to fruit growers, scientific management level of vineyard had been improved. The Company spared no effort to popularize the non-pollution and mechanized planting methods, continuously improved production efficiency of grape base and quality of grape, and reduced production cost of grape and labor intensity. Through the above measures, on the one hand, it promotes the effective use of land resources, promotes the organic integration of rural households and modern agriculture, and helps increase agricultural efficiency, farmers' incomes and rural development; on the other hand, it improves the local ecological environment and brings huge ecological benefits.

2) The Company provided counterpart supports to Huangchengyang village in Longkou City, an old revolutionary base area by purchasing local agricultural products to help solve the problem of slow sales.

3) The Company provided help and assistance to the Company's in-service or retired employees with poor families, as well as the Company's in-service or retired employees with chronic or serious illnesses.

V. Major issues

1. Commitments that the Company's actual controllers, shareholders, related parties, acquirers and the Company and other related commitment parties have implemented during the report period and have not implemented up to the end of the report period

☐Applicable ☑Inapplicable

There is no commitments that the Company's actual controllers, shareholders, related parties, acquirers and the Company and other related commitment parties have implemented during the report period and have not implemented up to the end of the report period

2. Non-operational occupation capital of the listed company by controlling shareholder and its related parties

☐Applicable ☑Inapplicable

There is no non-operational occupation capital of the listed company by controlling shareholder and its related parties during the report period.

3. Illegal external guarantee

☐Applicable ☑Inapplicable

There is no illegal guarantee situation during the report period.

4. Appointment and dismissal of certified public accountants

Whether the semi-annual report has been audited

☐Yes ☑No

The semi-annual report has not been audited.

5. Explanation from the Board of Directors for the "Non-standard Audit Report" during this report period

☐Applicable ☑Inapplicable

6. Explanation from the Board of Directors for the "Non-standard Audit Report" of last year

☐Applicable ☑Inapplicable

7. Issues related with bankruptcy reorganization

☐Applicable ☑Inapplicable

There are no related issues of bankruptcy reorganization happened at the end of the report period.

8. Litigation Issue

Material litigation and arbitration

☐Applicable ☑Inapplicable

There are no material litigation and arbitration during the report period.

Other Litigation Issue

☐Applicable ☑Inapplicable

9. Penalty and rectification

☐Applicable ☑Inapplicable

There is no penalty and rectification during the report period.

10. Credit of the Company, its controlling shareholder and actual controller

☐Applicable ☑Inapplicable

11. Major related transactions

1) Related transactions in relation to routine operations

☑Applicable ☐Inapplicable

Related party	Relationship	Type	Content	Pricing principle	Price	Amount (CNY '0000)	Proportion accounting for amount of similar transactions	Approved transaction quota (CNY '0000)	Whether exceed approved transaction quota	Clearing form	Available market price of similar transactions	Disclosure date	Disclosure index
Yantai Shenma Packaging Co., Ltd.	Controlled by the same parent company	Purchase and commission processing	Purchase and commission processing packaging materials	Agreement pricing	Determined by agreement	2,326	13.35%	6,600	No	Cash	No	2026.02.12	*Expected Announcement on 2026 Annual Routine Related Transaction* disclosed in *China Securities Journal,SecuritiesTimes*and *CNINFO* in February 12, 2026
Total				--	--	2,326	--	6,600	--	--	--	--	--
Details of the return of large sales				No									
Actual performance of the estimated total amount for daily operations related transactions by category that will occur during this period.				No									
Reason for the deference between transaction price and market reference price				Inapplicable									

2) Related transactions in relation to acquisition and sales of assets or equity

☐Applicable ☑Inapplicable

There are no related transactions in relation to acquisition or sales of assets or equity during the report period.

3) Related transactions in relation to common foreign investment

☐Applicable ☑Inapplicable

There are no related transactions in relation to common foreign investment during the report period.

4) Related credit and debt dealings

☑Applicable ☐Inapplicable

Whether or not existing non-operating related credit and debt transactions

☐Yes ☑No

There is no non-operating related credit and debt transactions during the report period.

5) Deals of related financial companies

☐Applicable ☑Inapplicable

There is no deposit, loan, credit granting or other financial business between the related financial companies and related parties.

6) Deals between financial companies controlled by the Company and relayed parties

☐Applicable ☑Inapplicable

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

7) Other major related transactions

☑Applicable ☐Inapplicable

For other major related transactions, please refer to the *Announcement of 2026 Annual Expected Routine Related Transaction* and the Section XI " Related Parties and Related Transaction" of the Financial Report of this report.

Disclosure website of interim report for major related transaction

Name of interim announcement	Disclosure date of interim announcement	Name of disclosure website for interim announcement
Announcement of 2026 Annual Expected Routine Related Transaction	2026.02.12	*CNINFO (*www.cninfo.com.cn)

12. Major contracts and execution conditions

1) Trusteeship, contract and lease issues

① Trusteeship situation

☐Applicable ☑Inapplicable

There is no trusteeship situation during the report period.

② Contracting situation

☐Applicable ☑Inapplicable

There is no such contracting situation during the report period.

③ Lease situation

☑Applicable ☐Inapplicable

Explanation for lease situation

On January 1, 2022, the Company renewed the *Space Lease Agreement* with the controlling shareholder Yantai Changyu Group Company Limited. The Company leased the space with 15,196.94 square meters locating at No. 174 Shihuiyao Road, Zhifu District, Yantai City. The rent per year is CNY1.4645million with a rental period of 5 years from January 1, 2022 to December 31, 2026.

On January 1, 2022, the Company's subordinate Sales & Marketing Co. of Yantai Changyu Pioneer Wine Company Limited Brandy Sales Division renewed the *Space Lease Agreement* with the controlling shareholder Yantai Changyu Group Company Limited, leasing the space with 42,552.83 square meters locating at No. 1 Jichang Road, Zhifu District, Yantai City and the space with 3,038 square meters locating at 56 Dama Road, Zhifu District, Yantai City, which are all under the name of controlling shareholder. The rent of above spaces per year is CNY4.3935million with a rental period of 5 years from January 1, 2022 to December 31, 2026.

In 2023, this Company signed a house-leasing contract with Yantai Shenma Packaging Company Limited. According to this contract, since July 1, 2023, this Company leased property to Yantai Shenma Packaging Company Limited for a business purpose with the annual rent of CNY1,626,880. This contract expires on June 30, 2028.

Project whose profit and loss brought for the Company reach more than 10% of the total profit during the report period

Applicable ☑Inapplicable

There are no lease projects whose profit and loss brought for the Company reach more than 10% of the total profit during the report period.

2) Major guarantee

☑Applicable ☐Inapplicable

Unit: CNY'0000

External guarantee of the Company and its subsidiaries（excluding guarantee to subsidiaries）										
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral (if have)	Counterguarantee situation (if have)	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee
——										
Guarantee situations between the Company and subsidiaries										
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral	Counterguarantee situation	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee
Kilikanoon Estate Pty Ltd	2025.10.25	7,000	2023.09.01	7,000	Joint liability assurance	-	-	Effective as of the date this Agreement is signed and will remain in effect as long as the guarantor remains in business with East West Bank	No	Yes
Hacienda Y Vinedos Marques Del Atrio. SL	2026.06.19	14,110	2026.06.30	14,110	Joint liability assurance	-	-	Three years from the date when the performance	No	Yes

								period of the debtor's debt under the principal creditor-debtor contract expires.		
Total of the guarantee quota approved to subsidiaries during the report period (B1)		14,110			Total of the actual guarantee amount for subsidiaries during the report period (B2)				14,110	
Total of the guarantee quota approved to subsidiaries by the end of the report period (B3)		21,110			Balance of the actual guarantee for subsidiaries by the end of the report period (B4)				21,110	
Guarantee situations between subsidiaries										
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral (if have)	Counterguarantee situation (if have)	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee
Total guarantee amount of the Company（Total of above three major items）										
Total of the approved guarantee quota during the report period（A1+B1+C1）		14,110			Total of the actual guarantee amount during the report period（A2+B2+C2）				14,110	
Total of the approved guarantee quota by the end of the report period（A3+B3+C3）		21,110			Balance of the actual guarantee by the end of the report period（A4+B4+C4）				21,110	
The proportion of actual total guarantee amount (A4+B4+C4) accounting for the Company's net asset					2.05%					
Among :										
The amount of guarantee for shareholders, actual controllers and their related parties（D）									0	
The amount of debt guarantee for the guaranteed objects whose asset-liability ratio is more than 70% directly or indirectly（E）									0	
Total amount of guarantee of the part that exceeds 50% of net assets（F）									0	

Total amount of the above-mentioned three items（D+E+F）	0
Explanation for undue guarantees that have happened warranty liability or may take joint payback liabilities during the report period (if have)	No
Explanation for violating due process to provide external guarantee (if have)	No

Explanation on specific situations of adapting guarantee by complex methods

None

3) Financial management entrustment

☐Applicable ☑Inapplicable

There is no financial management entrustment during the report period.

4) Other important contracts

☐Applicable ☑Inapplicable

There are no other important contracts during the report period.

13. Activity registration form for receptions of research, communication, visit and other activities during the report period

☑Applicable ☐Inapplicable

Reception time	Reception place	Reception pattern	Type of reception object	Reception object	Main discussed contents and provided data	Basic situation index of reception
2026.05.15	Investor Relations Interactive Platform (https://ir.p5w.net)	Network platform online communication	Institutions, individuals and others	All investors	The recent production and operation situation of the Company	*The Record of Investor-relations Activity* disclosed on Shenzhen Stock Exchange
2026.05.22	The Company's meeting room	Field research	Institutions, individuals and others	All investors attending the on-site meeting of the Shareholders' Meeting	The recent production and operation situation of the Company	*The Record of Investor-relations Activity* disclosed on Shenzhen Stock Exchange

14. Other Major issues

☐Applicable ☑Inapplicable

There are no other major issues that need to be explained during the report period.

15. Major issues of Company's subsidiaries

☐Applicable ☑Inapplicable

VI. Changes in Shares and Shareholders' Situation

1. Changes in shares

1) Changes in shares

Unit: share

	Amount before this change		Change (+, -)					Amount after this change	
	Amount	Percentage %	Allot new share	Distribute bonus share	Transfer other capital to share capital	Others	Subtotal	Amount	Percentage %
I. Shares with trading limited condition	2,674,326	0.41%				56,675	56,675	2,731,001	0.42%
1. State-owned holdings									
2. State-owned legal person holdings									
3. Other domestic holdings	2,674,326	0.41%				56,675	56,675	2,731,001	0.42%
Among which: domestic legal person									
domestic natural person	2,674,326	0.41%				56,675	56,675	2,731,001	0.42%
4. Foreign-owned holdings									
Among which: foreign legal person									
foreign natural person									
II. Shares without trading limited condition	654,565,802	99.59%				-56,675	-56,675	654,509,127	99.58%
1. A shares	455,112,295	69.24%				-56,675	-56,675	455,055,620	69.23%
2. B shares	199,453,507	30.35%						199,453,507	30.35%
3. Oversea listed foreign shares									
4. Others									
III. Total shares	657,240,128	100%						657,240,128	100%

Cause of share change

☐Applicable ☑Inapplicable

The change in restricted shares is due to the variation in the number of shares locked up by senior executives.

Approval of share change

☐Applicable ☑Inapplicable

Transfer ownership of changed shares

☐Applicable ☑Inapplicable

Implementation progress of share buy-back

☑Applicable ☐Inapplicable

As of July 28, 2026, the Company has bought back 13,960,000 B shares of the Company through share buy-back special securities account in a centralized bidding mode, accounting for 6.9991% of Company's B shares and 2.1240% of Company's current total share capital, with the highest transaction price of HKD 8.43 per share and the lowest transaction price of HKD 7.99 per share. The total transaction amount was HKD 115,634,831.36 (including transaction fees) that equivalent to CNY99,995,053.11, which is less than CNY100million.

The shares being bought back are currently undergoing the transfer process. The actual number of shares bought back falls within the range specified in the repurchase plan (i.e., the number of buy-back shares is no less than 10 million and no more than 15 million).

Implementation progress of reducing holding buy-back share through the way of centralized bidding

☐Applicable ☑Inapplicable

The influence of share change on the financial indicators such as basic earnings per share, diluted earnings per share of the latest year and the latest period, net asset per share belonging to the Company's common shareholders, etc.

☐Applicable ☑Inapplicable

Other contents the Company thinks necessary or securities regulatory departments ask to make public.

☐Applicable ☑Inapplicable

2) Changes in restricted shares

☑Applicable ☐Inapplicable

Unit: share

Shareholder name	Number of restricted shares at the beginning period	Number of restricted shares lifted during this period	Number of restricted shares increased during this period	Number of restricted shares at the end of the period	Reason for restricted sale	Date of lifting restrictions
Hongjiang ZHOU	41,700		18,000	59,700	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jian SUN	123,000		15,750	138,750	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jiming LI	8,000		12,000	20,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jianxun JIANG	8,000		12,000	20,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Bin PENG	8,000	6,075		1,925	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jianfu PAN	0			0	—	—
Qingkun KONG	0				—	—
Shilu LIU	0				—	—
Zhenbo XIAO	0		5,000	5,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Hongbo SUN	0				—	—
Cuimei GUO	0				—	—
Other 179 individuals who are the recipients of the 2023 restricted stock incentive plan	2,485,626			2,485,626	Restricted shares cannot be sold	—
Total	2,674,326	6,075	62,750	2,731,001	--	--

2. Securities issuance and listing situation

☐Applicable ☑Inapplicable

3. The number of shareholders of the Company and the shareholdings

Unit: share

<table>
<tr><td>Total shareholders in the report period</td><td>39,835</td><td colspan="5">Total number of preferred shareholder recovering voting power by the end of report period (if have) (see note 8)</td><td colspan="2">0</td></tr>
<tr><td colspan="9">Shareholders holding more than 5% or the top 10 shareholders holding situation (exclude the lending of shares through the margin lending and securities lending system)</td></tr>
<tr><td rowspan="2">Name of Shareholders</td><td rowspan="2">Character of shareholders</td><td rowspan="2">Percentage (%)</td><td rowspan="2">Shares held until the end of the report period</td><td rowspan="2">Changes during the report period</td><td rowspan="2">Number of restricted shares</td><td rowspan="2">Number of unrestricted shares</td><td colspan="2">Pledged or frozen</td></tr>
<tr><td>Share status</td><td>Amount</td></tr>
<tr><td>YANTAI CHANGYU GROUP CO., LTD.</td><td>Domestic non-state legal person</td><td>52.56%</td><td>345,473,856</td><td>0</td><td>0</td><td>345,473,856</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>Fengdi JIANG</td><td>Domestic natural person</td><td>0.67%</td><td>4,429,000</td><td>-106,834</td><td>0</td><td>4,429,000</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>Hairong HU</td><td>Domestic natural person</td><td>0.54%</td><td>3,550,035</td><td>83,000</td><td>0</td><td>3,550,035</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</td><td>Foreign legal person</td><td>0.52%</td><td>3,446,137</td><td>-20,898</td><td>0</td><td>3,446,137</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>Social Security Fund 114</td><td>Other</td><td>0.52%</td><td>3,425,055</td><td>0</td><td>0</td><td>3,425,055</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>VANGUARD EMERGING MARKETS STOCK INDEX FUND</td><td>Foreign legal person</td><td>0.47%</td><td>3,087,201</td><td>0</td><td>0</td><td>3,087,201</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>HONG KONG SECURITIES CLEARING COMPANY LIMITED</td><td>Foreign legal person</td><td>0.46%</td><td>3,030,765</td><td>-67,692</td><td>0</td><td>3,030,765</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>Social Security Fund 413</td><td>Other</td><td>0.46%</td><td>3,000,060</td><td>0</td><td>0</td><td>3,000,060</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>NORGES BANK</td><td>Foreign legal person</td><td>0.35%</td><td>2,333,030</td><td>0</td><td>0</td><td>2,333,030</td><td>Inapplicable</td><td>0</td></tr>
<tr><td>Galaxy Jinhu Securities Asset Management - China Great Wall Asset Management Co., Ltd. - Galaxy Jinhu Quanxin Changying Selective Single Asset Management Plan</td><td>Other</td><td>0.28%</td><td>1,847,841</td><td>1,847,841</td><td>0</td><td>1,847,841</td><td>Inapplicable</td><td>0</td></tr>
<tr><td colspan="2">Strategic investors or legal result of the placement of new shares to become a top 10 shareholders</td><td colspan="7">No</td></tr>
<tr><td colspan="2">The explanation for the associated relationship and accordant action</td><td colspan="7">Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, while the relationship among the other shareholders is unknown.</td></tr>
<tr><td colspan="2">Explanation of the above-mentioned shareholders' entrustment/ fiduciary voting rights and waiver of the voting rights</td><td colspan="7">No</td></tr>
<tr><td colspan="2">Special explanation for the existence of a special repurchase account among the top 10 shareholders</td><td colspan="7">On June 30, 2026, the special repurchase securities account of Yantai Changyu Pioneer Wine Co., Ltd. held 4,830,000 B shares of the Company.</td></tr>
<tr><td colspan="9">The top 10 shareholders with shares without trading limited condition (exclude the lending of shares through the margin lending and securities lending system and senior executive lock-in)</td></tr>
<tr><td colspan="2">Name of Shareholders</td><td colspan="5">Number of shares without trading limited condition held until the end of the year</td><td colspan="2">Type of share</td></tr>
</table>

		Type of share	Amount
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A	345,473,856
Fengdi JIANG	4,429,000	A	4,429,000
Hairong HU	3,550,035	A	3,550,035
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,446,137	B	3,446,137
Social Security Fund 114	3,425,055	A	3,425,055
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,087,201	B	3,087,201
HONG KONG SECURITIES CLEARING COMPANY LIMITED	3,030,765	A	3,030,765
Social Security Fund 413	3,000,060	A	3,000,060
NORGES BANK	2,333,030	B	2,333,030
Galaxy Jinhu Securities Asset Management - China Great Wall Asset Management Co., Ltd. - Galaxy Jinhu Quanxin Changying Selective Single Asset Management Plan	1,847,841	B	1,847,841
The explanation for the associated relationship and accordant action of the top 10 shareholders with unrestricted shares, the the associated relationship and accordant action between the top 10 shareholders with unrestricted shares and the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the top 10 shareholders who involved in financing activities and stock trading business	No		

Shareholders holding more than 5%, the top 10 shareholders and the top 10 shareholders with unrestricted tradable shares participate in the lending of shares involved in the refinancing business

☐Applicable ☑Inapplicable

The top 10 shareholders and the top 10 shareholders with unrestricted tradable shares have changed from the previous period due to refinancing lending/restitution reasons

☐Applicable ☑Inapplicable

Whether or not the Company's top 10 common shareholders and top 10 shareholders with unrestricted shares take agreed repurchase transaction during the report period

☐Yes ☑No

There is no agreed repurchase transaction taken by the Company's top 10 common shareholders and top 10 shareholders with unrestricted shares during the report period.

4. Changes in shareholdings of directors, supervisors and senior executives

☑Applicable ☐Inapplicable

Name	Position	Status	Number of Shares held at the beginning period (shares)	Increased number of shares held in the current period (shares)	Decreased number of shares held in the current period (shares)	Number of shares held at the end period (shares)	Number of restricted shares granted at the beginning period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares granted at the end period (shares)
ZHOU Hongjiang	Chairman	Incumbent	207,600			207,600	168,000	0	168,000
SUN Jian	Director and General Manager	Incumbent	297,000			297,000	147,000	0	147,000
LI Jiming	Director and Deputy General Manager	Incumbent	112,000			112,000	112,000	0	112,000
JIANG Jianxun	Director, Deputy General Manager and Board Secretary	Incumbent	112,000			112,000	112,000	0	112,000
PENG Bin	Deputy General Manager	Incumbent	87,900			87,900	87,900	0	87,900
PAN Jianfu	General Manager Assistant	Incumbent	40,000			40,000	40,000	0	40,000
KONG Qingkun	General Manager Assistant	Incumbent	45,000			45,000	45,000	0	45,000
LIU Shilu	General Manager Assistant	Incumbent	40,000			40,000	40,000	0	40,000
XIAO Zhenbo	General Manager	Outgoing	45,000			45,000	45,000	0	45,000

	Assistant								
SUN Hongbo	General Manager Assistant	Incumbent	14,389			14,389	14,389	0	14,389
GUO Cuimei	General Manager Assistant and the Person in Charge of Finance	Incumbent	16,436			16,436	16,436	0	16,436
Total	--	--	1,017,325	0	0	1,017,325	827,725	0	827,725

5. Changes in controlling shareholders or actual controllers

The company has previously disclosed that the actual controller was planning to change the control rights but the process had not yet been completed. Please provide an update on the progress of the control rights change.

☐Applicable ☑Inapplicable

Changes in the controlling shareholders during the report period

☐Applicable ☑Inapplicable

There is no any change in the controlling shareholders during the report period.

Changes in the actual controllers during the report period

☐Applicable ☑Inapplicable

There is no any change in the actual controllers during the report period.

6. Related Situation of Preferred Shares

☐Applicable ☑Inapplicable

There are no preferred shares during the report period.

XII. Related Situation of Bonds

☐Applicable ☑Inapplicable

XIII. Financial Report

1. Audit report

Whether the semi-annual report has been audited

☐Yes ☑No

The company's semi-annual report has not been audited.

2. Financial statement

The unit in the statements of the financial notes is RMB Yuan.

2.1 Consolidated balance sheet

Compiling unit: Yantai Changyu Pioneer Wine Co., Ltd. June 30, 2026 Unit: yuan

Item	Note	June 30, 2026	December 31, 2025
Current assets:			
Monetary capital	7.1	2,083,218,301	1,890,611,804
Settlement reserves			
Lending funds			
Tradable financial assets			
Derivative financial assets			
Bills receivable	7.2	100,000	102,342
Accounts receivable	7.3	163,572,526	264,932,724
Accounts receivable financing	7.4	222,487,233	228,073,841
Advance payment	7.5	14,506,780	54,011,809
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Other receivables	7.6	113,246,526	127,713,309
Including: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			

Item	Note	June 30, 2026	December 31, 2025
Inventories	7.7	2,793,700,741	2,836,077,209
Including: Data resource			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	7.8	66,722,522	74,160,936
Total current assets		5,457,554,629	5,475,683,974
Non-current assets:			
Offering loans and imprest			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7.9	23,357,099	26,656,197
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	7.10	18,773,534	19,900,228
Fixed assets	7.11	5,183,660,371	5,308,778,632
Construction in progress	7.12	6,350,167	4,313,088
Productive biological assets	7.13	57,081,603	60,098,714
Oil-and-gas assets			
Right-of-use assets	7.14	88,248,378	55,252,509
Intangible assets	7.15	505,262,835	512,930,637
Including: Data resource			
Development expenditure			
Including: Data resource			
Goodwill	7.16	88,036,557	88,036,557
Long-term deferred expenses	7.17	275,819,174	283,227,056
Deferred income tax assets	7.18	178,840,549	215,680,654
Other non-current assets	7.19	43,735	43,735
Total non-current assets		6,425,474,002	6,574,918,007
Total assets		11,883,028,631	12,050,601,981
Current liabilities:			
Short-term borrowings	7.21	244,352,064	240,674,788
Borrowings from the Central Bank			
Borrowing funds			
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	7.22	313,132,902	321,932,168
Advances from customers			
Liabilities of contracts	7.23	115,718,391	135,067,463

Item	Note	June 30, 2026	December 31, 2025
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee remunerations payable	7.24	128,744,727	162,525,617
Taxes and dues payable	7.25	129,984,754	158,558,934
Other payable	7.26	311,014,990	332,855,775
Including: Interest payable			
Dividends payable	7.26	388,355	
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	7.27	81,996,110	75,440,910
Other current liabilities	7.28	15,077,955	27,193,862
Total current liabilities		1,340,021,893	1,454,249,517
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	7.29	44,628,112	52,374,840
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	7.30	47,387,670	19,437,830
Long-term accounts payable			
Long-term employee remunerations payable			
Estimated liabilities			
Deferred income	7.31	15,793,091	19,386,932
Deferred income tax liabilities	7.18	6,296,958	6,613,894
Other non-current liabilities			
Total non-current liabilities		114,105,831	97,813,496
Total liabilities		1,454,127,724	1,552,063,013
Owner's equities:			
Capital stock	7.32	657,240,128	657,240,128
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves	7.33	364,048,502	364,048,502
Minus: Treasury stock	7.34	72,754,596	37,880,941
Other comprehensive income	7.35	-28,084,834	-16,329,710
Special reserves			
Surplus reserves	7.36	342,732,000	342,732,000
General risk preparation			

Item	Note	June 30, 2026	December 31, 2025
Undistributed profits	7.37	9,013,643,371	9,037,437,598
Total owner's equities attributable to the parent company		10,276,824,571	10,347,247,577
Minority equity		152,076,336	151,291,391
Total owner's equities		10,428,900,907	10,498,538,968
Total liabilities and owner's equities		11,883,028,631	12,050,601,981

Legal Representative: Zhou Hongjiang　Accounting Supervisor: Guo Cuimei　Accounting Department Manager: Guo Cuimei

2.2 Balance sheet of the parent company

Compiling unit: Yantai Changyu Pioneer Wine Co., Ltd.　Unit: yuan

Item	Note	June 30, 2026	December 31, 2025
Current assets:			
Monetary capital		1,301,638,438	1,068,117,647
Tradable financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable	18.1	515,656	
Accounts receivable financing		49,720,103	49,858,915
Advance payment		186,242	
Other receivables	18.2	534,601,801	706,617,690
Including: Interest receivable			
Dividends receivable		3,495,195	20,000,000
Inventories		396,548,891	368,660,076
Including: Data resource			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		13,654,075	1,761,013
Total current assets		2,296,865,206	2,195,015,341
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	18.3	7,639,851,962	7,639,851,962
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate		18,773,534	19,900,228

Item	Note	June 30, 2026	December 31, 2025
Fixed assets		129,455,126	138,604,795
Construction in progress			
Productive biological assets		15,414,672	16,972,242
Oil-and-gas assets			
Right-of-use assets		5,319,288	6,638,093
Intangible assets		65,687,592	67,060,514
Including: Data resource			
Development expenditure			
Including: Data resource			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		2,323,687	3,339,186
Other non-current assets		1,805,430,000	1,812,430,000
Total non-current assets		9,682,255,861	9,704,797,020
Total assets		11,979,121,067	11,899,812,361
Current liabilities:			
Short-term borrowings		50,000,000	50,000,000
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		29,357,791	35,959,493
Advances from customers			
Liabilities of contracts			
Employee remunerations payable		59,137,772	64,506,520
Taxes and dues payable		1,586,591	3,040,948
Other payable		689,773,852	565,391,567
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,922,916	1,636,113
Other current liabilities			
Total current liabilities		831,778,922	720,534,641
Non-current liabilities:			
Long-term borrowings			
Bonds payable			

Item	Note	June 30, 2026	December 31, 2025
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		3,272,527	5,168,920
Long-term accounts payable			
Long-term employee remunerations payable			
Estimated liabilities			
Deferred income		177,355	177,355
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		3,449,882	5,346,275
Total liabilities		835,228,804	725,880,916
Owner's equities:			
Capital stock		657,240,128	657,240,128
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves		401,287,028	401,287,028
Minus: Treasury stock		72,754,596	37,880,941
Other comprehensive income			
Special reserves			
Surplus reserves		342,732,000	342,732,000
Undistributed profits		9,815,387,703	9,810,553,230
Total owner's equities		11,143,892,263	11,173,931,445
Total liabilities and owner's equities		11,979,121,067	11,899,812,361

Legal Representative: Zhou Hongjiang　Accounting Supervisor: Guo Cuimei　Accounting Department Manager: Guo Cuimei

2.3 Consolidated profit statement

Compiling unit: Yantai Changyu Pioneer Wine Co., Ltd.　　　　Unit: yuan

Item	Note	Amount incurred in this period	Amount incurred in prior period
1. Total operating income		1,572,704,753	1,470,576,177
Including: Operating income	7.38	1,572,704,753	1,470,576,177
Interest income			
Earned premium			
Handling fee and commission income			

Item	Note	Amount incurred in this period	Amount incurred in prior period
2. Total operating costs		1,371,646,351	1,213,880,507
Including: Operating costs	7.38	654,715,399	592,806,258
Interest expenditure			
Handling fees and commission expenditure			
Premium rebate			
Net amount of indemnity expenditure			
Net amount of the withdrawn reserve fund for insurance contract			
Policy bonus payment			
Reinsurance expenditures			
Taxes and surcharges	7.39	115,451,525	97,851,440
Selling expenses	7.40	458,709,936	402,150,816
Administrative expenses	7.41	121,375,686	126,647,959
R&D expenses	7.42	9,923,137	9,071,966
Financial expenses	7.43	11,470,668	-14,647,932
Including: Interest expenses		8,320,670	5,528,569
Interest income		8,050,884	5,914,026
Plus: Other profit	7.44	8,354,311	19,258,546
Investment profit (loss is listed with “-”)	7.45	-3,299,098	-3,018,088
Including: Investment profit for joint-run business and joint venture		-3,299,098	-3,018,088
Financial assets measured at amortized cost cease to be recognized as income			
Exchange income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)	7.46	662,543	1,549,058
Asset impairment loss (loss is listed with “-”)	7.47	2,771,951	-2,093,965
Income from asset disposal (loss is listed with “-”)	7.48	25,845	361,014
3. Operating profit (loss is listed with “-”)		209,573,954	272,752,235
Plus: Non-operating income	7.49	2,699,465	917,633
Minus: Non-operating expenses	7.50	265,628	589,363
4. Total profits (total loss is listed with “-”)		212,007,791	273,080,505
Minus: income tax expenses	7.51	68,901,273	81,765,775
5. Net profit (net loss is listed with “-”)		143,106,518	191,314,730

Item	Note	Amount incurred in this period	Amount incurred in prior period
5.1 Classification by operation continuity			
5.1.1 Net profit from continuing operation (net loss is listed with "-")		143,106,518	191,314,730
5.1.2 Net profit from terminating operation (net loss is listed with "-")			
5.2 Classification by ownership			
5.2.1 Net profit attributable to owner of the parent company		140,515,805	185,597,142
5.2.2 Minority interest income		2,590,713	5,717,588
6. Net after-tax amount of other comprehensive income	7.52	-13,172,537	14,870,571
Net after-tax amount of other comprehensive income attributable to owner of the parent company		-11,755,124	13,583,338
6.1 Other comprehensive income not to be reclassified into profit and loss later			
6.1.1 Changes after re-measuring and resetting the benefit plans			
6.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
6.1.3 Changes in the fair value of other investments in equity instruments			
6.1.4 Changes in the fair value of the enterprise's own credit risk			
6.1.5 Other			
6.2 Other comprehensive income to be reclassified into profit and loss later		-11,755,124	13,583,338
6.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
6.2.2 Changes in the fair value of other debt investments			
6.2.3 Amount of financial assets reclassified into other comprehensive income			
6.2.4 Provision for credit impairment of other credit investments			
6.2.5 Provision for cash-flow hedge			
6.2.6 Difference in translation of Foreign Currency Financial Statement		-11,755,124	13,583,338
6.2.7 Other			
Net after-tax amount of other comprehensive income attributable		-1,417,413	1,287,233

Item	Note	Amount incurred in this period	Amount incurred in prior period
to minority shareholders			
7. Total comprehensive income		129,933,981	206,185,301
Attributable to owner of the parent company		128,760,681	199,180,480
Attributable to minority shareholders		1,173,300	7,004,821
8. Earnings per share:			
8.1 Basic earnings per share		0.21	0.28
8.2 Diluted earnings per share		0.21	0.28

Legal Representative: Zhou Hongjiang Accounting Supervisor: Guo Cuimei Accounting Department Manager: Guo Cuimei

2.4 Profit statement of the parent company

Compiling unit: Yantai Changyu Pioneer Wine Co., Ltd. Unit: yuan

Item	Note	Amount incurred in this period	Amount incurred in prior period
1. Operating income	18.4	156,475,319	162,594,967
Minus: Operating costs	18.4	138,231,034	145,265,979
Taxes and surcharges		5,842,654	3,077,351
Selling expenses			
Administrative expenses		23,083,593	24,273,338
R&D expenses		362,067	1,672,191
Financial expenses		-6,331,159	-3,745,617
Including: Interest expenses		736,182	890,133
Interest income		7,005,240	7,868,873
Plus: Other profit		47,939	1,319,967
Investment profit (loss is listed with “-”)	18.5	173,495,195	46,246,053
Including: Investment profit for joint-run business and joint venture			
Financial assets measured at amortized cost cease to be recognized as income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)		898,656	-288
Asset impairment loss (loss is listed with “-”)			
Income from asset disposal (loss is listed with “-”)			
2. Operating profit (loss is listed with “-”)		169,728,920	39,617,457

Item	Note	Amount incurred in this period	Amount incurred in prior period
Plus: Non-operating income		1,142,570	194,320
Minus: Non-operating expenses		158,137	159,997
3. Total profits (total loss is listed with "-")		170,713,353	39,651,780
Minus: income tax expenses		1,568,848	2,271,268
4. Net profit (net loss is listed with "-")		169,144,505	37,380,512
4.1 Net profit from continuing operation (net loss is listed with "-")		169,144,505	37,380,512
4.2 Net profit from terminating operation (net loss is listed with "-")			
5. Net after-tax amount of other comprehensive income			
5.1 Other comprehensive income not to be reclassified into profit and loss later			
5.1.1 Changes after re-measuring and resetting the benefit plans			
5.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
5.1.3 Changes in the fair value of other investments in equity instruments			
5.1.4 Changes in the fair value of the enterprise's own credit risk			
5.1.5 Other			
5.2 Other comprehensive income to be reclassified into profit and loss later			
5.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
5.2.2 Changes in the fair value of other debt investments			
5.2.3 Amount of financial assets reclassified into other comprehensive income			
5.2.4 Provision for credit impairment of other credit investments			
5.2.5 Provision for cash-flow hedge			
5.2.6 Difference in translation of Foreign Currency Financial Statement			
5.2.7 Other			
6. Total comprehensive income		169,144,505	37,380,512
7. Earnings per share:			

Item	Note	Amount incurred in this period	Amount incurred in prior period
7.1 Basic earnings per share		0.26	0.06
7.2 Diluted earnings per share		0.26	0.06

Legal Representative: Zhou Hongjiang Accounting Supervisor: Guo Cuimei Accounting Department Manager: Guo Cuimei

2.5 Consolidated cash flow statement

Compiling unit: Yantai Changyu Pioneer Wine Co., Ltd. Unit: yuan

Item	Note	Amount incurred in this period	Amount incurred in prior period
1. Cash flows from operating activities:			
Cash received from sales of goods and rending of services		1,681,034,881	1,660,826,081
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Cash received from collecting interest, handling fees and commissions			
Net increase in borrowing funds			
Net increase in repurchased business funds			
Net cash received for buying and selling securities			
Tax refund received		22,453,926	26,792,333
Other cash received related to operating activities	7.53	18,053,749	33,768,838
Subtotal of cash flows of operating activities		1,721,542,556	1,721,387,252
Cash paid for goods and services		548,067,483	673,020,392
Net increase in customer loans and advances			
Net increase in deposits in central bank and interbank deposits			
Cash paid to original insurance contract payments			
Net increase in lending funds			
Cash paid to interest, handling fees and commissions			
Cash paid to policy bonus			
Cash paid to and on behalf of employees		219,551,512	224,360,824
Cash paid for taxes and expenses		317,580,578	339,863,955

Item	Note	Amount incurred in this period	Amount incurred in prior period
Other cash paid related to operating activities	7.53	218,107,090	244,720,953
Sub-total of cash outflows of operating activities		1,303,306,663	1,481,966,124
Net cash flows from operating activities		418,235,893	239,421,128
2. Cash flow from investing activities:			
Cash received from disinvestment			
Cash received from withdrawal of fixed deposits		18,000,000	39,000,000
Cash received from obtaining investment income			
Cash received from obtaining interest income		122,211	604,684
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,025,700	110,034,498
Net cash received from disposal of branch and other business unit			
Other cash received related to investing activities			
Subtotal of cash flows of investment activities		27,147,911	149,639,182
Cash paid to acquire fixed assets, intangible assets and other long-term assets		29,018,682	38,733,880
Cash for investment			
Cash paid for purchasing fixed deposits		33,000,000	18,000,000
Net increase in hypothecated loan			
Net cash paid for acquiring branch and other business unit			
Other cash paid related to investment activities			
Subtotal of cash outflows of investment activities		62,018,682	56,733,880
Net cash flow from investing activities		-34,870,771	92,905,302
3. Cash flow from financing activities			
Cash received from acquiring investment			
Including: Cash received from acquiring minority shareholders investment by branch			
Cash received from acquiring loans		247,817,093	221,495,666
Other cash received related to financing activities			
Subtotal cash flows of financing activities		247,817,093	221,495,666
Cash paid for paying debts		234,205,307	202,716,654
Cash paid for distributing dividend and profit or paying interest		171,443,666	273,324,036
Including: Dividend and profit paid to minority shareholders by branch			
Other cash paid related to financing activities		46,102,225	18,237,867

Item	Note	Amount incurred in this period	Amount incurred in prior period
Subtotal of cash outflows of financing activities		451,751,198	494,278,557
Net cash flow from financing activities		-203,934,105	-272,782,891
4. Influences of exchange rate fluctuation on cash and cash equivalents		-1,380,000	1,469,544
5. Net Increase in cash and cash equivalents		178,051,017	61,013,083
Plus: Balance at the beginning of the period of cash and cash equivalents		1,839,128,089	1,717,727,551
6. Balance at the end of the period of cash and cash equivalents		2,017,179,106	1,778,740,634

Legal Representative: Zhou Hongjiang Accounting Supervisor: Guo Cuimei Accounting Department Manager: Guo Cuimei

2.6 Cash flow statement of the parent company

Compiling unit: Yantai Changyu Pioneer Wine Co., Ltd. Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
1. Cash flows from operating activities:		
Cash received from sales of goods and rending of services	190,714,820	198,308,091
Tax refund received		
Other cash received related to operating activities	197,558,819	6,891,241
Subtotal of cash flows of operating activities	388,273,639	205,199,332
Cash paid for goods and services	109,344,580	163,211,040
Cash paid to and on behalf of employees	25,778,082	27,267,075
Cash paid for taxes and expenses	17,869,533	14,046,037
Other cash paid related to operating activities	13,517,133	27,817,643
Sub-total of cash outflows of operating activities	166,509,328	232,341,795
Net cash flows from operating activities	221,764,311	-27,142,463
2. Cash flow from investing activities:		
Cash received from disinvestment		
Cash received from withdrawal of fixed deposits	18,000,000	39,000,000
Cash received from obtaining investment income	193,354,636	170,723,485
Cash received from obtaining interest	122,211	604,684

Item	Amount incurred in this period	Amount incurred in prior period
income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,025,700	110,027,000
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities	407,407,040	37,406,810
Subtotal of cash flows of investment activities	627,909,587	357,761,979
Cash paid to acquire fixed assets, intangible assets and other long-term assets	74,170	2,593,416
Cash for investment		
Cash paid for purchasing fixed deposits	33,000,000	18,000,000
Net cash paid for acquiring branch and other business unit		
Other cash paid related to investment activities	397,000,000	2,000,000
Subtotal of cash outflows of investment activities	430,074,170	22,593,416
Net cash flow from investing activities	197,835,417	335,168,563
3. Cash flow from financing activities		
Cash received from acquiring investment		
Cash received from acquiring loans		
Other cash received related to financing activities		
Subtotal cash flows of financing activities		
Cash paid for paying debts		
Cash paid for distributing dividend and profit or paying interest	164,843,393	269,303,366
Other cash paid related to financing activities	36,710,188	8,956,456
Subtotal of cash outflows of financing activities	201,553,581	278,259,822
Net cash flow from financing activities	-201,553,581	-278,259,822
4. Influences of exchange rate fluctuation on cash and cash equivalents		
5. Net Increase in cash and cash equivalents	218,046,147	29,766,278
Plus: Balance at the beginning of the period of cash and cash equivalents	1,022,467,647	797,907,848

Item	Amount incurred in this period	Amount incurred in prior period
6. Balance at the end of the period of cash and cash equivalents	1,240,513,794	827,674,126

Legal Representative: Zhou Hongjiang   Accounting Supervisor: Guo Cuimei   Accounting Department Manager: Guo Cuimei

2.7 Consolidated owner's equities changing list

Unit: yuan

Item	This period														
	Owner's equities of the parent company													Minority equity	Total owner's equities
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Others	Subtotal		
		Preferred stock	Perpetual bonds	Others											
1. Balance at the end of last year	657,240,128				364,048,502	37,880,941	-16,329,710		342,732,000		9,037,437,598		10,347,247,577	151,291,391	10,498,538,968
Plus: Accounting policies changing															
Previous error correction															
Others															
2. Balance at the beginning of this year	657,240,128				364,048,502	37,880,941	-16,329,710		342,732,000		9,037,437,598		10,347,247,577	151,291,391	10,498,538,968
3. Increased or decreased amount in this period (reducing amount is listed with “-”)						34,873,655	-11,755,124				-23,794,227		-70,423,006	784,945	-69,638,061
3.1 Total comprehensive income							-11,755,124				140,515,805		128,760,681	1,173,300	129,933,981
3.2 Owner's invested and reduced capital						34,873,655							-34,873,655		-34,873,655
3.2.1 Owner's invested common stock						34,873,655							-34,873,655		-34,873,655
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owner's equities															
3.2.4 Others															
3.3 Profit distribution											-164,310,032		-164,310,032	-388,355	-164,698,387
3.3.1 Accrued surplus reserves															
3.3.2. Drawn common risk provision															
3.3.3 Distribution to owners (or shareholders)											-164,310,032		-164,310,032	-388,355	-164,698,387
3.3.4 Others															
3.4 Internal transfer of owner's equities															
3.4.1 Capital reserves transferred and increased capital (or capital stock)															
3.4.2 Surplus reserves transferred and increased capital (or capital stock)															
3.4.3 Surplus reserves covering deficit															
3.4.4 Retained earnings carried over from the benefit plan variation															

3.4.5 Retained earnings carried over from other comprehensive income															
3.4.6 Others															
3.5 Special reserves															
3.5.1 Withdrawal in this period															
3.5.2 Usage in this period															
3.6 Others															
4. Balance at the end of this period	657,240,128				364,048,502	72,754,596	-28,084,834		342,732,000		9,013,643,371		10,276,824,571	152,076,336	10,428,900,907

Unit: yuan

Item	First Half of 2025														
	Owner's equities of the parent company													Minority equity	Total owner's equities
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Others	Subtotal		
		Preferred stock	Perpetual bonds	Others											
1. Balance at the end of last year	671,823,900				482,143,547	70,704,426	-39,714,972		342,732,000		9,232,928,370		10,619,208,419	153,346,144	10,772,554,563
Plus: Accounting policies changing															
Previous error correction															
Others															
2. Balance at the beginning of this year	671,823,900				482,143,547	70,704,426	-39,714,972		342,732,000		9,232,928,370		10,619,208,419	153,346,144	10,772,554,563
3. Increased or decreased amount in this period (reducing amount is listed with “-”)						7,150,483	13,583,338				-83,132,418		-76,699,563	5,691,747	-71,007,816
3.1 Total comprehensive income							13,583,338				185,597,142		199,180,480	7,004,821	206,185,301
3.2 Owner's invested and reduced capital						7,150,483							-7,150,483		-7,150,483
3.2.1 Owner's invested common stock						7,150,483							-7,150,483		-7,150,483
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owner's equities															
3.2.4 Others															
3.3 Profit distribution											-268,729,560		-268,729,560	-1,313,074	-270,042,634

3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)											-268,729,560		-268,729,560	-1,313,074	-270,042,634
3.3.4 Others															
3.4 Internal transfer of owner's equities															
3.4.1 Capital reserves transferred and increased capital (or capital stock)															
3.4.2 Surplus reserves transferred and increased capital (or capital stock)															
3.4.3 Surplus reserves covering deficit															
3.4.4 Retained earnings carried over from the benefit plan amount															
3.4.5 Retained earnings carried over from other comprehensive income															
3.4.6 Others															
3.5 Special reserves															
3.5.1 Accrual in this period															
3.5.2 Usage in this period															
3.6 Others															
4. Balance at the end of this period	671,823,900				482,143,547	77,854,909	-26,131,634		342,732,000		9,149,795,952		10,542,508,856	159,037,891	10,701,546,747

2.8 Owner's equities changing list of the parent company

Unit: yuan

Item	This period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equities
		Preferred stock	Perpetual bonds	Others								
1. Balance at the end of last year	657,240,128				401,287,028	37,880,941			342,732,000	9,810,553,230		11,173,931,445
Plus: Accounting policies changing												
Previous error correction												
Others												
2. Balance at the beginning of this year	657,240,128				401,287,028	37,880,941			342,732,000	9,810,553,230		11,173,931,445
3. Increased or decreased amount in this period (reducing amount is listed with “-”)						34,873,655				4,834,473		-30,039,182
3.1 Total comprehensive income										169,144,505		169,144,505
3.2 Owner's invested and reduced capital						34,873,655						-34,873,655
3.2.1 Owner's invested common stock						34,873,655						-34,873,655
3.2.2 Other equity instrument holder's investe capital												
3.2.3 Amount of shares paid and reckoned in owner's equities												
3.2.4 Others												
3.3 Profit distribution										-164,310,032		-164,310,032
3.3.1 Accrued surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-164,310,032		-164,310,032
3.3.3 Others												
3.4 Internal transfer of owner's equities												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from the benefit plan amount												

3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Others												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Others												
4.Balance at the end of this period	657,240,128				401,287,028	72,754,596			342,732,000	9,815,387,703		11,143,892,263

Unit: yuan

Item	First Half of 2025											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equities
		Preferred stock	Perpetual bonds	Others								
1. Balance at the end of last year	671,823,900				519,382,073	70,704,426			342,732,000	9,825,895,684		11,289,129,231
Plus: Accounting policies changing												
Previous error correction												
Others												
2. Balance at the beginning of this year	671,823,900				519,382,073	70,704,426			342,732,000	9,825,895,684		11,289,129,231
3. Increased or decreased amount in this period (reducing amount is listed with “-”)						7,150,483				-231,349,048		-238,499,531
3.1 Total comprehensive income										37,380,512		37,380,512
3.2 Owner's invested and reduced capital						7,150,483						-7,150,483
3.2.1 Owner's invested common stock						7,150,483						-7,150,483
3.2.2 Other equity instrument holder's investe capital												
3.2.3 Amount of shares paid and reckoned in owner's equities												
3.2.4 Others												
3.3 Profit distribution										-268,729,560		-268,729,560
3.3.1 Accrued surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-268,729,560		-268,729,560

3.3.3 Others												
3.4 Internal transfer of owner's equities												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from the benefit plan amount												
3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Other												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Others												
4. Balance at the end of this period	671,823,900				519,382,073	77,854,909			342,732,000	9,594,546,636		11,050,629,700

3. Company profile

Yantai Changyu Pioneer Wine Co., Ltd. (the "Company" or the "Joint-stock Company") was incorporated as a joint-stock limited company in accordance with the *Company Law* of the People's Republic of China (the "PRC") in the merger and reorganization carried out by Yantai Changyu Group Co., Ltd. ("Changyu Group") with its assets and liabilities in relation to wine business. The Company and its subsidiary companies (hereinafter collectively referred to as the "Group") are engaged in the production and sale of wine, brandy and sparkling wine, planting and purchase of grapes, development of tourism resources, etc. The registered address of the Company is Yantai City, Shandong Province, and the office address of the headquarters is 56 Dama Road, Zhifu District, Yantai City, Shandong Province.

As on June 30, 2026, the Company issued 657,240,128 shares accumulatively. Refer to Note 7.32 for details.

The parent company of the Group is Changyu Group incorporated in China, which was ultimately and actually controlled by four parties, including Yantai Guofeng Investment Holding Group Co., Ltd., ILLVA Saronno Holding Spa, International Finance Corporation and Yantai Yuhua Investment & Development Co., Ltd.

The financial statement and the consolidated financial statement of the Company were approved by the Board of Directors on August 19, 2026.

The details of scope of the consolidated financial statement in this period can be seen in Note 10 "Equity in other entities".

4. Preparation basis of financial statement

4.1 Preparation basis

The Company prepares the financial statement on the basis of continuous operation.

4.2 Continuous operation

The Group has appraised the ability of continuous operation for 12 months from June 30, 2026, and no issues or situations causing major doubts to this ability are found. Therefore, this financial statement is prepared on the basis of the continuous operation assumption.

5. Main accounting policies and accounting estimates

5.1 Statement on compliance with ASBE

This financial statement fulfills the requirement of Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and gives a true and integrated view of the consolidated financial status and the financial status as on June 30, 2026, as well as the consolidated operating result, the operating result, the consolidated cash flow and the cash flow of the Company from January to June 2026.

In addition, the financial statement of the Company also complies with the related disclosure requirements for statement and its notes stipulated by *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports* (2023 Revision) by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”).

5.2 Accounting period

The accounting year is from January 1 to December 31 in Gregorian calendar.

5.3 Operating cycle

The Company takes the period from the acquisition of assets for processing to the realization of cash or cash equivalents as its normal operating cycle. The operating cycle of the Company is 12 months.

5.4 Recording currency

Since Renminbi (RMB) is the currency of the main economic environment in which the Company and the domestic subsidiary companies thereof are situated, the Company and the subsidiary companies thereof adopt RMB as the recording currency. The overseas subsidiary companies thereof determine EUR, CLP and AUD as the recording currency according to the main economic environment in which they are situated. The currency in this financial statement prepared by the Group is RMB. In preparing these financial statements, the foreign currency financial statements of overseas subsidiaries have been translated in accordance with Note 5.9.

5.5 Determination method and selection criteria for significant standards

Item	Significant standards
Other significant payables / accounts payable with an aging of over 1 year	Single of other payables / accounts payable with an aging of over 1 year exceeding 0.5% of the Group's total liabilities
Significant construction in progress	Single of construction in progress with the carrying amount exceeding 0.5% of the Group's noncurrent assets
Significant non-wholly-owned subsidiary	Non-wholly-owned subsidiary with the book value of net assets attributable to minority shareholders exceeding 0.5% of the Group's net assets
Significant joint venture or associate	Long-term equity investment in a single joint venture or associate with a carrying amount exceeding 0.5% of the Group's net assets
Significant cash flows from investing activities	Single of cash flows with the amount exceeding 0.5% of the Group's total assets

5.6 Accounting treatment method for business combination under common control and non-common control

If the Group obtains control over one or more enterprises (or a group of assets or net assets) and such transaction or event constitutes a business, it shall be accounted for as a business combination. Business combinations are classified into business combination under common control and business combination under non-common control.

For a business combination not under common control, when assessing whether the acquired set of assets or net assets constitutes a business, the acquirer may consider applying the “concentration test” as a simplified assessment. If the acquired set passes the concentration test, it shall be determined not to constitute a business. If it does not pass the concentration test, it shall be assessed against the business criteria.

When the Group acquires a set of assets or net assets that does not constitute a business, the acquisition cost shall be allocated to the identifiable assets and liabilities acquired at their relative fair values on the acquisition date, rather than applying the accounting treatment for a business combination.

5.6.1 Business combination under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or same multiple parties before and after the combination, and that control is not transitory. The assets and liabilities obtained by the combining party in the business combination shall be measured on the basis of the carrying amount in the ultimate controlling party's consolidated financial statement as at the combination date. Where there is a difference between the Group's share of carrying amount of the net assets acquired and the carrying amount of the combination consideration paid (or the total par value of the shares issued), the deficit shall be applied in sequence against the surplus reserve and then the undistributed profits. If the stock premium in capital surplus is not sufficient to offset, the deficit shall be applied in sequence against the surplus reserve and then the undistributed profits. The direct related expenses incurred for the business combination shall be included in the current profit and loss when incurred. The combination date is the date on which the combining party actually obtains control of the combined party.

5.6.2 Business combination under non-common control

A business combination under non-common control is a business combination in which all of the combining parties are not ultimately controlled by the same party or same multiple parties before and after the combination. The sum of fair values of the assets paid by the Group, as the acquirer, (including the acquiree's equity the Group held before the acquisition date), liabilities incurred or assumed, and the equity securities issued on the acquisition date in exchange for the control over the acquiree, shall deduct the fair value of the acquiree's identifiable net assets acquired in the combination on the acquisition date. After considering the effect of related deferred income taxes , if the difference is positive, it shall be recognized as goodwill; and if it is negative, it shall be included in the current profit and loss. The direct expenses incurred for the business combination by the Group shall be included in the current profit and loss. All the identifiable assets, liabilities and contingent liabilities which are obtained from the acquiree and meet the recognition conditions shall be confirmed by the Group on the acquisition date according to the fair value thereof. The acquisition date is the date on which the acquirer actually obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group re-measures its previously-held equity interest in the acquiree to its acquisition-date fair value, and recognizes any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. Other comprehensive income and other changes in owner's equities that can be reclassified into profit or loss under the equity method of accounting for the equity interest of the acquiree held before acquisition date shall be transferred to current investment income on the purchase date; and if equity interests of the acquiree held before acquisition date are equity instrument investments measured at fair value with changes recognized in other comprehensive income, other comprehensive income recognized before acquisition date shall be transferred to retained earnings on acquisition date.

5.7 Determination standard of control and compiling methods of consolidated financial statement

5.7.1 General principles

The consolidation scope of the consolidated financial statements is determined based on control, including the Company and its controlled subsidiaries. Control refers to the Group's power over the investee, enjoying variable returns through participation in related activities of the investee, and having the ability to use its power over the investee to influence its return amount. When determining whether the Group has power over the investee, the Group only considers substantive rights related to the investee (including substantive rights enjoyed by the Group itself and other parties). The financial condition, operating performance, and cash flows of the subsidiaries shall be included in the consolidated financial statements from the date of control to the date of control termination.

The equity, profit and loss, and total comprehensive income attributable to minority shareholders of the subsidiaries shall be separately presented in the shareholders' equity section of the consolidated balance sheet and the net profit and total comprehensive income section of the consolidated profit statement.

If the current losses shared by minority shareholders of the subsidiaries exceed their share of the subsidiaries' initial owner's equity, the balance shall still be offset against the minority equity.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company has made necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. All intra-group transactions and balances during the combination, including unrealized intra-group transactions gains and losses, have been offset. If there is evidence that unrealized losses incurred in intra-group transactions are related to impairment losses of assets, the full amount of such losses shall be recognized.

5.7.2 Subsidiaries acquired through a business combination

Where a subsidiary is acquired through a business combination involving entities under common control, when preparing the consolidated financial statements for current period, based on the carrying amounts of the assets and liabilities of the combined subsidiary in the financial statements of the ultimate controlling party, the combined subsidiary shall be deemed to be included in the consolidation scope of the Company when the ultimate controlling party of the Company begins to exercise control over it, and the initial balance and the comparative figures of the consolidated financial statements shall be correspondingly adjusted.

Where a subsidiary is acquired through a business combination involving entities not under common control, when preparing the consolidated financial statements for current period, based on the fair value of identifiable assets and liabilities of the acquired subsidiary determined on the acquisition date, the acquired subsidiary shall be included in the consolidation scope of the Company from the acquisition date.

5.7.3 Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognized as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained.

If each of the multiple transactions forms part of a bundled transaction, each transaction shall be treated as a transaction for disposing of the existing subsidiary and losing control. The difference between the disposal price and the net carrying value of the subsidiary that is continuously calculated from the acquisition date corresponding to the disposal investment before losing control shall be included in other comprehensive income in the consolidated financial statements, and be transferred when losing control to profit or loss of the period losing control.

5.7.4 Changes in minority equity

The difference between the cost of long-term equity investment acquired by the Company through the purchase of minority equity and the net asset share of the subsidiary calculated based on the newly increased shareholding ratio, as well as the difference between the disposal price obtained from partial disposal of equity investment in the subsidiary without losing control and the net asset share of the subsidiary corresponding to the disposal of long-term equity investment, shall be adjusted to the capital reserve (share premium) in the consolidated balance sheet. And if the capital reserve (share premium) is insufficient to offset, the deficit shall be applied in sequence against the surplus reserve and then the undistributed profits.

5.8 Determination standard of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be used for payment at any time, and short-term highly liquid investments which are readily convertible into known amount of cash with an insignificant risk of changes in value.

5.9 Foreign currency transaction and foreign currency statement translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in current profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding undistributed profit and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction date. Income and expenses in the income statement are translated to Renminbi at the spot exchange rates at the transaction date. The resulting translation differences generated by the above conversion are recognized in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

5.10 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments, receivables, payables, loans and borrowings and share capital.

5.10.1 Recognition and initial measurement of financial assets and financial liabilities

A financial asset and financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset (unless it is a trade receivable without a significant financing component) and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related attributable transaction costs are included in their initial costs. Accounts receivable containing no significant financing component or not considering financing component of contracts that do not exceed one year are measured initially at transaction prices determined by the accounting policies set out in Note 5.22.

5.10.2 Classification and subsequent measurement of financial assets

(a) Classification of financial assets of this Group

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

-it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, ‘principal' is defined as the fair value of the financial asset on initial recognition. ‘Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized and reclassified, through the amortization process or in order to recognize impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

5.10.3 Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortized cost by the Group.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortized cost

These financial liabilities are subsequently measured at amortized cost using the effective interest method.

5.10.4 Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

5.10.5 Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- the contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in current profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

5.10.6 Impairment

The Group recognizes loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortized cost;
- financial investments at fair value through other comprehensive income.

Financial assets measured at fair value, including debt investments or equity securities at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

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

ECLs within the next 12 months refers to the ECLs that may occur due to a financial instrument default event within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, it is within the expected duration), and is a part of the ECLs for the entire duration.

For bills receivable, accounts receivable, accounts receivable financing generated from daily business activities such as selling goods and providing services, loss allowance always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

For assets other than bills receivable, accounts receivable, accounts receivable financing that meet one of the following conditions, loss allowance are measured at an amount equal to 12-month ECLs. For all other financial instruments, the Group recognizes a loss allowance equal to lifetime ECLs:

- If the financial instrument is determined to have low credit risk at the balance sheet date; or
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Bad debt provision for accounts receivable

(a) Combination categories and determination criteria for bad debt provision based on credit risk characteristics

Bills receivable	According to the different credit risk characteristics of the acceptor, the Group divides bills receivable into two combinations: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Based on the historical experience of this Group, there is no significant difference in the occurrence of losses among different segmented customer groups. Therefore, this Group considers all accounts receivable as a combination and does not further differentiate between different customer groups when calculating the bad debt provision for accounts receivable.
Accounts receivable financing	The accounts receivable financing of this Group is for accounts receivable bank acceptance bills with dual holding purposes. Due to the fact that the accepting banks are all banks with high credit ratings, this Group considers all accounts receivable financing as a combination.
Other receivables	The other receivables of this Group mainly include deposits receivable and security deposits. Based on the nature of accounts receivable and the credit risk characteristics of different counterparties, the Group divides other accounts receivable into two combinations, namely: combination of deposits receivable and security deposits, and combination of other accounts receivable.

(b) Determination criteria for single provision of bad debt reserves based on individual provision

For bills receivable, accounts receivable, accounts receivable financing, and other accounts receivable, the Group usually measures its loss provision based on a combination of credit risk characteristics. If the credit risk characteristics of a counterparty are significantly different from those of other counterparties in the portfolio, or if there is a significant change in the credit risk characteristics of that counterparty, a separate provision for loss shall be made for accounts receivable from that counterparty. For example, when a counterparty experiences serious financial difficulties and the ECL rate of accounts receivable from that counterparty is significantly higher than the ECL rate of its aging range, a separate provision for loss shall be made for it.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default at the balance sheet date with that at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments 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 the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are re-measured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.

Write-off

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. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources 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 Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

5.10.7 Equity instrument

The consideration received from the issuance of equity instruments is recognized in shareholders' equity at the actual issue price, with the related transaction costs deducted from shareholders' equity (capital reserve). And if the capital reserve (share premium) is insufficient to offset, the deficit shall be applied in sequence against the surplus reserve and then the undistributed profits. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

Upon the cancellation of treasury shares, share capital shall be reduced by the total par value of the shares cancelled. Where the cost of the treasury shares exceeds their total par value, the excess shall be applied in sequence against the capital reserve (share premium), the surplus reserve and then the undistributed profits. Where the cost of the treasury shares is lower than their total par value, the shortfall shall be credited to the capital reserve (share premium).

5.11 Inventories

5.11.1 Inventory categories

Inventories include raw materials, work in progress and reusable materials. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads.

Agricultural products harvested are reported in accordance with the *Accounting Standard for Business Enterprises No. 1 - Inventories*.

5.11.2 Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

5.11.3 Inventory count system

The Group maintains a perpetual inventory system.

5.11.4 Amortization method for low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are amortized when they are used. The amortization charge is included in the cost of the related assets or recognized in profit or loss for the current period.

5.11.5 Basis for determining the net realizable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for impairment, and is recognized in profit or loss.

5.12 Long-term equity investments

5.12.1 Investment cost determination of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any deficit applied in sequence against the surplus reserve and then the undistributed profits. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any deficit applied in sequence against the surplus reserve and then the undistributed profits .

- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

5.12.2 Subsequent measurement and profit and loss recognition methods of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognizes its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less impairment losses.

For the impairment testing method and impairment provision method of the investments in subsidiaries, refer to Note 5.21.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note 5.6.

(b) Investments in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An associate is an enterprise the Group can exert significant influence on.

A long-term equity investment in a joint venture and associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in current profit or loss.

- After the acquisition of the investment in joint ventures and associates, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as “other changes in owners' equity”), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.

- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or the associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

For the impairment testing method and impairment provision method of the investments in joint ventures and associates of this Group, refer to Note 5.21.

5.12.3 Criteria for determining the existence of joint control and significant impact over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

5.13 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortization and impairment losses, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights, unless the investment property is classified as held for sale. For the impairment testing method and impairment provision method, refer to Note 5.21.

Category	Useful life (years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	20-40 years	0-5%	2.4%-5.0%

5.14 Fixed assets

5.14.1 Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods, supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed fixed assets is measured in accordance with the policy set out in Note 5.15.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

For any subsequent cost of fixed assets, including the cost of replacing part of an item of fixed assets, when it is probable that the economic benefits associated with the costs will flow to the Group, it shall be capitalized and included in the cost of fixed assets, and the carrying amount of the replaced part is derecognized meanwhile; and the costs related to the day-to-day maintenance of fixed assets shall be recognized in current profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

5.14.2 Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale.

The useful lives, residual value rates and annual depreciation rates of each class of fixed assets are as follows:

Class	Useful life (years)	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	20-40 years	0-5%	2.4%-5.0%
Machinery equipment	5-30 years	0-5%	3.2%-20.0%
Motor vehicles	4-12 years	0-5%	7.9%-25.0%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

5.14.3 For impairment testing method and impairment provision method, refer to Note 5.21.

5.14.4 Disposal of fixed assets

The Group will derecognize of a fixed asset when meeting one of the following conditions:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

5.15 Construction in progress

The cost of self-constructed fixed assets includes the cost of materials, direct labor, capitalized borrowing costs, and necessary costs attributable to bringing the asset to working condition for its intended use.

A self-constructed fixed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Criteria and timing for transfer of construction in progress to fixed assets

Category	Criteria and Timing for Transfer to fixed assets
Buildings and Structures	(1) The main construction and supporting works have been substantially completed; (2) The construction meets the design specifications and has passed inspections by the surveying, design, construction, and supervision and other institutions; (3) Acceptance inspections have been completed by external authorities such as fire safety, land, and planning departments; (4) If the construction reaches the intended usable condition but the completion settlement has not yet been finalized, it shall be transferred to fixed assets from the date it reaches the intended usable condition, based on the estimated construction cost.
Machinery and Equipment	(1) Relevant equipment and other supporting facilities have been fully installed; (2) The equipment has been tested and can maintain normal and stable operation over a period of time; (3) The production equipment can produce qualified products consistently over a period of time; (4) The equipment has been accepted by asset management personnel and users.

Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 5.21).

If an enterprise sells products or by-products produced by fixed assets before they reach their intended usable state to the outside parties, in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14 – Revenue* and *Accounting Standards for Business Enterprises No. 1 – Inventories*, relevant income and costs shall be accounted for separately and included in profit or loss for the current period.

5.16 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, and construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction or production of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

The capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended. Capitalization of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalization of borrowing costs should cease when the qualifying asset being constructed or produced has reached its expected usable or saleable condition. Capitalization of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally for a period of more than three months.

5.17 Biological assets

The biological assets of the Group are productive biological assets.

Productive biological assets are biological assets held for the purposes of producing agricultural produce, rendering of services or rental. Productive biological assets in the Group are vines. Productive biological assets are initially measured at cost. The cost of self-grown or self-bred productive biological assets represents the necessary attributable expenditure incurred before satisfying the expected production and operating purpose, including capitalized borrowing costs.

Productive biological assets, after reaching the expected production and operating purpose, are depreciated using the straight-line method over its useful life. The useful lives, estimated net residual value rates and annual depreciation rates of productive biological assets are as follows:

Category	Useful life (years)	Estimated net residual rate (%)	Annual depreciation rate (%)
Vines	20 years	0%	5.0%

The Group evaluates the useful life and expected net residential value by considering the normal producing life of the productive biological assets.

Useful lives, estimated residual values and depreciation methods of productive biological assets are reviewed at least at each year-end. Any changes should be treated as changes in accounting estimates.

For a productive biological asset that has been sold, damaged, dead or destroyed, any difference between the disposal proceeds and the carrying amount of the asset (after tax deduction) should be recognized in profit or loss for the period in which it arises.

5.18 Intangible assets

Service life and amortization method

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 5.21). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortized on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective service life, determination basis, and amortization method for intangible assets are as follows:

Item	Useful life (years)	Determination basis	Amortization method
Land use right	40 – 50 years	Period of land use rights	Straight-line method
Software use right	5 – 10 years	The shorter one of software service life or expected service life	Straight-line method
Trademark rights	10 years	The shorter one of duration of trademark rights or	Straight-line method

Item	Useful life (years)	Determination basis	Amortization method
		expected service life	

The useful life and amortization method of intangible assets with limited useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group had intangible assets with infinite useful lives including the land use rights and trademarks. Land use rights with infinite useful lives are permanent land use rights with permanent ownership held by the Group under the relevant Chile and Australian laws arising from the Group's acquisition of Ndomita Wine Company Chile Spa (“Chile Indomita Wine Group”), and the acquisition of Kilikanoon Estate Pty Ltd (“Australia Kilikanoon Estate”), therefore there was no amortization. The right to use trademark refers to the trademark held by the Group arising from the acquisition of the Chile Indomita Wine Group and the Australia Kilikanoon Estate with infinite useful lives. The valuation of trademark was based on the trends in the market and competitive environment, product cycle, and managing long-term development strategy. Those bases indicated the trademark will provide net cash flows to the Group within an uncertain period. The useful life is indefinite as it was hard to predict the period that the trademark would bring economic benefits to the Group.

5.19 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note 5.21). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

5.20 Long-term deferred expenses

The Group recognizes expenses that have been incurred and whose benefit period exceeds one year as long-term deferred expenses.

Long-term deferred expenses are amortized using a straight-line method within the benefit period. The respective amortization periods for such expenses are as follows:

Item	Amortization period
Land acquisition fees	50 years
Afforestation fees	5-20 years
Renovation costs	3-5 years

Others	3 years

5.21 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- productive biological asset
- investment properties measured using a cost model
- long-term equity investments
- goodwill
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill and intangible assets with infinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 5.21) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

5.22 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

5.23 Estimated liabilities

If the obligation related to contingencies is a current obligation undertaken by the Group, and the performance of such obligation is likely to result in the outflow of economic benefits from the Group, and the relevant amount can be reliably measured, the Group will recognize the estimated liability.

The estimated liabilities are initially measured based on the best estimate of the expenses required to fulfill the relevant current obligations. For assets that have a significant impact on the time value of money, the estimated liability is determined by discounting the estimated future cash flows. When determining the best estimate, the Group takes into account factors such as risks, uncertainties, and time value of money related to contingencies. If the required expenditure exists a continuous range, and the likelihood of various outcomes occurring within this range is the same, the best estimate is determined based on the median value within this range; and in other cases, the best estimate is handled as follows:

- If the contingency involves a single item, it shall be determined based on the most likely amount to occur.
- If the contingency involves multiple items, it shall be determined based on various possible outcomes and related probabilities.

The Group reviews the carrying amount of estimated liabilities on the balance sheet date and adjusts the carrying amount based on the current best estimate.

5.24 Share-based payment

5.24.1 Type of share-based payment

The share-based payment of this Group is equity-settled share-based payment.

5.24.2 Accounting treatment related to implementing share-based payment plan

- Equity-settled share-based payment

When the Group exchanges shares or other equity instruments for employee services, the equity instruments granted to employees shall be measured at fair value on the grant date. For share-based payment transactions that are immediately exercisable upon grant, the Group recognizes the fair value of equity instruments as relevant costs or expenses on the grant date, and increases capital reserves accordingly. For share-based payment transactions that can only be exercised after completing the vesting period for services or meeting the prescribed performance conditions after the grant, the Group will make the best estimate of the number of feasible equity instruments on each balance sheet date during the vesting period based on subsequent information such as changes in the number of feasible employees. Based on this, the services obtained in the current period will be included in relevant costs or expenses according to the fair value of the equity instruments on the grant date, and correspondingly included in capital reserves.

When the Group accepts services but does not have settlement obligations, and the equity instruments granted to employees are those of the ultimate controlling party of the Company or its controlled subsidiaries other than the Group, the Group will treat this share-based payment plan as a share-based payment for equity settlement.

5.25 Revenue

Revenue refers to the gross inflow of economic benefits formed during the course of the ordinary activities of the Group, which may increase the shareholders' equities and is irrelevant to the invested capital of the shareholders.

The Group recognizes the revenue upon fulfillment of its performance obligations in the contract, that is, the client obtains control right over the relevant goods or services.

If there are two or more performance obligations under the contact, which shall be fulfilled, the Group will apportion the transaction price to various individual performance obligations in accordance with the relative proportion of separate selling prices of various goods or services under these performance obligations on the commencement date of the contract, and measure and recognize the revenue in accordance with the transaction prices apportioned to various individual performance obligations. The stand-alone selling price refers to the price at which the Group sells goods or provides services to customers separately. If the stand-alone selling price cannot be directly observed, the Group comprehensively considers all the relevant information that can be reasonably obtained, and uses observable input values to the greatest extent to estimate the stand-alone selling price.

For contracts with quality assurance clauses, the Group analyzes the nature of the quality assurance provided. If quality assurance provides a separate service in addition to ensuring to the client that the goods sold meet the established standards, the Group will treat it as an individual performance obligation. Otherwise, the Group conducts accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies.

The transaction price refers to the amount of consideration that the Group expects to be entitled to receive due to the transfer of goods or services to the client, excluding payments received on behalf of third parties. The transaction price recognized by the Group does not exceed the amount at which the accumulated recognized revenue will most likely not undergo a significant reversal when the relevant uncertainty is eliminated. In the event that there is a significant financing part in the contract, the Group determines the transaction price based on the amount payable in cash when the client obtains control right over the relevant goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. From the day of the enforcement of the contract, the Group expects that the interval between the client's acquisition of control right over the goods or services and the client's payment of the price will not exceed one year, regardless of the significant financing part in the contract.

If the Group meets one of the following conditions, the fulfillment of its performance obligations in a certain period will be deemed, or the fulfillment of its performance obligations at a certain time point will be deemed:

- The client obtains and consumes the economic benefits while the Group fulfills the performance obligation;
- The client manages to control the goods in process while the Group fulfills the performance obligation.
- Goods produced during the performance period have irreplaceable purposes and the Group is entitled to charge money for the performance accumulated and has been finished until the current time within the whole contract period.

For any performance obligations fulfilled in a certain period, the Group will recognize revenue within the certain period in accordance with the performance progress. If the performance progress cannot be determined reasonably and costs incurred are expected to be compensated of the Group, the revenue will be ascertained according to the costs incurred until the performance progress is determined reasonably.

In terms of performance obligations fulfilled at a certain time point, the Group will recognize revenue when the client gains control right over the relevant goods or services. When it comes to determining whether a client has acquired the control right over goods or services, the Group will consider the following conditions:

- The Group has the current right to receive payment for the goods or services;
- The Group has transferred the goods in kind to the client;
- The Group has transferred the legal ownership of the product or the main risks and rewards of ownership to the client;
- The client has accepted the goods or services, etc.

For sales with sales return clauses, when the customer obtains control of the relevant goods, the Group recognizes revenue based on the amount of consideration expected to be entitled to receive due to the transfer of goods to the customer (that is, does not include the expected amount to be refunded due to sales return), and recognizes liabilities based on the expected amount to be refunded due to sales returns. At the same time, based on the book value at the time of transfer of the goods expected to be returned, the Group recognizes as an asset the balance after deducting the estimated cost of recovering the goods (including the value impairment of the returned goods). On each balance sheet date, the Group re-estimates the future sales returns. If there is any change, it shall be treated as a change in accounting estimates.

The Group has transferred the goods or services to the client and thus has the right to receive corresponding consideration (and the right is dependable on factors other than time lapses) as contract asset, which is subject to provision of impairment on the basis of expected credit loss. The right enjoyed by the Group (only depends on time lapses) to receive consideration unconditionally from the client shall be presented under account receivables. The Group presents the obligation of transferring goods or services for the client due to the consideration received or receivable as contract liabilities.

The specific accounting policies related to the main activities of the Group's revenue are described as follows:

The Group's sales revenue mainly comes from dealer sales. The revenue will be recognized when the Group transfers control of the related products to the customer. According to the business contract, for these transfers, the time when the product is confirmed and signed by the customer shall be recognized as the confirming point of the sales revenue.

5.26 Contract cost

Contract cost includes incremental cost for being awarded the contract and performance cost of the contract.

Incremental cost for being awarded the contract refers to the cost that the Group would not need to pay if no such contracts are awarded (e.g. sales commissions, etc.) Where such cost is expected to be recovered, the Group shall take it as the contract acquisition cost and recognize it as an asset. Expenses incurred by the Group to be awarded contract other than incremental cost expected to be recovered shall be recognized in current profits and losses when incurred.

Any cost incurred by the Group for the performance of any contract that doesn't fall into the scope of other businesses specified in the Standard such as inventory, but meets the following conditions simultaneously, shall be taken as contract performance cost and recognized as an asset.

- Where such cost is directly related to a current or anticipated contract, including direct labor cost, direct material cost, manufacturing expenses (or similar expenses), costs clearly specified to be borne by the customer and other costs incurred solely due to the contract;
- Where such cost includes resources to be used by the Group to fulfill future performance obligations;
- Where such cost is expected to be recovered.

Assets recognized for contract acquisition cost and assets recognized for contract performance cost (hereinafter referred to as “assets related to contract cost”) shall be amortized on the same basis as the revenue recognition of goods or services related to such assets and recognized in current profits and losses. Where the amortization period of assets recognized for the contract acquisition cost does not exceed one year, they shall be recognized in current profits and losses.

Where the book value of assets related to contract costs is higher than the difference between the following two items, the Group shall withdraw the impairment reserves of the excess part and recognize it as the asset impairment loss:

- Residual consideration expected to be obtained arising from the transfer of goods or services related to the assets by the Group;
- Cost estimated to be occurred for the transfer of the relevant goods or services.

5.27 Employee benefits

5.27.1 Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

5.27.2 Post-employment benefits － defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

5.27.3 Dismission welfare

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

5.28 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Company for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognized, or included in other income or non-operating income directly.

5.29 Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising in a single transaction that is not a business combination, and affects neither accounting profit nor taxable profit (or deductible loss) at the time of the transaction, and the initially recognized assets and liabilities do not result in equal taxable temporary differences or deductible temporary differences. Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either: the same taxable entity; or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

5.30 Lease

Lease refers to a contract in which it is agreed that the lessor conveys the use right of any asset to the lessee for a period of time in exchange for consideration.

On the contract start date, the Group shall evaluate whether the contract is, or contains, a lease. Where either party thereto conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration, the contract is, or contains a lease.

To determine whether the contract conveys the right to control the use of identified assets for a period of time, the Group conducts the following assessments:

- Whether the contract involves the use of an identified asset. An identified asset can be either explicitly specified in a contract, or implicitly when the asset is available to the customer and can be a physically distinct portion, or if some capacity or other portion of the asset is not physically distinct but substantially represents the full capacity of the asset, so that the customer obtains substantially all of the economic benefits from the use of the asset. If the supplier of the asset has the practical ability to substitute the asset throughout the period of use, the asset is not an identified asset;
- Whether the lessee has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and
- Whether the lessee has the right to direct the use of an identified asset throughout this

period of use.

If the contract contains multiple separate leases at the same time, the lessee and lessor will split the contract and have each separate lease separately subject to accounting treatment. If the contract includes lease and non-lease parts at the same time, the lessee and the lessor will split them separately. When splitting the lease and non-lease parts included in the contract, the lessee shall allocate the contract consideration according to the relative proportion of the sum of the stand-alone price of each lease part and the stand-alone price of each non-lease part. The lessor shall allocate the contract consideration in accordance with the provisions on transaction price allocation in the accounting policy stated in Note 5.22.

5.30.1 Where the Group is the lessee

Upon the commencement of the lease term, the Group recognizes right-of-use assets and lease liabilities for leases. The right-of-use assets are initially measured at cost, including initially measured amount of leased liability; amount of lease payments made on or before the commencement date of the lease term (the related amount of lease incentive having been enjoyed shall be deducted); initial direct costs incurred and costs that the Group expects to incur to disassemble and remove leased assets, restore the site where leased assets are located or restore leased assets to the agreed condition under the terms of the lease. The Group employs the straight-line method to depreciate right-of-use assets. Where it can be reasonably recognized that the ownership of leased assets will be obtained by the Group upon expiration of the lease term, leased assets will be depreciated during the service life; otherwise, leased assets will be depreciated during the lease term or the remaining service life of such leased assets by the Group, whichever is shorter. Right-of-use assets shall be provided for impairment in accordance with the accounting policies stated in Note 5.21.

When initially calculating the present value of the unpaid lease payment at the commencement date of the lease term, the Group shall employ the interest rate implicit in the lease as the discount rate; where the interest rate implicit in the lease cannot be determined, the incremental lending rate of the Group shall be used as the discount rate.

The Group calculates the interest expense of lease liabilities in each period of the lease term according to a fixed periodic rate, which will be included in current profits and losses or asset cost. The variable lease payment not included in the measurement of lease liabilities shall be recognized in current profits and losses and loss or related asset cost when they actually occur.

In case of any of following circumstances after the commencement date of the lease term, the Group will re-measure lease liabilities at the present value of the lease payment after any change:

- Where the amount payable anticipated changes according to the guaranteed residual value;
- Where the index or ratio used for recognizing the lease payment changes;
- Where there is a change in the Group's assessment results of the option of purchase, renewal option or option of termination of lease or the actual exercising of the termination of the renewal option or option of termination of lease is inconsistent with the original

assessment result.

When the Group re-measures lease liabilities, the book value of right-of-use assets shall be adjusted accordingly. Where the book value of right-of-use assets has been reduced to zero, but lease liabilities still need to be subject to further reduction, the remaining amount shall be recognized in current profits and losses.

The Group does not recognize right-of-use assets and leased liabilities for short-term lease (lease with a lease term within 12 months) and lease of low-value assets. The Group shall include related lease payment into the current profits and losses or relevant asset costs according to the straight-line method in each period of the lease term.

5.30.2 The Group as the lessor

From the inception of lease, the Group will divide leases into finance lease and operating lease. Finance lease refers to a lease in which almost all the risks and returns related to the ownership of the leased asset are essentially transferred, regardless of whether the ownership is finally transferred or not. Operating lease refers to other leases except for the finance lease.

When the Group is the sublease lessor, the sublease shall be classified based on the right-of-use assets arising from the original lease rather than the underlying assets of the original lease. If the original lease is a short-term lease and the Group elects to apply the above-mentioned simplified treatment of short-term lease to the original lease, the Group shall classify the sublease as an operating lease.

For finance leases, from the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. The Group regards the net investment in a lease as the entry value of finance lease receivables at the time of initial measurement of finance lease receivables. The net investment in a lease is the sum of the present value of unguaranteed residual value and rental receipts not received yet on the commencement date of the lease term which is subject to discounting at the interest rate implicit in the lease term.

The Group calculates and recognizes the interest income in each period within the lease term according to a fixed periodic rate. Derecognition and impairment of finance lease receivables shall be subject to accounting treatment in accordance with the accounting policies stated in Note 5.10. The variable lease payment which is not included in the net investment in a lease shall be recognized in current profits and losses when it actually occurs.

During each period of the lease term, the Group recognizes lease receipts from operating leases as rental revenue by using the straight-line method. The Group capitalizes initial direct costs pertaining to operating leases upon their occurrence, and apportions them as per the same basis used for recognizing the rental income within the lease term and includes them in current profits and losses by period. The variable lease receipts related to operating leases that are not included in the lease receipts shall be recognized in current profits and losses when they actually occur. The variable lease payment which is not included in the lease receipts shall be recognized in current profits and losses when it actually occurs.

5.31 Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (except financial assets, deferred tax assets and investment properties subsequent measured at fair value initially and subsequently. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss in profit or loss.

5.32 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

5.33 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Group determines related parties based on the disclosure requirements of *Administrative Procedures on the Information Disclosures of Listed Companies* issued by the CSRC.

5.34 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organization structure, management requirements and internal reporting system, the Group's operation is divided into five parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2026, over 83% of revenue, more than 112% of profit and over 90% of non-current assets derived from China / are located in China. Therefore the Group does not need to disclose additional segment report information.

5.35 Significant accounting estimates and judgments

The preparation of the financial statements requires management to make 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 as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

For significant accounting estimates of this Company, see Notes 5.3, 7, 11 and 16.

5.36 Changes in significant accounting policies and accounting estimates

5.36.1 Changes in significant accounting policies

Nil

5.36.2 Changes in significant accounting estimates

Nil

6. Taxes

6.1 Main taxes and tax rates

Tax category	Taxation basis	Tax rates
Value added tax	Levied on the balance between the output tax calculated based on taxable income and the input tax allowed to be deducted in current period.	13%, 9%, 6% (China), 20% (France), 21% (Spain), 19% (Chile), 10% (Australia)
Consumption tax	Levied on taxable income.	10% of the price, 20% of the price and 1,000 yuan each ton (China)
City development tax	Levied on circulation tax actually paid.	7% (China)
Corporate income tax	Levied on taxable income.	25% (China), 25% (France), 28% (Spain), 27% (Chile), 30% (Australia)

6.2 Tax incentives

Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Growing"), a subsidiary of the Group, engaged in grape growing, is incorporated in Yongning County, Ningxia Huizu Autonomous Region. According to clause 27 of *PRC Corporate Income Tax* and clause 86 of *PRC Corporate Income Tax Measures for Implementation*, Ningxia Growing enjoys the preferential policy of an exemption of corporate income tax from grape cultivation income.

Yantai Changyu Grape Growing Co., Ltd. ("Grape Growing"), a branch of the Company, engaged in grape growing, is incorporated in Zhifu District, Yantai City, Shandong Province. According to clause 27 of *PRC Corporate Income Tax* and clause 86 of *PRC Corporate Income Tax Measures for Implementation*, Grape Growing enjoys the preferential policy of an exemption of corporate income tax from grape cultivation income.

Grape Planting Branch of Yantai Changyu Wine R&D and Manufacturing Co., Ltd. ("R&D and Growing"), a branch of the Company, engaged in grape growing, is incorporated in YEDA, Shandong Province. According to Clause 27 of *PRC Corporate Income Tax* and Clause 86 of *PRC Corporate Income Tax Measures for Implementation*, R&D and Growing enjoys the preferential policy of an exemption of corporate income tax from grape cultivation income.

Beijing Changyu AFIP Agriculture Development Co., Ltd. ("Agriculture Development"), a subsidiary of the Group, engaged in grape growing, is incorporated in Miyun County, Beijing. According to clause 27 of the *Corporate Income Tax Law of the People's Republic of China* and clause 86 of the *Implementation Rules of Enterprise Income Tax Law of the People's Republic of China*, Agriculture Development enjoys the preferential policy of an exemption of corporate income tax from grape cultivation income.

Xinjiang Baron Balboa Chateau Co., Ltd. ("Shihezi Chateau"), a subsidiary of the Company, is an enterprise of bulk grape wine production and sale and finished bottled grape wine sale incorporated in Shihezi City, Xinjiang Uygur Autonomous Region. In accordance with *Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Announcement No. 23 [2020] of the Ministry of Finance), Shihezi Chateau is qualified to enjoy preferential taxation policies, which means it can pay corporate income tax at a preferential rate of 15% for the period from 2021 to 2030.

Ningxia Chateau Changyu Longyu Estate Co., Ltd. (referred to as "Ningxia Chateau"), a subsidiary of the Company, is an enterprise of finished bottled grape wine production and sale incorporated in Yinchuan City, Ningxia Huizu Autonomous Region. In accordance with *Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Announcement No. 23 [2020] of the Ministry of Finance), Ningxia Chateau is qualified to enjoy preferential taxation policies, which means it can pay corporate income tax at a preferential rate of 15% for the period from 2021 to 2030.

Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine"), a subsidiary of the Company, is an enterprise of bulk grape wine production and sale incorporated in Yinchuan City, Ningxia Huizu Autonomous Region. In accordance with *Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Announcement No. 23 [2020] of the Ministry of Finance), Ningxia Wine is qualified to enjoy preferential taxation policies, which means it can pay corporate income tax at a preferential rate of 15% for the period from 2021 to 2030.

According to *Enterprise Income Tax Law of the People's Republic of China* and its Implementing Regulations, and *Announcement of the Ministry of Finance and the State Taxation Administration on the Tax Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 of [2023] of the Ministry of Finance and the State Taxation Administration), for micro and small enterprises that meet the applicable conditions, the taxable income for the year shall be calculated at a reduced rate of 25% of the annual taxable income, and the enterprise income tax shall be paid at the applicable tax rate of 20%. Beijing Changyu Wine Industry Marketing Co., Ltd. ("Beijing Allotting"), a subsidiary of the Group, has been identified as eligible small low-profit enterprise.

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Exempting Small-Scale Value-Added Tax Taxpayers from Value-Added Tax* (Announcement No. 19 of [2023] of the Ministry of Finance and the State Taxation Administration), from January 1, 2024 to December 31, 2027, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will enjoy a reduced VAT rate of 1%; and prepaid VAT items that are subject to a 3% pre-levy rate will enjoy a reduced VAT prepayment rate of 1%. Xinjiang Changyu Sales Co., Ltd. Weimeisi Tasting Center Branch enjoys this preferential tax policy.

According to the provisions of the Announcement of the Ministry of Finance and the State Taxation Administration on Further Strengthening the Implementation of the Policies Regarding the Refund of Term-End Excess Input Value-Added Tax Credits (Announcement No. 14 of [2022] of the Ministry of Finance and the State Taxation Administration), it will further strengthen the implementation of the refund of term-end excess input value-added tax credits and expand the industry scope of the policy of fully refunding the excess input value-added tax credits. This Company and eligible subsidiaries have enjoyed the refund of term-end excess input value-added tax credits.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Tax Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 [2023]), from January 1, 2023 to December 31, 2027, the following taxes and surcharges are subject to a 50% reduction for small-scale VAT taxpayers, small low-profit enterprises, and individual industrial and commercial households: resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, as well as education surcharge and local education surcharge. Some of the Company's subsidiaries are eligible for the reduction.

7. Notes to items in the consolidated financial statement

7.1 Monetary capital

Unit: yuan

Item	Ending Balance	Beginning Balance
Cash on hand	4,468	18,877
Bank deposit	2,063,172,936	1,884,759,212
Other monetary capital	20,040,897	5,833,715
Total	2,083,218,301	1,890,611,804
Including: Total overseas deposits	53,522,383	70,392,228

As on June 30, 2026, the bank deposits of the Group including short-term fixed deposits ranging from 3 months to 12 months amounted to RMB 60,650,000 yuan, with the interest rates ranging from 1.15% to 1.85% (December 31, 2025: RMB 45,650,000 yuan).

As at June 30, 2026, the details of other monetary funds are listed as follows:

Unit: yuan

Item	Ending Balance	Beginning Balance
Deposit investment funds for stock repurchase	15,126,345	
Account balance of Alipay	904,552	1,723,715
Guaranty money for bank platform	4,010,000	4,110,000
Total	20,040,897	5,833,715

As on June 30, 2026, the Group does not have any special interest arrangements such as establishing joint fund management accounts with related parties.

7.2 Bills receivable

Classification of bills receivable

Item	Ending Balance	Beginning Balance
Bank acceptance bills	100,000	102,342
Total	100,000	102,342

The above bills receivable are all due within one year.

7.3 Accounts receivable

7.3.1 Disclosed by age:

Unit: yuan

Age	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	167,506,271	269,602,415
1-2 years	1,797,210	390,478

2-3 years	237,064	656,993
Over 3 years	2,323,159	2,227,844
Total	171,863,704	272,877,730

As on June 30, 2026, the accounts receivable with ownership restrictions were RMB 76,263,655 yuan (December 31, 2025: 73,330,179 yuan). Please refer to Note 7.20 for details.

7.3.2 Accounts receivable are analyzed by customer category as follows:

Unit: yuan

Name	Ending Balance		
	Book balance	Provision for bad debts	Accrued proportion
Receivable from related parties	506,000	1,316	0.26%
Other customers	171,357,704	8,289,862	4.84%
Total	171,863,704	8,291,178	--

7.3.3 Disclosed by provision for bad debts:

Unit: yuan

Type	Ending Balance					Beginning Balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivable for which provision for bad debts is accrued on a single item basis										
Accounts receivable for which provision for bad debts is accrued on a combined basis	171,863,704	100%	8,291,178	4.8%	163,572,526	272,877,730	100%	7,945,006	2.9%	264,932,724
Total	171,863,704	100%	8,291,178	4.8%	163,572,526	272,877,730	100%	7,945,006	2.9%	264,932,724

7.3.4 Provision for bad debts accrued, withdrawn or transferred back in this period

Provision for bad debts accrued in this period:

Unit: yuan

Type	Beginning Balance	Changes in this period				Ending Balance
		Accrual	Withdrawn or transferred back	Cancelled	Others	
Provision for	7,945,006	346,172				8,291,178

bad debts is accrued on a combined basis						
Total	7,945,006	346,172				8,291,178

7.3.5 Accounts receivable actually cancelled after verification in this period

Nil

7.3.6 Accounts receivable and contract assets situation collected by borrowers of top 5 units ranked by ending balance

Unit: yuan

Unit Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage in total ending balance of accounts receivable and contract assets	Ending balance of bad debts provision and provision for impairment of contract assets
THE CO-OP FOOD GROUP	8,729,677		8,729,677	5.1%	30,646
ALLIANCE WINE CO LTD	7,999,471		7,999,471	4.7%	1,131,056
Beijing JD Century Information Technology Co., Ltd.	6,602,173		6,602,173	3.8%	17,175
Kingsland Wines and Spirits	4,152,808		4,152,808	2.4%	70,516
SLIGRO B.V.	3,584,148		3,584,148	2.1%	249,452
Total	31,068,277		31,068,277	18.10%	1,498,845

7.3.7 Accounts receivable terminating recognition due to transfer of financial assets

Nil

7.3.8 Accounts receivable transferred and included in assets and liabilities

Nil

7.4 Receivables financing

Unit: yuan

Item	Ending Balance	Beginning Balance
Bills receivable	222,487,233	228,073,841
Total	222,487,233	228,073,841

7.4.1 Pledged bills receivable of the Group at the end of the year

Nil

7.4.2 Outstanding endorsed bills that have not matured at the end of the year

Type	Amount derecognized at end of period
Bank acceptance bills	99,609,132
Total	99,609,132

As on June 30, 2026, bills endorsed by the Group to other parties which are not yet due is RMB 99,609,132 yuan (December 31, 2025: RMB 418,066,114 yuan). The notes are used for payment to suppliers and constructions. The Group believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognize the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Group would undertake limited liability for the notes.

7.5 Advance payment

7.5.1 Advance payment listed by age

Unit: yuan

Age	Ending Balance		Beginning Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	14,483,906	99.84%	52,950,895	98%
1-2 years	9,841	0.07%		
2-3 years	13,033	0.09%	1,060,914	2%
Over 3 years				
Total	14,506,780	--	54,011,809	--

7.5.2 Advance payment collected by prepaid parties of top 5 units ranked by ending balance

Unit: yuan

Client type	Relationship with the Group	Amount	Age	Reason for unsettlement	Percentage in the total advance payment %
Xinjiang Muyun Yafeng Wine Co., Ltd.	Third party	6,867,700	Within 1 year	Prepaid payment for goods	47.3%
Qingdao International Airport Group Co., Ltd.	Third party	2,459,489	Within 1 year	Prepaid payment for rent	17.0%
Xinjiang Yuyuan Wine Co., Ltd.	Third party	985,322	Within 1 year	Prepaid payment for goods	6.8%
Shandong Jinzhou Health Industry Co., Ltd.	Third party	758,960	Within 1 year	Prepaid payment for goods	5.2%

Client type	Relationship with the Group	Amount	Age	Reason for unsettlement	Percentage in the total advance payment %
Shandong JD Kuaixing Supply Chain Technology Co., Ltd.	Third party	681,785	Within 1 year	Prepaid payment for freight	4.7%
Total	--	11,753,256	--		81%

7.6 Other receivables

Unit: yuan

Item	Ending Balance	Beginning Balance
Interests receivable		
Dividends receivable		
Other receivables	113,246,526	127,713,309
Total	113,246,526	127,713,309

Other receivables

7.6.1 Other receivables classified by nature

Unit: yuan

Nature	Ending book balance	Beginning book balance
Compensation receivable from the disposal of vineyards	72,666,088	81,666,088
Land acquisition and storage receivable	31,768,902	31,768,902
Consumption tax and added-value tax export rebate	19,410,854	18,993,601
Deposit and guaranty money receivable	5,515,747	5,868,084
Housing maintenance fund	2,703,605	2,703,605
Imprest receivable	59,938	45,182
Others	2,684,007	9,239,177
Total	134,809,141	150,284,639

7.6.2 Disclosed by age

Unit: yuan

Age	Ending Balance	Beginning Balance
Within 1 year (including 1 year)	21,345,621	32,124,454
1-2 years	75,849,325	84,888,095
2-3 years	4,324,414	527,140
Over 3 years	33,289,781	32,744,950
Total	134,809,141	150,284,639

7.6.3 Provision for bad debts accrued, withdrawn or transferred back in this period

Type	Beginning Balance	Changes in this period				Ending Balance
		Accrual	Withdrawn or transferred back	Write-off or transfer back	Others	
Accrual	22,571,330	-1,008,715				21,562,615
Total	22,571,330	-1,008,715				21,562,615

The provision for bad debts accrued in this period was RMB -1,008,715 yuan; and that withdrawn or transferred back in this period was RMB 0 yuan.

7.6.4 Other receivables actually cancelled after verification in this period

Nil

7.6.5 Other receivables collected by borrowers of top 5 units ranked by ending balance

Unit: yuan

Unit Name	Nature	Ending Balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Laizhou Zhuqiao Town People's Government, Laizhou Yidao Town People's Government	Compensation receivable from the disposal of vineyards	72,666,088	1-2 years	53.9%	7,266,609
YEDA Natural Resources and Planning Bureau	Land acquisition and reserve funds	31,768,902	Over 3 years	23.6%	14,296,006
Servicio de Impuestos Internos	Value-added tax and consumption tax export rebate	18,201,339	Within 1 year	13.5%	
Yantai Municipal Finance Bureau	Housing maintenance fund	2,703,605	2-3 years	2.0%	
Shanghai Ruihong New Town Co., Ltd.	Deposit	629,071	Within 1 year, 2-3 years	0.5%	
Total	--	125,969,005		93.5%	21,562,615

7.6.6 Accounts receivable involving government subsidies

Nil

7.6.7 Other receivables that are terminated for recognition due to transfer of financial assets

Nil

7.6.8 Other receivables transferred and then included in assets and liabilities

Nil

7.7 Inventories

7.7.1 Inventory classification

Unit: yuan

Item	Ending Balance			Beginning Balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	121,010,599		121,010,599	277,656,519		277,656,519
Goods in process	2,123,027,358		2,123,027,358	1,876,067,662		1,876,067,662
Commodity stocks	563,641,608	13,978,824	549,662,784	699,103,803	16,750,775	682,353,028
Total	2,807,679,565	13,978,824	2,793,700,741	2,852,827,984	16,750,775	2,836,077,209

7.7.2 Inventory depreciation provision

Unit: yuan

Item	Beginning Balance	Increase in this period		Decrease in this period		Ending Balance
		Accrual	Others	Transfer back or write-off	Others	
Raw materials						
Goods in process						
Commodity stocks	16,750,775	13,978,824		16,750,775		13,978,824
Total	16,750,775	13,978,824		16,750,775		13,978,824

7.8 Other current assets

Unit: yuan

Item	Ending Balance	Beginning Balance
Accounts receivable return cost	26,452	7,166,025
Prepaid corporate income tax	17,264,190	3,745,396
Deductible input tax	47,227,375	61,109,041
Expense to be amortized	2,204,505	2,140,474
Total	66,722,522	74,160,936

7.9 Long-term equity investments

Unit: yuan

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Movements during the period								Ending balance (book value)	Ending balance of provision for impairment
			Increase in capital	Decrease in capita	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changing	Declare cash dividend or profit	Accrual provision for impairment	Others		
1. Joint ventures												

SAS L&M Holdings (“ L&M Holdings”)	24,933,742	6,233,435			-3,261,023						21,672,719	6,233,435
Subtotal	24,933,742	6,233,435			-3,261,023						21,672,719	6,233,435
2. Associates												
Shanghai Yufeng Brand Management Co., Ltd. (“ Shanghai Yufeng ”) (Note 1)	394,840				75						394,915	
Yantai Guolong Wine Industry Co., Ltd. (“Yantai Guolong ”) (Note 1)	757,369				-30,841						726,528	
Taizhou Changyu Chateau Wine Sales Co., Ltd. (Note 2)	570,246				-7,309						562,937	
Subtotal	1,722,455				-38,075						1,684,380	
Total	26,656,197	6,233,435			-3,299,098						23,357,099	6,233,435

Note 1: The Group has appointed one director to each of these investees.

Note 2: The Group has appointed two directors to each of these investees.

7.10 Investment real estate

7.10.1 Investment real estate by cost measurement method

Unit: yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I Original book value				
1. Beginning balance	81,165,619			81,165,619
2. Increase in this period				
2.1 Outsourcing				
2.2 Transfer in from inventories\ fixed assets\ construction in progress				
2.3 Business merger increase				

Item	Houses and buildings	Land use right	Construction in progress	Total
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	81,165,619			81,165,619
II. Accumulated depreciation & accumulated amortization				
1. Beginning balance	61,265,391			61,265,391
2. Increase in this period	1,126,694			1,126,694
2.1 Accrual or amortization	1,126,694			1,126,694
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	62,392,085			62,392,085
III. Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	18,773,534			18,773,534
2. Beginning book value	19,900,228			19,900,228

7.11 Fixed assets

Unit: yuan

Item	Ending Balance	Beginning Balance

Item	Ending Balance	Beginning Balance
Fixed assets	5,183,660,371	5,308,778,632
Disposal of fixed assets		
Total	5,183,660,371	5,308,778,632

7.11.1 Particulars of fixed assets

Unit: yuan

Item	Houses and buildings	Machinery equipment	Transportation equipment	Total
I. Original book value:				
1. Beginning balance	5,851,951,837	2,905,997,841	23,223,202	8,781,172,880
2. Increase in this period	6,395,729	17,241,719	299,556	23,937,004
2.1 Acquisition	6,321,783	16,844,689	299,556	23,466,028
2.2 Transfer in from construction in progress	73,946	397,030		470,976
2.3 Business merger increase				
3. Decrease in this period		9,671,569		9,671,569
3.1 Disposal or retirement		9,671,569		9,671,569
3.2 Others				
4. Ending balance	5,858,347,566	2,913,567,991	23,522,758	8,795,438,315
II. Accumulated depreciation				
1. Beginning balance	1,595,309,195	1,845,208,019	21,513,651	3,462,030,865
2. Increase in this period	76,134,754	71,041,105	647,089	147,822,948
2.1 Accrual	76,134,754	71,041,105	647,089	147,822,948
3. Decrease in this period		8,439,252		8,439,252
3.1 Disposal or retirement		8,439,252		8,439,252
3.2 Others				
4. Ending balance	1,671,443,949	1,907,809,872	22,160,740	3,601,414,561
III. Impairment provision				
1. Beginning balance		10,363,383		10,363,383
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal or retirement				
3.2 Others				
4. Ending balance		10,363,383		10,363,383
IV. Book value				
1. Ending book value	4,186,903,617	995,394,736	1,362,018	5,183,660,371

Item	Houses and buildings	Machinery equipment	Transportation equipment	Total
2. Beginning book value	4,256,642,642	1,050,426,439	1,709,551	5,308,778,632

As on June 30, 2026, the net value of the fixed assets with ownership restrictions was RMB 31,797,005 yuan (December 31, 2025: RMB 34,165,994 yuan). Please refer to Note 7.20 for details.

7.11.2 Particulars of temporarily idle fixed assets

Unit: yuan

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Remarks
Machinery equipment	29,423,698	19,060,315	10,363,383		
Total	29,423,698	19,060,315	10,363,383		

7.11.3 Particulars of fixed assets under finance leases

Nil

7.11.4 Fixed assets under operating lease

Unit: yuan

Item	Ending book value
Building	82,179,569
Machinery equipment	931

7.11.5 Particulars of fixed assets without property certificates

Unit: yuan

Item	Book value	Reason for not receiving the property certificate
Dormitory building, main building and reception building of Longue Chanson Chateau	240,300,463	Under transaction
European town, main building and service building of Chateau AFIP	144,392,704	Under transaction
Changyu (Ningxia) winemaking fermentation workshop and warehouse	758,070	Under transaction
Office building, laboratory building and workshop of Fermentation Center	3,231,763	Under transaction
Wine-making workshop of Changyu (Jingyang)	3,288,807	Under transaction
Finished goods warehouse and workshop of Kylin Packaging	1,716,764	Under transaction
Others	699,039	Under transaction

Total	394,387,610	

7.12 Construction in progress

Unit: yuan

Item	Ending Balance	Beginning Balance
Construction in progress	6,350,167	4,313,088
Engineering materials		
Total	6,350,167	4,313,088

7.12.1 Particulars of construction in progress

Unit: yuan

Item	Ending Balance			Beginning Balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Renovation of Longue Chanson Chateau	3,618,259		3,618,259	2,844,037		2,844,037
Renovation of the courtyard of Changyu Museum	827,934		827,934	702,063		702,063
Projects of other companies	1,903,974		1,903,974	766,988		766,988
Total	6,350,167		6,350,167	4,313,088		4,313,088

7.12.2 Changes of major construction in progress in this period

Unit: yuan

Project name	Budget	Beginning Balance	Increase in this period	Transferred to fixed assets in this period	Transferred to long-term unamortized expenses in this period	Ending Balance	Proportion of accumulative project input in budget	Accumulative capitalized amount of interest	Including: capitalized amount of interest in this period	Capitalization ratio of interest in this period	Capital source
Renovation of Longue Chanson Chateau	4,000,000	2,844,037	774,222.36			3,618,259.36	90%				Self-raised funds
Renovation of the courtyard of Changyu Museum	3,000,000	702,063	1,654,440.73		1,528,569.96	827,933.77	78%				Self-raised funds

As on June 30, 2026, there was no indication for impairment of construction in progress of the Group, so no provision for impairment was made.

7.13 Productive biological assets

7.13.1 Productive biological assets by cost measurement method

Unit: yuan

Item	Plantation		Total
	Immature	Mature	
Ⅰ Original book value			
1. Beginning balance	17,570,417	105,757,732	123,328,149
2. Increase in this period	-254,023	561,450	307,427
2.1 Outsourcing			
2.2 Self cultivation	303,427	4,000	307,427
The immature turn to the mature	-557,450	557,450	
3. Decrease in this period			
3.1 Disposal			
3.2 Others			
4. Ending balance	17,316,394	106,319,182	123,635,576
Ⅱ Accumulated depreciation			
1. Beginning balance		63,229,435	63,229,435
2. Increase in this period		3,324,538	3,324,538
2.1 Accrual		3,324,538	3,324,538
3. Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance		66,553,973	66,553,973
Ⅲ Impairment provision			
1. Beginning balance			
2. Increase in this period			
2.1 Accrual			
3. Decrease in this period			
3.1 Disposal			
3.2 Others			
4. Ending balance			
Ⅳ Book value			
1. Ending book value	17,316,394	39,765,209	57,081,603
2. Beginning book value	17,570,417	42,528,297	60,098,714

As on June 30, 2026, no ownership of the biological assets was restricted.

As on June 30, 2026, there was no indication for impairment of biological assets of the Group, so no provision was made.

7.14 Right-of-use assets

Unit: yuan

Item	Building	Land	Total
Ⅰ Original book value:			
1. Beginning balance	42,827,860	84,681,091	127,508,951
2. Increase in this period	42,394,834		42,394,834
3. Decrease in this period	7,128,674		7,128,674
4. Ending balance	78,094,020	84,681,091	162,775,111
Ⅱ Accumulated amortization			
1. Beginning balance	31,718,782	40,537,660	72,256,442
2. Increase in this period	8,086,745	1,312,220	9,398,965
2.1 Accrual	8,086,745	1,312,220	9,398,965
3. Decrease in this period	7,128,674		7,128,674
4. Ending balance	32,676,853	41,849,880	74,526,733
Ⅲ Impairment provision			
1. Beginning balance			
2. Increase in this period			
2.1 Accrual			
3. Decrease in this period			
3.1 Disposal			
4. Ending balance			
Ⅳ Book value			
1. Ending book value	45,417,167	42,831,211	88,248,378
2. Beginning book value	11,109,078	44,143,431	55,252,509

7.15 Intangible assets

7.15.1 Particulars of intangible assets

Unit: yuan

Item	Land use right	Software use right	Trademark	Total
Ⅰ Original book value				
1. Beginning balance	444,981,404	106,925,336	191,673,055	743,579,795

Item	Land use right	Software use right	Trademark	Total
2. Increase in this period		360,102	304,512	664,614
2.1 Acquisition		360,102	304,512	664,614
2.2 Internal R&D				
2.3 Business merger increase				
3. Decrease in this period		957,690		957,690
3.1 Disposal		957,690		957,690
3.2 Others				
4. Ending balance	444,981,404	106,327,748	191,977,567	743,286,719
Ⅱ Accumulated amortization				
1. Beginning balance	121,892,870	89,560,579	19,195,709	230,649,158
2. Increase in this period	4,440,797	3,627,655	249,887	8,318,339
2.1 Accrual	4,440,797	3,627,655	249,887	8,318,339
3. Decrease in this period		943,613		943,613
3.1 Disposal		943,613		943,613
3.2 Others				
4. Ending balance	126,333,667	92,244,621	19,445,596	238,023,884
Ⅲ Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Others				
4. Ending balance				
Ⅳ Book value				
1. Ending book value	318,647,737	14,083,127	172,531,971	505,262,835
2. Beginning book value	323,088,534	17,364,757	172,477,346	512,930,637

As on June 30, 2026, no ownership of the intangible assets was restricted.

7.15.2 Particulars of land use right of that not receiving the property certificate

Nil

7.16 Goodwill

7.16.1 Original book value of goodwill

Unit: yuan

Name of the invested unit or matter forming goodwill	Beginning Balance	Increase in this period		Decrease in this period		Ending Balance
		Formed by business merger	Others	Disposal	Others	
Atrio Group	92,391,901					92,391,901
Indomita Wine Company Chile, SpA	6,870,115					6,870,115
Kilikanoon Estate, Australia	37,063,130					37,063,130
Total	136,325,146					136,325,146

7.16.2 Provision for impairment of goodwill

Unit: yuan

Name of the invested unit or matter forming goodwill	Beginning Balance	Increase in this period		Decrease in this period		Ending Balance
		Accrual	Others	Disposal	Others	
Atrio Group	11,225,459					11,225,459
Kilikanoon Estate, Australia	37,063,130					37,063,130
Total	48,288,589					48,288,589

7.17 Long-term unamortized expenses

Unit: yuan

Item	Beginning Balance	Increase in this period	Amortization in this period	Other decreases	Ending Balance
Land acquisition fees	40,372,973		799,813		39,573,160
Afforestation fees	93,231,556		4,211,467		89,020,089
Renovation costs	145,524,347	2,239,998	5,837,785		141,926,560
Others	4,098,180	1,455,024	253,839		5,299,365
Total	283,227,056	3,695,022	11,102,904		275,819,174

7.18 Deferred income tax assets/liabilities

7.18.1 Un-offset deferred income tax assets

Unit: yuan

Item	Ending Balance		Beginning Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	54,196,000	13,680,720	57,630,494	14,539,423
Unrealized profits from inter-company transactions	285,073,741	71,268,435	416,323,375	104,080,844
Deductible loss	256,753,084	62,887,496	250,789,836	61,117,483
Unpaid bonus	104,455,919	26,113,980	120,048,950	30,012,237
Dismission welfare	4,105,978	1,026,494	5,316,990	1,329,247
Deferred income	15,793,091	3,344,574	19,386,932	4,151,683
Influence of leasing standards	2,146,934	518,850	1,798,945	449,737
Total	722,524,747	178,840,549	871,295,522	215,680,654

7.18.2 Un-offset deferred income tax liabilities

Unit: yuan

Item	Ending Balance		Beginning Balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets appraisal appreciation in business combination under non-common control	21,130,181	6,114,456	22,236,051	6,435,261
Influence of leasing standards	3,339,918	182,502	714,534	178,633
Total	24,470,099	6,296,958	22,950,585	6,613,894

7.18.3 Details of unconfirmed deferred income tax assets

Unit: yuan

Item	Ending Balance	Beginning Balance
Deductible temporary difference		

Deductible loss	613,512,549	546,736,496
Total	613,512,549	546,736,496

7.18.4 Deductible losses of unconfirmed deferred income tax assets will expire in

Unit: yuan

Year	Ending sum	Beginning sum	Remarks
2026	41,222,688	45,528,669	
2027	123,557,586	123,557,586	
2028	114,766,551	114,766,551	
2029	106,434,373	106,434,373	
2030	156,449,317	156,449,317	
2031	71,082,034		
Total	613,512,549	546,736,496	--

7.19 Other non-current assets

Unit: yuan

Item	Ending Balance			Beginning Balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Advance payment for construction	43,735		43,735	43,735		43,735
Total	43,735		43,735	43,735		43,735

7.20 Assets with restricted ownership or use rights

Unit: yuan

Item	Ending				Beginning			
	Book balance	Book value	Restriction type	Restriction state	Book balance	Book value	Restriction type	Restriction state
Monetary capital	4,010,000	4,010,000	Pledge	Security deposit, etc.	4,110,000	4,110,000	Pledge	Security deposit, etc.
Fixed assets	46,653,467	31,797,005	Mortgage	Mortgage loan	46,653,467	34,165,994	Mortgage	Mortgage loan
Accounts receivable	76,263,655	76,263,655	Pledge	Factoring restricted	73,330,179	73,330,179	Pledge	Factoring restricted
Total	126,927,122	112,070,660			124,093,646	111,606,173		

7.21 Short-term loans

7.21.1 Classification of short-term loans

Unit: yuan

Item	Ending Balance	Beginning Balance
Mortgage loan	164,805,355	158,792,031
Guaranteed loan	8,283,492	13,364,220
Fiduciary loan	71,263,217	68,518,537
Total	244,352,064	240,674,788

• As on June 30, 2026, EUR mortgage loan was EUR 9,818,807 (equivalent of RMB 76,263,655 yuan) (December 31, 2025: EUR 8,904,156, equivalent of RMB 73,330,179 yuan) of accounts receivable factoring business handled by Hacienday Vinedos Marques del Atrio, S.L.U. (“Atrio”) with banks including Banco Santander, BBVA, and Bankinter;

• As on June 30, 2026, USD loan was USD 13,000,000 (equivalent of RMB 88,541,700 yuan) (December 31, 2025: USD 12,125,000, equivalent of RMB 85,461,852 yuan) of loans borrowed by Chile Indomita Wine Group from Banco Scotiabank and Banco de Chile with the fixed assets as collateral.

• As on June 30, 2026, AUD guaranteed loan was AUD 1,770,000 (equivalent of RMB 8,283,492 yuan) (December 31, 2025: AUD 2,850,000, equivalent of RMB 13,364,220 yuan) borrowed by Australia Kilikanoon Estate.

7.22 Accounts payable

7.22.1 List of accounts payable

Unit: yuan

Item	Ending Balance	Beginning Balance
Accounts payable for materials, etc.	313,132,902	321,932,168
Total	313,132,902	321,932,168

7.22.2 No significant accounts payable aged more than one year in this year

7.23 Contract liabilities

Unit: yuan

Item	Ending Balance	Beginning Balance
Advances from customers	115,718,391	134,708,926
Withholding of goods with sales rebate		358,537

Total	115,718,391	135,067,463

7.24 Employee remunerations payable

7.24.1 List of employee remunerations payable

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
1. Short-term remuneration	156,887,202	158,124,714	190,376,747	124,635,169
2. Post-employment welfare - defined contribution plan	321,425	26,147,832	26,465,677	3,580
3. Dismission welfare	5,316,990	2,885,606	4,096,618	4,105,978
4.Other welfare due within one year				
Total	162,525,617	187,158,152	220,939,042	128,744,727

7.24.2 List of short-term remunerations

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
1. Salaries, bonuses, allowances and subsidies	153,929,499	133,790,786	166,055,306	121,664,979
2. Staff welfare	1,285,556	9,909,437	9,637,250	1,557,743
3. Social insurance charges	198,503	6,686,327	6,874,646	10,184
Including: Medical insurance	198,433	6,200,606	6,388,895	10,144
Injury insurance	70	484,395	484,425	40
Maternity insurance		1,326	1,326	
4. Housing fund	42,781	6,475,207	6,514,198	3,790
5. Union fee and staff education fee	1,430,863	1,262,957	1,295,347	1,398,473
6. Short-term compensated absences				
7. Short-term profit-sharing plan				
Minus: Those divided into non-current liabilities				
Total	156,887,202	158,124,714	190,376,747	124,635,169

7.24.3 List of defined contribution plan

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
1. Basic endowment insurance	320,015	25,604,917	25,921,464	3,468
2. Unemployment insurance	1,410	542,915	544,213	112
3. Enterprise annuity payment				
Total	321,425	26,147,832	26,465,677	3,580

7.24.4 Dismission welfare

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
1. Compensation for server of labor relation				
2. Compensation for early retirement	5,316,990	2,885,606	4,096,618	4,105,978
Total	5,316,990	2,885,606	4,096,618	4,105,978

7.25 Taxes and dues payable

Unit: yuan

Item	Ending Balance	Beginning Balance
Value added tax	19,712,909	27,831,972
Consumption tax	17,060,369	42,140,635
Corporate income tax	77,102,948	69,531,572
Individual income tax	2,173,786	786,256
City development tax	2,191,839	4,495,333
Education surcharges	1,589,313	3,221,254
Urban land use tax	2,247,092	2,302,126
Others	7,906,498	8,249,786
Total	129,984,754	158,558,934

7.26 Other payables

Unit: yuan

Item	Ending Balance	Beginning Balance
Interest payable		
Dividends payable	388,355	
Other payable	310,626,635	332,855,775
Total	311,014,990	332,855,775

7.26.1 Dividends payable

Unit: yuan

Item	Ending Balance	Beginning Balance
Ordinary stock dividends		
Preferred stock dividends/sustainable debt dividends divided into equity instruments		
Others	388,355	
Total	388,355	

7.26.2 Other payables

7.26.2.1 Other payables listed by nature

Unit: yuan

Item	Ending Balance	Beginning Balance
Dealer's deposit payable	151,174,880	156,861,946
Equipment purchase and construction costs payable	11,211,226	11,523,560
Transportation charges payable	5,384,865	18,179,784
Trademark use fee payable	9,139,135	17,082,233
Advertisement expenses payable	41,910,743	43,523,608
Employee cash deposit	309,282	1,480,476
Supplier's deposit payable	15,129,135	16,393,705
Contracting fees payable	8,347,970	3,942,153
Repurchase of treasury stock funds payable	37,880,941	37,880,941
Others	30,138,458	25,987,369
Total	310,626,635	332,855,775

7.26.2.2 Explanation of large accounts payable aged more than one year

As on June 30, 2026, there were no other large accounts payable aged more than one year.

7.27 Non-current liabilities due within one year

Unit: yuan

Item	Ending Balance	Beginning Balance
Long-term loans due within one year	68,225,594	65,453,059
Bonds payable due within one year		
Long-term accounts payable due within one year		
Lease liabilities due within one year	13,770,516	9,987,851
Total	81,996,110	75,440,910

7.28 Other current liabilities

Item	Ending Balance	Beginning Balance
Refund payable	34,564	7,613,210
Unamortized VAT amount	15,043,391	19,580,652
Total	15,077,955	27,193,862

7.29 Long-term loans

7.29.1 Classification of long-term loans

Unit: yuan

Item	Ending Balance	Beginning Balance
Fiduciary loan	112,853,706	117,827,899
Minus: Long-term loans due within one year	68,225,594	65,453,059
Total	44,628,112	52,374,840

As on June 30, 2026, fiduciary loans (EUR) were EUR 14,529,709 (equivalent of RMB 112,853,706 yuan) (December 31, 2025: EUR 14,307,316, equivalent of RMB 117,827,899 yuan) borrowed by Atrio from banks including Banco Santander, BBVA, Caja Rural de Navarr, and Caixa Bank.

7.30 Lease Liabilities

Unit: yuan

Item	Ending Balance	Beginning Balance
Long-term lease liabilities	61,158,186	29,425,681

Minus: Lease liabilities due within one year	13,770,516	9,987,851
Total	47,387,670	19,437,830

7.31 Deferred income

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance	Forming reason
Governmental subsidy	19,386,932		3,593,841	15,793,091	
Total	19,386,932		3,593,841	15,793,091	

Projects related to governmental subsidy:

Unit: yuan

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income	Amount offset the cost expenses	Other changes	Ending balance
Industrial development supporting funds	4,100,000			2,050,000		2,050,000	Related to assets
Subsidy for retaining wall	8,402,190			622,571		7,779,619	Related to assets
Xinjiang industrial revitalization and technological transformation project	5,688,000			711,000		4,977,000	Related to assets
Special funds for efficient water-saving irrigation project	505,000			81,000		424,000	Related to assets
Subsidy for economic and energy-saving technological transformation projects	128,300			64,150		64,150	Related to assets
Subsidy for scenic spot construction	151,454			51,920		99,534	Related to assets
Improvement of public service facilities in scenic spot	234,633			13,200		221,433	Related to assets
Subsidy for research and industrialization of domestic oak aging technology	177,355					177,355	Related to income
Total	19,386,932			3,593,841		15,793,091	

7.32 Share capital

Unit: yuan

Item	Beginning Balance	Increase or decrease (+,-) in this period					Ending Balance
		Newly issued shares	Allocated shares	Share transferred from accumulation fund	Others	Subtotal	
Total shares	657,240,128						657,240,128

7.33 Capital reserves

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
Capital premium (share capital premium)	333,437,678			333,437,678
Other capital reserves	30,610,824			30,610,824
Total	364,048,502			364,048,502

7.34 Treasury share

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
Repurchase of B-shares		34,873,655		34,873,655
Repurchase of restricted stock	37,880,941			37,880,941
Total	37,880,941	34,873,655		72,754,596

• The fifth meeting of the tenth session of the Board of Directors was held on April 16, 2026, and the 2025 Annual General Meeting of Shareholders was held on May 22, 2026. The *Plan for Repurchasing Shares of Part of Domestic Listed Foreign Shares (B-shares)* of the Company was reviewed and approved. According to the above-mentioned B-share repurchase plan, the Company will implement the repurchase of domestic listed foreign shares (B-shares) through centralized bidding trading, taking into account its own financial and operating conditions, with a total repurchase capital of RMB 67.4 million － 100 million yuan and a repurchase price not exceeding HKD 11.49 per share. The repurchase period shall not exceed 12 months from the date of approval of share repurchase plan by the shareholders' meeting. The number of shares to be repurchased shall not be less than 10 million shares and shall not exceed 15 million shares. The repurchased shares shall be cancelled and the registered capital of the Company shall be correspondingly reduced.

As of June 30, 2026, the Company has repurchased a total of 4,830,000 domestic listed foreign shares (B-shares) through centralized bidding method via a special securities account for share repurchase, accounting for 0.7349% of the Company's current total share capital. The total transaction amount was equivalent to RMB 34,873,655 yuan.

7.35 Other comprehensive income

Unit: yuan

Item	Beginning Balance	Amount incurred in this period						Ending Balance
		Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income not to be reclassified into profit and loss later								
Including: Changes after re-measuring and resetting the benefit plans								
Other comprehensive income not to be reclassified into profit and loss under equity method								
Changes in the fair value of other investments in equity instruments								
Changes in the fair value of the enterprise's own credit risk								
2. Other comprehensive income to be reclassified into profit and loss later	-16,329,710	-13,172,537				-11,755,124	-1,417,413	-28,084,834
Including: Other comprehensive income to be reclassified into profit and loss under equity method								

Item	Beginning Balance	Amount incurred in this period						Ending Balance
		Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other credit investments								
Provision for cash-flow hedge								
Difference in translation of Foreign Currency Financial Statement	-16,329,710	-13,172,537				-11,755,124	-1,417,413	-28,084,834
Total other comprehensive income	-16,329,710	-13,172,537				-11,755,124	-1,417,413	-28,084,834

7.36 Surplus reserves

Unit: yuan

Item	Beginning Balance	Increase in this period	Decrease in this period	Ending Balance
Legal surplus reserves	342,732,000			342,732,000
Free surplus reserves				
Reserve fund				
Enterprise expansion fund				
Others				
Total	342,732,000			342,732,000

7.37 Undistributed profit

Unit: yuan

Item	This period	Prior period
Undistributed profit at the end of prior period before adjustment	9,037,437,598	9,232,928,370
Total undistributed profit at the beginning of the period before adjustment (increase listed with+ , and decrease listed with -)		
Undistributed profit at the beginning of the period after adjustment	9,037,437,598	9,232,928,370
Plus: Net profit for owner of the parent company	140,515,805	185,597,142
Minus: Drawn legal surplus		
Drawn free surplus		
Drawn common risk provision		
Common dividend payable	164,310,032	268,729,560
Common dividend transferred to share capital		
Undistributed profit at the end of period	9,013,643,371	9,149,795,952

7.38 Operating income and operating cost

7.38.1 Details of operating income

Unit: yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	1,535,630,780	641,722,223	1,434,469,813	579,755,809
Others businesses	37,073,973	12,993,176	36,106,364	13,050,449
Total	1,572,704,753	654,715,399	1,470,576,177	592,806,258
Including: Income from contracts	1,569,880,471	652,432,942	1,467,719,364	590,459,268
Income from house rents	2,824,282	2,282,457	2,856,813	2,346,990

7.38.2 Situation of income and cost from contracts

Unit: yuan

Contract classification	Operating income	Operating cost
Type of merchandise		

Contract classification	Operating income	Operating cost
- Alcoholic beverage	1,535,630,780	641,722,223
- Others	34,249,691	10,710,719
Classified by the time of merchandise transfer		
- Revenue recognized at a point in time	1,569,880,471	652,432,942

7.39 Taxes and surcharges

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Consumption tax	70,730,210	58,563,215
City development tax	12,001,548	8,879,061
Education surcharges	8,602,508	6,439,043
Building tax	17,347,380	17,414,976
Land use tax	5,018,507	4,925,917
Vehicle and vessel use tax	13,457	10,536
Stamp duty	1,481,666	1,437,117
Others	256,249	181,575
Total	115,451,525	97,851,440

7.40 Selling expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Labor cost	126,706,728	119,403,300
Marketing expenses	165,264,594	130,423,949
Labor expenses	17,428,750	15,252,966
Depreciation expenses	31,272,848	30,786,813
Storage expenses	11,813,394	11,354,031
Advertisement expenses	37,780,989	29,798,339
Trademark use fee	6,470,914	5,451,141
Travel expenses	13,046,687	12,906,974
Design & production expenses	5,937,874	4,921,771
Conference expenses	3,467,275	3,000,702
Water, electricity and gas charges	5,352,813	5,414,402
Others	34,167,070	33,436,428
Total	458,709,936	402,150,816

7.41 Management expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Labor cost	27,880,794	28,938,791
Depreciation expenses	46,504,022	49,771,088
Contracting expenses	2,007,300	2,007,300
Repair expenses	2,528,735	2,342,841
Office expenses	11,108,550	11,028,310
Amortization expenses	7,980,721	7,922,805
Afforestation fees	6,749,041	6,736,148
Safe production costs	1,704,862	2,553,903
Business entertainment expenses	1,066,264	1,375,182
Public security & clean-keeping expenses	3,366,899	3,333,559
Travel expenses	803,896	972,756
Others	9,674,602	9,665,276
Total	121,375,686	126,647,959

7.42 R&D expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
R&D expenses	9,923,137	9,071,966
Total	9,923,137	9,071,966

7.43 Financial expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest expenditure	8,320,670	5,528,569
Minus: Interest income	8,050,884	5,914,026
Plus: Commission charges	397,357	514,469
Exchange gain or loss	10,803,525	-14,776,944
Total	11,470,668	-14,647,932

7.44 Other income

Unit: yuan

Source of other income	Amount incurred in this period	Amount incurred in prior period
Industrial development supporting funds	2,050,000	2,050,000
Xinjiang industrial revitalization and technological transformation project	711,000	711,000
Subsidy for retaining wall	622,571	569,000
Other – related to assets	210,270	293,247
Special funds for supporting corporate development		4,334,100
Talent development fund		860,000
Regional sales incentive fund		4,110,000
Special funds for commercial and trade development	4,250,000	
Other – related to income	510,470	6,331,199
Total	8,354,311	19,258,546

7.45 Investment income

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Income from long-term equity investment by equity method	-3,299,098	-3,018,088
Investment income from disposal of long-term equity investment		
Investment income gained from trading financial assets during the holding period		
Investment income gained from disposal of trading financial assets		
Dividend income gained from other equity instruments during the holding period		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Interest income gained from equity investment during the holding period		
Interest income gained from other equity investments during the holding period		
Investment income gained from disposal of other equity		

Item	Amount incurred in this period	Amount incurred in prior period
investments		
Total	-3,299,098	-3,018,088

7.46 Loss on impairment of credit

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Loss on bad debts of accounts receivable	-346,172	1,549,058
Loss on bad debts of other receivable	1,008,715	
Total	662,543	1,549,058

7.47 Loss on impairment of assets

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Inventory falling price loss and loss on impairment of contract execution cost	2,771,951	-2,093,965
Total	2,771,951	-2,093,965

7.48 Income from asset disposal

Unit: yuan

Source of income from asset disposal	Amount incurred in this period	Amount incurred in prior period
Income from disposal of fixed assets	25,845	361,014
Total	25,845	361,014

7.49 Non-operating income

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Gains on exchange of non-monetary assets			
Grains on donations			
Governmental subsidy			
Gains on scrap of non-current	22,743	23,894	22,743

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
assets			
Others	2,676,722	893,739	2,676,722
Total	2,699,465	917,633	2,699,465

7.50 Non-operating expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Loss on exchange of non-monetary assets			
Donation		20,000	
Loss on scrap of non-current assets	9,622	26,032	9,622
Fine, penalty and overdue fine	154,720	520,698	154,720
Others	101,286	22,633	101,286
Total	265,628	589,363	265,628

7.51 Income tax expenses

7.51.1 List of income tax expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Current income tax expenses	32,378,104	48,268,623
Deferred income tax expenses	36,523,169	33,497,152
Total	68,901,273	81,765,775

7.51.2 Adjustment process of accounting profit and income tax expenses

Unit: yuan

Item	Amount incurred in this period
Total profit	212,007,791
Income tax expenses calculated according to the legal/applicable tax rate	53,001,948
Influence of different tax rates applicable to subsidiary	45,132
Influence of income tax in the term before adjustment	-1,385,806
Influence of nontaxable income	
Influence of non-deductible costs, expenses and losses	856,535
Influence of deductible loss from use of unconfirmed deferred income tax	-1,076,495

Item	Amount incurred in this period
assets in prior period	
Influence of deductible temporary difference or deductible loss of unconfirmed deferred income tax assets in this period	17,459,959
Income tax expense	68,901,273

7.52 Other comprehensive incomes

Refer to Note 7.35 for details.

7.53 Items of cash flow statement

7.53.1 Other cash received related to operating activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Governmental subsidy income	4,760,470	19,205,955
Interest income	7,454,029	4,736,095
Net amercement income	24,629	91,304
Others	5,814,621	9,735,484
Total	18,053,749	33,768,838

7.53.2 Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Selling expenses	177,953,254	201,918,055
Administrative expenses	28,688,003	31,309,835
Others	11,465,833	11,493,063
Total	218,107,090	244,720,953

7.53.3 Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Cash paid for repurchasing B shares	34,873,655	7,150,483
Cash paid for leasing	11,228,570	11,087,384
Total	46,102,225	18,237,867

Changes in various liabilities arising from financing activities

Unit: yuan

Item	Beginning Balance	Increase in this period		Decrease in this period		Ending Balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term borrowings	240,674,788	212,652,932		200,768,497	8,207,159	244,352,064
Long term loans (including long-term liabilities due within one year)	117,827,899	35,164,161		33,436,810	6,701,544	112,853,706
Lease liabilities (including lease liabilities due within one year)	29,425,681		42,961,075	11,228,570		61,158,186
Other payables - dividends payable			164,698,387	164,310,032		388,355
Other payables - interest payable			7,133,634	7,133,634		
Other payables - accounts payable for repurchasing treasury shares	37,880,941					37,880,941
Other payables － repurchasing B shares			34,873,655	34,873,655		
Total	425,809,309	247,817,093	249,666,751	451,751,198	14,908,703	456,633,252

7.54 Supplementary information to cash flow statement

7.54.1 Supplementary information to cash flow statement

Unit: yuan

Supplementary materials	Amount in this period	Amount in prior period
1. Cash flows from operating activities calculated by	--	--
Net profit	143,106,518	191,314,730
Plus: Provision for impairment of assets	-3,434,494	544,907
Depreciation of fixed assets, oil-and-gas assets and productive biological assets	152,274,180	155,214,788
Depreciation of right-of-use assets	9,398,965	9,436,272
Amortization of intangible assets	8,318,339	8,550,554
Amortization of long-term deferred expenses	11,102,904	11,085,844
Losses on disposal of fixed assets, intangible assets and other long-term assets (profit listed with “-”)	-25,845	-361,014
Losses on retirement of fixed assets (profit	-13,121	2,138
Losses on fair value change (profit listed with		
Financial costs (profit listed with “-”)	9,085,807	2,812,883
Investment losses (profit listed with “-”)	3,299,098	3,018,088
Decrease in deferred income tax assets	36,840,105	34,008,220

Supplementary materials	Amount in this period	Amount in prior period
Increase of deferred income tax liabilities	-316,936	-511,068
Decrease in inventories (increase listed with	45,148,419	-57,846,816
Decrease in operating receivables (increase	160,466,438	141,442,102
Increase in operating payable (decrease listed	-157,014,484	-259,290,500
Others		
Net cash flows from operating activities	418,235,893	239,421,128
2. Significant investment and financing activities not		
Debt transferred into assets		
Convertible corporate bond due within one year		
Fixed assets under financing lease		
3. Net changes of cash and cash equivalent:		
Ending balance of cash	2,017,179,106	1,778,740,634
Minus: Beginning balance of cash	1,839,128,089	1,717,727,551
Plus: Ending balance of cash equivalent		
Minus: Beginning balance of cash equivalent		
Net increase amount of cash and cash equivalent	178,051,017	61,013,083

7.54.2 Composition of cash and cash equivalents

Unit: yuan

Item	Ending Balance	Beginning Balance
1. Cash	2,017,179,106	1,839,128,089
Including: Cash on hand	4,468	18,877
Bank deposits available for payment at any time	2,002,048,293	1,839,109,212
Other monetary funds available for payment at any time	15,126,345	
Deposits with central bank available for payment		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of period	2,017,179,106	1,839,128,089

7.55 Monetary items of foreign currency

7.55.1 Monetary items of foreign currency

Item	Ending balance at foreign	Converted exchange rate	Ending balance at RMB
Monetary capital			18,123,421
Including: USD	256,605	6.8109	1,747,711
EUR	135,837	7.7671	1,055,060
HKD	17,507,344	0.86855	15,206,004
CAD	23,961.00	4.7847	114,646
Accounts receivable			43,562,238
Including: USD	4,726,226	6.8109	32,189,853
EUR	167,724	7.7671	1,302,729
GBP	241,080	4.7847	1,153,495
CAD	989,091	9.0145	8,916,161
Short-term borrowings			88,541,700
Including: USD	13,000,000	6.8109	88,541,700
EUR			
HKD			
	--	--	

7.55.2 The Company's overseas subsidiaries determine their functional currency based on the currency in the main economic environment in which they operate. The functional currency of Atrio and Francs Champs Participations SAS (“Farshang Holdings”) is Euro, the functional currency of Chile Indomita Wine Group is Chilean Peso, and the functional currency of Australia Kilikanoon Estate is Australian Dollar.

8. R&D expenditure

Item	Amount incurred in this period	Amount incurred in prior period
Employee compensation	2,608,406	2,336,948
Test and laboratory fees	906,487	175,737
Consulting fees	1,101,703	1,546,712
Consumption of materials	2,253,742	1,188,000
Others	3,052,799	3,824,569
Total	9,923,137	9,071,966
Including: Expensing research and development expenses	9,923,137	9,071,966

Capitalized research and development expenses		

9. Change of scope of consolidation

In the reporting period, there was no change in the consolidation scope of the Group.

10. Equity in other entities

10.1 Equity in subsidiaries

10.1.1 Constitution of enterprise group

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
HACIENDA Y VINEDOS MARQUES DEL ATRIO,S.L. (“Atrio”)	EUR2,000,000	Navarre, Spain	Navarre, Spain	Sales	90		Acquired from a business combination under non-common control
INDOMITA WINE COMPANY CHILE SpA.(“Indomita Chile”)	CLP31,100,000,000	Santiago, Chile	Santiago, Chile	Sales	85		Acquired by establishment or investment
Kilikanoon Estate Pty Ltd. (“Australia Kilikanoon Estate”)	AUD6,420,000	Adelaide, Australia	Adelaide, Australia	Sales	99		Acquired from a business combination under non-common control
Beijing Changyu Sales and Distribution Co., Ltd. (“Beijing Sales”)	RMB1,000,000	Beijing, China	Beijing, China	Sales	100		Acquired by establishment or investment
Yantai Kylin Packaging Co., Ltd. (“Kylin Packaging”)	RMB15,410,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing industry	100		Acquired by establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd. (“Chateau Changyu”) (a)	USD5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing industry	70		Acquired by establishment or investment

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
Changyu (Jingyang) Wine Co., Ltd. (“Jingyang Wine”)	RMB1,000,000	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing industry	90	10	Acquired by establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. (“Sales Company”)	RMB8,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100		Acquired by establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. (“Shanghai Sales”)	RMB1,000,000	Shanghai, China	Shanghai, China	Sales	100		Acquired by establishment or investment
Beijing Changyu AFIP Agriculture Development Co., Ltd. (“Agriculture Development”)	RMB1,000,000	Miyun, Beijing, China	Miyun, Beijing, China	Sales		100	Acquired by establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. (“AFIP”) (b)	RMB642,750,000	Beijing, China	Beijing, China	Manufacturing industry	91.53		Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wines Sales”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	90	10	Acquired by establishment or investment
Yantai Changyu Pioneer International Co., Ltd. (“Pioneer International”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	70	30	Acquired by establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. (“Hangzhou Changyu”)	RMB 500,000	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Sales		100	Acquired by establishment or investment
Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”)	RMB1,000,000	Yinchuan, Ningxia, China	Ningxia, China	Plantation	100		Acquired by establishment or investment
Huanren Changyu National Wines Sales Co., Ltd. (“National Wines”)	RMB2,000,000	Benxi, Liaoning, China	Benxi, Liaoning, China	Sales	100		Acquired by establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. (“Golden Icewine Valley”)	RMB64,687,300	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing industry	100		Acquired by establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. (“Development Zone Trading”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100	Acquired by establishment or investment
Beijing AFIP Meeting Center (“Meeting	RMB 500,000	Miyun, Beijing,	Miyun, Beijing,	Services		100	Acquired by

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
Center”)		China	China				establishment or investment
Beijing AFIP Tourism and Culture (“AFIP Tourism”)	RMB 500,000	Miyun, Beijing, China	Miyun, Beijing, China	Tourism		100	Acquired by establishment or investment
Changyu (Ningxia) Wine Co., Ltd. (“Ningxia Wine”)	RMB1,000,000	Ningxia, China	Ningxia, China	Manufacturing industry	100		Acquired by establishment or investment
Yantai Changyu Chateau Tinlot Co., Ltd. (“Chateau Tinlot”)	RMB400,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	65	35	Acquired by establishment or investment
Xinjiang Chateau Changyu Baron Balboa Co., Ltd. (“Chateau Shihezi”)	RMB550,000,000	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing industry	100		Acquired by establishment or investment
Ningxia Chateau Changyu Longyu Estate Co., Ltd. (“Chateau Ningxia”)	RMB2,000,000	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing industry	100		Acquired by establishment or investment
Shaanxi Changyu Chateau Longue Chanson Co., Ltd. (“Chateau Longue Chanson”)	RMB20,000,000	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing industry	100		Acquired by establishment or investment
Yantai Changyu Wine Research, Development, and Manufacturing Co., Ltd. (“R&D Company”)	RMB805,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing industry	100		Acquired by establishment or investment
Xinjiang Changyu Wine Sales Co., Ltd. (“Xinjiang Sales”)	RMB10,000,000	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Sales		100	Acquired by establishment or investment
Ningxia Changyu Trading Co., Ltd. (“Ningxia Trading”)	RMB1,000,000	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Sales		100	Acquired by establishment or investment
Shaanxi Changyu Longue Chanson Wine Sales Co., Ltd. (“ Longue Chanson Sales”)	RMB3,000,000	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Sales		100	Acquired by establishment or investment
Penglai Changyu Wine Sales Co., Ltd. (“Penglai Wine”)	RMB5,000,000	Penglai, Shandong, China	Penglai, Shandong, China	Sales		100	Acquired by establishment or investment
Laizhou Changyu Wine Sales Co., Ltd. (“Laizhou Sales”)	RMB1,000,000	Laizhou, Shandong, China	Laizhou, Shandong, China	Sales		100	Acquired by establishment

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
							or investment
FrancsChampsParticipationsSAS (“Francs Champs”)	EUR32,000,000	Bordeaux, France	Bordeaux, France	Investment and trading	100		Acquired by establishment or investment
Yantai Roullet Fransac Wine Sales Co., Ltd. (“Yantai Roullet Fransac”)	RMB1,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100	Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wine Sales Company”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100		Acquired by establishment or investment
Shaanxi Chateau Changyu Longue Chanson Tourism Co., Ltd. (“Chateau Longue Chanson”)	RMB1,000,000	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism		100	Acquired by establishment or investment
Longkou Changyu Wine Sales Co., Ltd. (“Longkou Sales”)	RMB1,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100	Acquired by establishment or investment
Yantai Changyu Cultural Tourism Development Co., Ltd. (“Changyu Cultural Tourism Company”)	RMB10,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	100		Acquired by establishment or investment
Yantai Changyu Wine Culture Museum Co., Ltd. (“Museum”)	RMB 500,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100	Acquired by establishment or investment
Yantai Changyu Cultural Tourism Product Sales Co., Ltd. (“Cultural Sales”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100	Acquired by establishment or investment
Yantai Changyu Window of International Wine City Co., Ltd. (“Window of Wine City”)	RMB60,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100	Acquired by establishment or investment
Yantai Chateau Koya Brandy Co., Ltd. (“Chateau Koya”)	RMB10,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing industry	100		Acquired by establishment or investment
Changyu (Shanghai) International Digital Marketing Center Co., Ltd. (“Digital Marketing”)	RMB50,000,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Sales	100		Acquired by establishment or investment

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
Shanghai Changyu Guoqu Digital Technology Co., Ltd. (“Shanghai Guoqu”)	RMB6,000,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Sales		51	Acquired by establishment or investment
Shanghai Changyu Yixin Digital Technology Co., Ltd. (“Shanghai Yixin”)	RMB10,000,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Sales		51	Acquired by establishment or investment
Yantai Christon Catering Co., Ltd. (“Christon Catering”)	RMB1,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Services		100	Acquired by establishment or investment
Weimeisi (Shanghai) Enterprise Development Co., Ltd. (“Weimeisi Shanghai”)	RMB10,000,000	Shanghai, China	Shanghai, China	Sales	100		Acquired by establishment or investment
Ningxia Longyu Food Trading Co., Ltd. (Longyu Trading)	RMB 500,000	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Sales		100	Acquired by establishment or investment
Beijing Changyu Trading Co., Ltd. (“BeijingTrading”)	RMB 500,000	Miyun, Beijing, China	Miyun, Beijing, China	Sales		100	Acquired by establishment or investment
Huanren Manchu Autonomous County Changyu Wine Sales Co., Ltd. (“Huanren Sales”)	RMB2,000,000	Benxi, Liaoning, China	Benxi, Liaoning, China	Sales		100	Acquired by establishment or investment
Shanghai Changyu Yixin Yida E-commerce Co., Ltd. (“Shanghai Yixin Yida”)	RMB 500,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Services	100		Acquired by establishment or investment

Explanation for difference between the proportion of shareholding and proportion of voting power in the subsidiaries:

(a) Chateau Changyu is a Sino-foreign joint venture established by the Group and a foreign investor, accounting for 70% of Changyu Chateau's equity interest. Through agreement arrangement, the Group has the full power to control Changyu Chateau's strategic operating, investing and financing policies. The agreement arrangement will be terminated on December 31, 2027.

(b) AFIP is a limited liability company jointly established by the Group and Yantai De'an Investment Co., Ltd. and Beijing Qinglang Ecological Agriculture Technology Development Co., Ltd. The Group holds 91.53% of its equity. Through agreement arrangement, the Group has the full power to control AFIP's strategic operating, investing and financing policies. The agreement arrangement will be terminated on September 2, 2027.

10.1.2 Important non-wholly-owned subsidiaries

Unit: yuan

Name of subsidiary	Shareholding proportion of minority shareholders	Profit/loss attributable to minority shareholders in this period	Other comprehensive income attributable to minority shareholders in this period	Dividend declared to be distributed to minority shareholders in this period	Balance of minority equity at the end of period
AFIP	8.47%				56,409,393
Indomita Chile	15%	-612,475	-745,914		56,431,050

Explanation for difference between the proportion of shareholding and proportion of voting power of the minority shareholders in the subsidiaries: See details in Note 10.1.1.

10.1.3 Main financial information of important non-wholly-owned subsidiaries

Unit: yuan

Name of subsidiary	Ending Balance						Beginning Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
AFIP	261,019,767	345,824,399	606,844,166	14,713,051	3,648,980	18,362,031	264,880,703	354,205,457	619,086,160	19,136,401	3,645,340	22,781,741
Indomita Chile	206,849,623	308,969,971	515,819,594	123,586,692	8,468,264	132,054,956	239,483,768	306,248,010	545,731,778	144,442,947	8,468,264	152,911,211

Unit: yuan

Name of subsidiary	Amount incurred in this period				Amount incurred in prior period			
	Operating income	Net profits	Total comprehensive income	Operating cash flow	Operating income	Net profits	Total comprehensive income	Operating cash flow
AFIP	29,693,513	-7,822,284	-7,822,284	16,061,546	41,907,720	-610,475.00	-610,475.00	1,061,336
Indomita Chile	70,363,515	-4,083,170	-9,055,929	5,350,197	78,447,574	1,891,672	6,001,476	1,874,075

10.2 Equity in joint ventures or associates

Summary financial information of unimportant joint ventures and associates

Unit: yuan

	Ending balance / amount incurred in this period	Beginning balance / amount incurred in prior period
Joint ventures:	--	--
Total book value of investment	21,672,719	24,933,742
Total of the following items calculated according to the shareholding ratio		--
-- Net profit	-3,261,023	-2,545,542
-- Other comprehensive income		
-- Total comprehensive income	-3,261,023	-2,545,542
Associates:		--
Total book value of investment	1,684,380	1,722,455
Total of the following items calculated according to the shareholding ratio		
-- Net profit	-38,075	-472,546
-- Other comprehensive income		
-- Total comprehensive income	-38,075	-472,546

11. Risks related to financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

11.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

As on June 30, 2026, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Group has adopted a policy to ensure that all sales customers have good credit records. According to the policy of the Group, credit review is required for clients who require credit transactions. In addition, the Group continuously monitors the balance of account receivable to ensure there's no exposure to significant bad debt risks. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As on June 30, 2026, 18.1% of the Group trade receivables are due from top five customers (December 31, 2025: 37.5%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

11.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Group and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands (subject to approval by the Group's board when the borrowings exceed certain predetermined levels). The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

11.3 Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(1) As on June 30, 2026, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Unit: yuan

Item	June 30, 2026		December 31, 2025	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets				
- Monetary capital	1.15%-1.85%	60,650,000	1.30% - 2.25%	45,650,000
Financial liabilities				
- Short-term loans	5.30% - 5.55%	-88,541,700	5.34% - 5.85%	-92,510,252
- Long-term loans (including th portion due within one year)	3.98%	-10,285,100	2.80% - 4.65%	-4,259,657
- Lease liabilities (including th portion due within one year)	4.65%	-61,158,186	4.65%	-29,425,681
Total		-99,334,986	4.65%	-80,545,590

Variable rate instruments:

Unit: yuan

Item	June 30, 2026		December 31, 2025	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets				
- Monetary capital	0.05% - 0.55%	2,022,563,833	0.01% - 0.55%	1,843,219,212
Financial liabilities				
- Short-term loans	1-year LRP-0.89%	-50,000,000	1-year LPR - 0.89%	-50,000,000
- Short-term loans	BBSW+1.5%	-8,283,492	BBSW + 1.5%	-13,364,220
- Short-term loans	2.75% - 3.65%	-97,526,872	2.20% - 3.90%	-84,800,316
- Long-term loans (including th portion due within one year)	3.15%-5.83%	-102,568,606	3.10% - 5.83%	-113,568,242
Total		1,764,184,863		1,581,486,434

(2) Sensitivity analysis

Management of the Group believes interest rate risk on bank deposit is not significant, therefore does not disclose sensitivity analysis for interest rate risk.

As on June 30, 2026, based on assumptions above, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group's equity by RMB 484,461 yuan (2025: RMB 981,498 yuan), and net profit by RMB 484,461 yuan (2025: RMB 981,498 yuan).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualized impact on interest expense or income of such a change in interest rates.

11.4 Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(1) As at June 30, 2026, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

Unit: yuan

Item	June 30, 2026		December 31, 2025	
	Balance at foreign	Balance at RMB	Balance at foreign	Balance at RMB
Monetary capital		18,123,421	873,531	6,189,815
- USD	256,605	1,747,711	832,131	5,848,885
- EUR	135,837	1,055,060	41398	340929
- HKD	17,507,344	15,206,004	2	1
- CAD	23,961	114,646		
Short-term borrowings		88,541,700		92,510,252
- USD	13,000,000	88,541,700	13,125,000	92,510,252

(2) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and Euro at June 30, 2026 would have impact on the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

Unit: yuan

Item	Equity	Net profits
June 30, 2026		
USD	4,339,699	4,339,699
EUR	-52,753	-52,753
HKD	-760,300	-760,300
CAD	-5,732	-5,732
Total	3,520,914	3,520,914
December 31, 2025		
USD	3,253,771	3,253,771
EUR	-12,543	-12,543
HKD		
Total	3,241,228	3,241,228

A 5% weakening of the Renminbi against the US dollar and Euro dollar at June 30, 2026 would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

12. Fair value disclosure

All financial assets and financial liabilities held by the Group are carried at amounts not materially different from their fair value at June 30, 2026.

13. Related parties and related transactions

13.1 Particulars of the parent company of the Company

Name of parent company	Registration place	Business nature	Registered capital	Proportion of shareholding of the parent company in the Company	Proportion of voting powers of the parent company in the Company
Changyu Group	Yantai City	Manufacturing industry	50,000,000	52.56%	52.56%

From January to June 2026, there was no fluctuation in the registered capital of the parent company and its share in equity interest and voting right.

13.2 Particulars of the subsidiaries of the Company

See particulars of the subsidiaries of the Company in Note 10.

13.3 Information about joint ventures and associates of the Company

Other joint ventures and associates that have related party transactions with the Group during this period or that formed balance when having related party transactions with the Group during the prior period are as follows:

Name of joint ventures and associates	Relationship with the Company
L&M Holdings	Joint venture of the Group
Shanghai Yufeng Brand Management Co., Ltd. ("Shanghai Yufeng")	Associates of the Group
Yantai Guolong Wine Industry Co., Ltd. ("Yantai Guolong")	Associates of the Group
Taizhou Changyu Wine Sales Co., Ltd. ("Taizhou Changyu")	Associates of the Group

13.4 Particulars of other related parties

Name of other related parties	Relationship between other related parties and the Company
Yantai God Horse Packing Co., Ltd. ("God Horse Packing")	A company controlled by the same parent company
Yantai Zhongya Zhibao Pharmaceutical Co., Ltd. ("Zhongya Zhibao")	Appointment of directors, supervisors and senior executives of the Group
Societe Civile Argricole Du Chateau De Mirefleurs ("French Mirefleurs")	Subsidiaries of the joint venture
CHATEAU DE LIVERSAN ("LIVERSAN")	Subsidiaries of the joint venture
Yantai Changyu Wine Culture Museum Co., Ltd. ("Museum")	Non-profit organizations related to the Company

13.5 Related transactions

13.5.1 Related transactions of purchasing and selling goods and providing and receiving services

List of purchasing goods/receiving services

Unit: yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
God Horse Packing	Purchasing goods	23,255,290	27,190,017
Zhongya Zhibao	Purchasing goods	12,676	24,837
French Mirefleurs	Purchasing goods	3,048,363	8,051,588
Shanghai Yufeng	Purchasing goods	154,593	25,442

List of selling goods/providing services

Unit: yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
Zhongya Zhibao	Selling goods	2,617,658	2,223,769
God Horse Packing	Selling goods	472	3,008
Shanghai Yufeng	Selling goods	1,006,025	344,063
Taizhou Changyu	Selling goods	5,631,827	8,489,159

The price of transactions between the Group and the related parties are based on the negotiated price.

13.5.2 Related trusteeship/contracting and mandatory administration/outsourcing

Nil

13.5.3 Leasing with related parties

The Group as a lessor:

Unit: yuan

Name of the lessee	Type of leased assets	Rental income recognized in this period	Rental income recognized in prior period
God Horse Packing	Office building and plant	746,275	746,275
Zhongya Zhibao	Office building	464,220	481,905

The Group as a lessee:

Unit: yuan

Name of the lessor	Type of leased assets	Rental expenses for short-term leases and leases of low-value assets of simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Right-of-use assets increased	
		Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Office building, plant, commercial building					7,480,362	7,480,362	680,841	185,036		

13.5.4 Related guarantee

Nil

13.5.5 Inter-bank borrowing and lending of related parties

Nil

13.5.6 Asset transfer and debt recombination of related parties

Nil

13.5.7 Other related transactions

Unit: yuan

Related parties	Item	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Trademark use fee	6,470,914	5,451,141

The price of transactions between the Group and the related parties are based on the negotiated price.

13.6 Accounts receivable and payable of the related parties

13.6.1 Project receivable

Unit: yuan

Project name	Related parties	Ending Balance		Beginning Balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhongya Zhibao	506,000	1,316		

13.6.2 Project payable

Unit: yuan

Project name	Related parties	Ending book balance	Beginning book balance
Accounts payable	God Horse Packing	11,200,416	25,095,928
Accounts payable	Zhongya Zhibao		1,572,709
Accounts payable	Shanghai Yufeng		61,365
Accounts payable	French Mirefleurs		744,426
Liabilities of contracts	Taizhou Changyu	1,817,674	
Liabilities of contracts	Yantai Guolong	51,696	51,696
Liabilities of contracts	God Horse Packing	11,835	11,835
Liabilities of contracts	Changyu Group	41,964	41,964
Other payable	Changyu Group	7,992,555	17,082,233
Other payable	God Horse Packing	400,000	400,000
Other payable	Yantai Guolong		50,000

Other payable	Zhongya Zhibao	2,960,553	

14. Share-based payment

14.1 Overall situation of share-based payment

According to the resolution of 2022 Annual General Meeting of Shareholders held by the Group on May 26, 2023, and the approved *Proposal on 2023 Restricted Stock Incentive Plan (Draft) of the Company and Its Abstract* and *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to 2023 Restricted Stock Incentive Plan of the Company*, and the *Proposal on Adjusting Relevant Matters of 2023 Restricted Stock Incentive Plan* and the *Proposal on Granting Restricted Stocks to Incentive Objects of 2023 Restricted Stock Incentive Plan*, which were reviewed and approved at the first 2023 extraordinary board meeting held on June 26, 2023, the Group has determined June 26, 2023 as the grant date to grant 6,850,000 restricted stocks to 204 incentive objects at a grant price of 15.24 yuan per stock. A total of 203 incentive objects in this Group actually subscribed for 6,785,559 restricted stocks, with a grant price of 15.24 yuan per stock. This transaction increased the registered capital by RMB 6,785,559 yuan and increased the capital reserve by RMB 96,626,360 yuan.

All restricted stocks granted to incentive objects are subject to different lock-up periods, which are 12 months, 24 months, and 36 months respectively from the completion of grant registration of restricted stocks granted to incentive objects. The restricted stocks granted to incentive objects under this incentive plan shall not be transferred, used as collateral, or used to repay debts during the lock-up period. All restricted stocks granted to incentive objects will be unlocked in three phases after 12 months from the grant date, with unlocking ratios of 30%, 30%, and 40% for each phase. The corresponding unlocking dates are 1 year, 2 years, and 3 years from the grant date. The actual unlocking quantity shall be linked to the annual performance evaluation.

When the performance of this Company meets corresponding conditions, the unlocking ratio of the above-mentioned restricted stocks for the current period is determined based on the operating performance of the incentive object's unit and the value contribution of the incentive object. If the unlocking conditions stipulated in this plan are not met, the incentive object shall not unlock restricted stocks in the current period, and the Company shall repurchase them according to the grant price to incentive object.

The Group held its second 2024 Remuneration Committee meeting of the Board of Directors, its fourth 2024 extraordinary board meeting, and its second 2024 extraordinary Supervisory Committee meeting on July 22, 2024. The meetings reviewed and approved the *Proposal on Achievement of the First Lifting of Lock-up Period and Lifting of Lock-up Conditions for Company's 2023 Restricted Stock Incentive Plan* and *Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Company's 2023 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price*. At the third extraordinary general shareholders' meeting held on August 8, 2024, the resolution on the *Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Company's 2023 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price* was approved. A total of 172 incentive recipients of the first tranche of restricted shares in 2024 have been lifted from the lock-up conditions, the number of restricted stocks that can be lifted is

1,720,495. The listing and circulation date of the restricted shares released from the lock-up conditions is August 6, 2024. This transaction resulted in a decrease in treasury shares of RMB 26,220,343 yuan. A total of 425,666 restricted shares were repurchased and cancelled, including 157,790 shares repurchased and cancelled because the incentive recipients no longer met the conditions of the Company's 2023 Restricted Stock Incentive Plan due to resignation or position changes, and 267,876 shares repurchased and cancelled because they could not be lifted from the first lock-up period due to personal performance assessment results. This transaction led to a decrease in share capital of RMB 425,666 yuan, a decrease in capital reserve of RMB 6,061,484 yuan, and a decrease in treasury shares of RMB 6,487,150 yuan.

The Group held its third 2025 Remuneration Committee meeting, its second meeting of the tenth session of the Board of Directors, and its first meeting of the ninth session of the Supervisory Committee on July 25, 2025. The meetings reviewed and approved the *Proposal on the Non-fulfillment of Conditions for the Second Release Tranche under the Company's 2023 Restricted Stock Incentive Plan* and *Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Company's 2023 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price*. At the first extraordinary general shareholders' meeting held on August 12, 2025, the resolution on the *Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Company's 2023 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price* was approved. A total of 2,153,772 restricted shares were repurchased and cancelled, including 289,467 shares repurchased and cancelled because the incentive recipients no longer met the conditions of the Company's 2023 Restricted Stock Incentive Plan due to resignation or position changes, and 1,864,305 shares repurchased and cancelled because they could not be lifted from the second lock-up period due to personal performance assessment results. This transaction led to a decrease in share capital of RMB 2,153,772 yuan, and a decrease in capital reserve of RMB 30,669,713 yuan for the Group of year 2025.

As of June 30, 2026, the cumulative amount of equity-settled share-based payments recognized in capital reserve amounted to RMB 26,719,287 yuan.

14.2 Equity-settled share-based payments

Unit: yuan

Method for determining the fair value of equity instruments on grant date	Restricted stock: stock price on grant date minus grant price
Basis for determining the number of exercisable equity instruments	Management's best estimate
Reasons for significant differences between the current estimate and the prior estimate	
Accumulated amount of equity-settled share-based payments included in capital reserve	26,719,287
Total amount of expenses recognized as equity-settled share-based payments in this period	

15. Commitment and contingency

15.1 Significant commitment

Unit: yuan

Item	Ending Balance	Beginning Balance
Making long-term asset commitments	14,939,200	29,302,000

15.2 Contingency

As of the balance sheet date, the Group didn't have any contingency to be disclosed.

16. Matters after balance sheet

16.1 Important non-adjusting events

The Group held its fourth 2026 Remuneration Committee meeting, and its fifth 2026 extraordinary board meeting on July 26, 2026. The meetings approved the *Proposal on the Non-fulfillment of Conditions for the Third Release Tranche under the Company's 2023 Restricted Stock Incentive Plan* and *Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Company's 2023 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price*. At the second extraordinary general shareholders' meeting held on August 12, 2026, the *Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Company's 2023 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price* was approved. As the conditions for the third lock-up period under the Company's 2023 Restricted Stock Incentive Plan were not satisfied, the relevant granted restricted shares are required to be repurchased and cancelled. A total of 2,485,626 restricted shares are required to be repurchased and cancelled due to the failure to meet the performance assessment requirements, at a repurchase price of RMB 14.62 yuan per share. The total repurchase consideration payable by the Company for this repurchase of restricted shares is RMB 36,346,800 yuan. Upon completion of this repurchase and cancellation, the total number of issued shares of the Company will be reduced from 657,240,128 shares to 654,754,502 shares. Upon completion of this repurchase and cancellation, there will be no change to the Company's controlling shareholders or actual controller.

17. Other important matters

Nil

18. Notes on major items in financial statements of the parent company

18.1 Accounts receivable

18.1.1 Disclosed by age

Unit: yuan

Age	Ending Balance	Beginning Balance

Within 1 year (including 1 year)	517,000	
1-2 years		
2-3 years		
Over 3 years		
Total	517,000	

18.1.2 Disclosed by classification of bad debt provision methods

Unit: yuan

Type	Ending Balance					Beginning Balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivable for which provision for bad debts is accrued on a single item basis										
Accounts receivable for which provision for bad debts is accrued on a combined basis	517,000	100%	1,344	0.26%	515,656					
Total	517,000	100%	1,344	0.26%	515,656					

Provision for bad debts accrued in this period:

Unit: yuan

Type	Beginning balance	Changes in this period			Ending Balance
		Accrual	Withdrawn or transferred back	Cancelled	
Accounts receivable for which provision for bad debts is accrued on a single item basis					
Provision for bad debts is accrued on a combined basis		1,344			1,344
Total		1,344			1,344

18.1.3 Accounts receivable actually cancelled after verification in this period

Nil

18.1.4 Accounts receivable and contract assets collected by borrower of top 5 units ranked by ending balance

Unit: yuan

Unit Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage in total ending balance of accounts receivable and contract assets	Ending balance of bad debts provision and provision for impairment of contract assets
Zhongya Zhibao	506,000		506,000	97.9%	1,316
Tianji	11,000		11,000	2.1%	28
Total	517,000		517,000	100%	1,344

18.1.5 Accounts receivable derecognized due to transfer of financial assets

Nil

18.1.6 Accounts receivable transferred and included in assets and liabilities

Nil

18.2 Other receivables

Unit: yuan

Item	Ending Balance	Beginning Balance
Interests receivable		
Dividends receivable	3,495,195	20,000,000
Other receivables	531,106,606	686,617,690
Total	534,601,801	706,617,690

18.2.1 Dividends receivable

Unit: yuan

Item (or the invested unit)	Ending Balance	Beginning Balance
Dividends receivable from subsidiaries	3,495,195	20,000,000
Total	3,495,195	20,000,000

18.2.2 Other receivables

18.2.2.1 Particulars of other receivables classified by nature

Unit: yuan

Nature	Ending Balance	Beginning Balance
Accounts receivable from subsidiaries	463,264,152	606,611,486
Others	75,109,063	88,172,813

Nature	Ending Balance	Beginning Balance
Total	538,373,215	694,784,299

18.2.2.2 Disclosed by age

Unit: yuan

Age	Ending Balance	Beginning Balance
Within 1 year (including 1 year)	276,174,603	417,489,585
1-2 years	259,393,271	277,192,978
2-3 years	2,703,605	
Over 3 years	101,736	101,736
Total	538,373,215	694,784,299

18.2.2.3 Provision for bad debts accrued, withdrawn or transferred back in this period

Type	Beginning Balance	Changes in this period				Ending Balance
		Accrual	Withdrawn or transferred back	Transfer back or write-off	Others	
Individual accrual	8,166,609	-900,000				7,266,609
Total	8,166,609	-900,000				7,266,609

The provision for bad debts accrued in this period was RMB -900,000 yuan; and that withdrawn or transferred back in this period was RMB 0 yuan.

18.2.2.4 Other accounts receivable actually cancelled after verification in this period

Nil

18.2.2.5 Other accounts receivable collected by borrower of top 5 units ranked by ending balance

Unit: yuan

Unit Name	Nature	Ending Balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Sales company	Accounts receivable from subsidiaries	267,018,392	Within 1 year	49.6%	
Atrio Group	Accounts receivable from subsidiaries	136,294,427	Within 1 year and 1-2 years	25.3%	
Laizhou Zhuqiao Town People's Government, Laizhou Yidao Town People's Government	Compensation receivable from the disposal of vineyards	72,666,088	1-2 years	13.5%	7,266,609
Kilikanoon Estate	Accounts receivable from subsidiaries	52,972,215	Within 1 year and 1-2 years	9.8%	

Unit Name	Nature	Ending Balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Yantai Municipal Finance Bureau	Housing maintenance fund	2,703,605	2-3 years	0.5%	
Total		531,654,727		98.7%	7,266,609

18.2.2.6 Accounts receivable related to governmental subsidy

Nil

18.2.2.7 Other accounts receivable derecognized due to transfer of financial assets

Nil

18.2.2.8 Other accounts receivable transferred and included in assets and liabilities

Nil

18.3 Long-term equity investment

Unit: yuan

Item	Ending Balance			Beginning Balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment in subsidiaries	7,737,521,508	97,669,546	7,639,851,962	7,737,521,508	97,669,546	7,639,851,962
Investment in associated enterprises and joint						
Total	7,737,521,508	97,669,546	7,639,851,962	7,737,521,508	97,669,546	7,639,851,962

18.3.1 Investment in subsidiaries

Unit: yuan

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Movements during the period				Ending balance (book value)	Ending balance of provision for impairment
			Increase in capital	Decrease in capital	Accrual provision for impairment	Others		
Kylin Packaging	23,553,931						23,553,931	
Changyu Chateau	29,281,772						29,281,772	
Pioneer International	4,464,714						4,464,714	
Ningxia Growing	36,573,247						36,573,247	
National Wine	2,000,000						2,000,000	
Icewine Valley	85,638,472						85,638,472	
AFIP	588,648,215						588,648,215	

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Movements during the period				Ending balance (book value)	Ending balance of provision for impairment
			Increase in capital	Decrease in capital	Accrual provision for impairment	Others		
Sales Company	18,952,112						18,952,112	
Wine Sales	5,109,166						5,109,166	
Shanghai Marketing	1,000,000						1,000,000	
Beijing Sales	850,000						850,000	
Jingyang Wine	900,000						900,000	
Ningxia Wine	222,309,388						222,309,388	
Ningxia Chateau	453,760,284						453,760,284	
Chateau Tinlot	212,039,586						212,039,586	
Shihezi Chateau	812,311,899						812,311,899	
Longue Chanson Chateau	754,824,973	49,380,957					754,824,973	49,380,957
R&D Company	3,290,268,550						3,290,268,550	
Wine Sales Company	5,105,130						5,105,130	
Francs Champs	236,025,404						236,025,404	
Atrio Group	221,916,810	11,225,459					221,916,810	11,225,459
Indomita Chile	274,248,114						274,248,114	
Kilikanoon Estate, Australia	94,096,047	37,063,130					94,096,047	37,063,130
Digital marketing	50,191,439						50,191,439	
Chateau Koya	110,337,503						110,337,503	
Shanghai Weimeisi	7,910,985						7,910,985	
Changyu Cultural Tourism Company	92,649,560						92,649,560	
Development Zone Trading	837,605						837,605	
Penglai Wine Industry	831,612						831,612	
Longkou Sales	1,611,286						1,611,286	
Laizhou Sales	87,342						87,342	
Yantai Roullet Fransac	251,196						251,196	
Museum	265,162						265,162	
Window of Wine City	470,134						470,134	
AFIP Tourism	162,952						162,952	
Meeting Center	102,210						102,210	
Ningxia Trading	162,952						162,952	
Christon Catering	102,210						102,210	
Total	7,639,851,962	97,669,546					7,639,851,962	97,669,546

18.4 Operating income and operating cost

18.4.1 Details of operating income

Unit: yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	155,254,347	137,104,339	160,834,485	143,910,902
Others businesses	1,220,972	1,126,695	1,760,482	1,355,077
Total	156,475,319	138,231,034	162,594,967	145,265,979
Including: Income from contracts	155,254,347	137,104,339	160,834,485	143,910,902
Income from house rents	1,220,972	1,126,695	1,760,482	1,355,077

18.4.2 Situation of income and cost from contracts

Unit: yuan

Contract classification	Operating income	Operating cost
Type of merchandise		
- Alcoholic beverage	155,254,347	137,104,339
- Others		
Classified by the time of merchandise transfer		
- Revenue recognized at a point in time	155,254,347	137,104,339

18.5 Investment income

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Income from long-term equity investment by cost method	173,495,195	46,246,053
Income from long-term equity investment by equity method		
Investment income from disposal of long-term equity investment		
Investment income of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses during the holding period		
Investment income gained from disposal of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses		
Investment income of held-to-maturity investment during the holding period		
Investment income of financial assets held for sale during the holding period		
Investment income gained from disposal of financial assets held for sale		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Total	173,495,195	46,246,053

19. Supplementary materials

19.1 List of non-recurrent profits/losses in this period

Unit: yuan

Item	Amount	Remark
Profits/losses on disposal of non-current assets	38,966	
Governmental subsidy included in the current profits/losses (excluding those closely related to the enterprise business and enjoyed in accordance with the unified standard quota or ration of the state)	8,354,311	
Profits/losses on changes of fair value of financial assets and financial liabilities of non-financial business, and profits/losses from disposal of financial assets and financial liabilities, excluding effective hedging operations relevant to the normal business of the Company		
Payment for use of funds by non-financial enterprises included in the current profits/losses		
Profits/losses on entrusting other people to make investment or manage assets		
Profits/losses on external entrusted loans		
Asset impairment provision accrued due to force majeure such as natural disaster		
Transfer-back of accounts receivable provision for impairment with single impairment test		
Income obtained when the investment cost obtained by the enterprise from subsidiaries, joint-run business and joint venture is less than the fair value of the net identifiable assets obtained from the invested units when the investment is made		
Current net profits/losses on subsidiaries acquired from a business combination under common control from the beginning to the consolidation date		
Profits/losses on exchange of non-monetary assets		
Profits/losses on debt restructuring		
One-time expenses incurred by enterprises due to the discontinuation of related business activities, such as expenses for resettling employees, etc		
Influence of the one-time adjustment of the current profits/losses in accordance with tax and accounting laws and regulations on the current profits/losses		
One-time confirmation of share-based payment expenses due to cancellation or modification of equity incentive plan		
For cash-settled share-based payment, profits/losses arising from changes in fair value of employee compensation payable after the exercise date		
Profits/losses on fair value changes of investment real estate with fair value mode for follow-up measurement		
Profits generated from transactions with unfair transaction price		
Profits/losses on contingencies irrelated to the normal business of the Company		
Trustee fee income from entrusted operation		
Other non-operating income and expenditure besides the above items	2,420,717	
Other profits/losses conforming to the definition of non-recurrent profits/losses		
Minus: Influenced amount of income tax	2,592,122	
Influenced amount of minority equity	664,846	
Total	7,557,026	--

19.2 Return on net assets and earnings per share

Profit in reporting period	Weighted average	Earnings per share

	return on net assets	Basic EPS (yuan/Share)	Diluted EPS (yuan/Share)）
Net profit attributable to common shareholders of the Company	1.35%	0.21	0.21
Net profit attributable to common shareholders of the Company deducting non-recurrent profits/losses	1.28%	0.20	0.20

19.3 Accounting data difference under domestic and foreign accounting standard

19.3.1 Net profits & net assets difference disclosed in the financial report according to the international accounting standard and Chinese accounting standard

Unit: yuan

	Net profits		Net assets	
	Amount incurred in this period	Amount incurred in prior period	Ending Balance	Beginning Balance
In accordance with the Chinese accounting standard	140,515,805	185,597,142	10,276,824,571	10,347,247,577
Item & amount adjusted in accordance with the international accounting standard:				
In accordance with the international accounting standard	140,515,805	185,597,142	10,276,824,571	10,347,247,577

Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
August 21, 2026