Yantai Changyu Pioneer Wine Co., Ltd.

2025 Annual Report

Final 2026-01

April 18, 2026

Contents

I. Important Notice, 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 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), Ms. Cuimei Guo (Person in charge of accounting work and Person in charge of accounting organ & Accountant in charge) assure the truthfulness, accuracy and completeness of the financial report in the annual report.

All directors attended this board meeting for reviewing this annual report in person.

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.

About significant risks that may be faced in production and operation process, please refer to "(5) Potential Risks" of "11. Expectation for the Company's Future Development" in the "III. Management Discussion and Analysis" of this report. Investors are advised to read carefully and pay attention to investment risks.

The Company's preliminary scheme of profit distribution deliberated and passed by the board of directors this time is shown as following: Based on the Company's total 657,240,128 shares, the Company plans to pay CNY2.5 (including tax) in cash as dividends for every 10 shares to all shareholders and send 0 bonus share (including tax); capital reserve will not be transferred to equity.

Reference Documents

(1)The original of Annual Report autographed by the Chairman.
(2)The Financial Statements autographed and signed by the Chairman, Chief Accountant and Accountant in Charge.
(3)The *Prospectus* and *Public Offering Announcement* for Stock B issued in 1997; The *Prospectus of Intent* and *The Shares' Change & A Share's Public Offering Announcement* for Stock A issued by the capital increase 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)
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		
Registered Address	56 Dama Road, Yantai, Shandong, China		
Postal Code of Registered Address	264000		
Historical Change in Registered Address	—		
Office Address	56 Dama Road, Yantai, Shandong, China		
Postal Code of Office Address	264000		
Website	http://www.changyu.com.cn		
E-mail	webmaster@changyu.com.cn		

2. Contact person and information

	Secretary to 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
Fax.	0086-535-6633639	0086-535-6633639
E-mail	jiangjianxun@changyu.com.cn	stock@changyu.com.cn

3. Information disclosure and filing location

Stock exchange website for disclosing annual report	Shenzhen Stock Exchange (http://www.szse.cn)
Media name and website for disclosing annual report	*China Securities Newspaper* , *Securities Times*, *Hong Kong Commercial Daily* and CNINFO website (http://www.cninfo.com.cn)
Filing location of the Company's annual report	Board of Directors' Office of the Company, 56 Dama Road, Yantai, Shandong

4. Registration changes

Unified Social Credit Code	913700002671000358
Changes for the main businesses of the Company since it was listed (if have)	The business scope determined by the Company when it was established on September 18, 1997 is production, processing and sales of wine, distilled liquor, healthy liquor, fruit liquor, non-alcohol beverage, fruit jam, packing material and winemaking machine.On April 17, 2008, approved by the 2007 Annual Shareholders' Meeting, the Company's business scope was changed to production, processing and sales of wine, distilled liquor, medicinal liquor, fruit liqueur, non-alcohol beverage, fruit jam, packing material and winemaking machines; licensed import and export. On May 12, 2010, approved by the 2009 Annual Shareholders' Meeting, the Company's business scope was changed to production, processing and sales of wine, distilled liquor, medicinal liquor, fruit liqueur, non-alcohol beverage, fruit jam, packing material and its products and winemaking machinery; licensed import and export; external investment subject to national policy. On September 23, 2016, approved by The 1st Interim Shareholders' Meeting in 2016, the Company's business scope was changed to production of wine and fruit wine (bulk wine, processing and filling); production of blending liquor and other blending liquors (grape liqueur); production of other liquors (other distilled liquors); production, processing and sales of packing material and winemaking machines; grape plantation and procurement; tourism resources development (excluding tourism); packaging design; activity of building rental; licensed import and export; warehouse business; external investment subject to national policy.
Changes for all previous controlling shareholders	No

5. Other relevant information

The accounting firm appointed by the Company

Name	KPMG Huazhen LLP
Address	Level 8, No.2 East Wing of Dongfang Square, No.1 East Chang'an Street, Beijing
Name of signatory accountants	Jia WANG, Zhichao LIU

The sponsor institution appointed by the Company to perform the duty of continuous supervision during the report period

☐Applicable ☑Inapplicable

The financial adviser appointed by the Company to perform the duty of continuous supervision during the report period

☐Applicable ☑Inapplicable

6. Key accounting data and financial indicators

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

☐Yes ☑No

	2025	2024	Increase/decrease compared with last year (%)	2023
Operating revenue (CNY)	2,988,667,522	3,277,278,347	-8.81%	4,384,764,335
Net profit attributed to shareholders of the listed company (CNY)	71,291,303	305,210,999	-76.64%	532,438,907
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	39,128,174	131,065,357	-70.15%	464,073,693
Net cash flows from operating activities (CNY)	355,823,459	397,741,067	-10.54%	1,173,091,743
Basic earnings per share (CNY)	0.11	0.45	-75.56%	0.78
Diluted earnings per share (CNY)	0.11	0.45	-75.56%	0.78
Weighted average for earning rate of net assets	0.68%	2.83%	-2.15%	4.98%
	December 31, 2025	December 31, 2024	Increase/decrease compared with last year-end (%)	December 31, 2023
Total assets (CNY)	12,050,601,981	12,520,474,218	-3.75%	13,336,267,204
Net assets attributed to shareholders of the listed company (CNY)	10,347,247,577	10,619,208,419	-2.56%	10,841,500,988

The lower of the net profits before non-recurring gains and losses and after non-recurring gains and losses in recent three fiscal years is negative and the audit report in recent one year indicates there is uncertainty in the Company's sustainable operation ability

☐Yes ☑No

The lower of the net profits before non-recurring gains and losses and after non-recurring gains and losses is negative

☐Yes ☑No

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

(1) Differences for net profit and net assets in the financial report disclosed according to both international accounting standards and PRC accounting standards

☐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 for net profit and net assets in the financial report disclosed according to both foreign accounting standards and PRC accounting standards

☐Applicable ☑Inapplicable

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

8. Key financial indicators by quarter

Unit：CNY

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating revenue	810,921,680	659,654,497	645,394,211	872,697,134
Net profit attributed to shareholders of the listed company	159,276,876	26,320,266	1,917,154	-116,222,993
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses	152,773,333	19,386,494	-3,768,045	-129,263,608
Net cash flows from operating activities	21,194,646	218,226,482	118,491,215	-2,088,884

Whether there are significant differences between the above mentioned financial indicators or their sum and the related financial indicators in the quarterly reports and semi-annual reports disclosed by the Company.

☐Yes ☑No

9. Item and amount of non-recurring profit and loss

☑Applicable ☐Inapplicable

Unit：CNY

Item	2025	2024	2023	Explanation
Profits and losses on disposal of non-current assets (including the provision for asset impairment write-off part)	1,348,534	132,116,926	23,852,237	
Government grants recorded into the current profits and losses(except for those government grants that are closely related to the enterprise’s normal operation, in line with national policy provisions and in accordance with certain standard quota or ration continued to enjoy)	35,137,675	52,613,910	51,523,799	
Other non-operating revenues and expenditures in addition to the aforementioned items	4,751,888	1,244,856	9,137,420	
Less：Income tax effect	4,473,472	6,873,074	13,643,745	
Minority shareholders’ equity effect (after taxes)	4,601,496	4,956,976	2,504,497	
Total	32,163,129	174,145,642	68,365,214	--

Specific situation of other profit and loss items 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. Management Discussion and Analysis

1. Main businesses during the report period

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, the Company still stands by the previous judgment and 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.

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

(2) The production licenses of main products obtained by the Company in China

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 Co., Ltd.	Alcohol	2021.06.08	Approval from government authority	SC11537063600172
Shaanxi Chateau Changyu Changge 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 major 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.

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 5,000 distributors at home and abroad and ultimately provided to consumers.

Distribution mode

☑Applicable ☐Inapplicable

(1) Situation of change in the number of distributors

Region	**Number at the beginning of 2025**	**Increased number during this report period**	**Number at the end of 2025**
Eastern China	2200	90	2290
South China	576	5	581
Central China	397	-16	381
North China	334	-11	323
Northwest China	153	4	157
Southwest China	433	-13	420
Northeast China	288	-8	280

HongKong, Macao,Taiwan and overseas	799	-3	796
Total	5180	48	5228

(2) The Company and distributors took cash spot settlement, and mainly adopted buyout distribution mode.

Sales model	2025			2024		
	Operating income (CNY)	**Operating cost (CNY)**	**Gross margin**	**Operating income (CNY)**	**Operating cost (CNY)**	**Gross margin**
Distribution	2,480,871,532	1,103,557,256	55.52%	2,773,310,799	1,173,187,606	57.70%
Direct sales	507,795,990	226,267,745	55.44%	503,967,548	219,414,793	56.46%
Total	2,988,667,522	1,329,825,001	55.50%	3,277,278,347	1,392,602,399	57.51%

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

☐Applicable ☑Inapplicable

Sales of online direct selling

☑Applicable ☐Inapplicable

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	The amount of the main procurement content
Price determined by quality comparison with standard price items	Raw materials such as grapes/ bulk wine	684,088,844
Tender/Price determined by quality comparison with standard price items	Packaging materials	385,800,469
Tender/Price determined by quality comparison with standard price items	Brewing materials	20,667,145
Tender/Price determined by quality comparison with standard price items	Vineyard supplies	2,689,539
Contract	Fuel and power	38,583,287
Price determined by quality comparison with standard price items	Other wines and derivatives	12,804,041

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.

Manufacturing consignment

☐Applicable ☑Inapplicable

Major components of operating costs

Please refer to '4. Analysis in main business' in this chapter.

Yield and inventory

Please refer to '4. Analysis in main business' in this chapter.

2. Situation of industry in which the Company operates during the report period

In 2025, the domestic alcohol consumption market continued to slump, and the wine industry in which the Company operates faced unprecedented severe challenges. Facing the difficult development environment, the Company's management team proactively adopted a series of measures to strive for a breakthrough, adhered to the right path while innovating, better served users and met market demands, and carried out many positive explorations and practices. These efforts have laid a solid foundation for the Company to emerge from difficulties and achieve sustained and rapid development in the future, further consolidating its leading position in the industry. The annual operating revenue reached CNY2,988.67million, a year-on-year decrease of 8.81%; the net profit attributable to shareholders of the parent company was CNY71.29million, a decrease of 76.64% compared with the previous year.

3. 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.

4. Analysis in main business

(1) Summarization

Description	Increase or decrease during this period over last year	Cause of significant changes
Operating revenue	-8.81%	Mainly due to the decrease in sales volume
Operating cost	-4.51%	Mainly due to the decrease in sales volume

Sales expense	-6.58%	Mainly due to the decreased marketing expense resulting from decreased market investment
Management expense	-4.18%	Mainly due to the decrease in employee compensation
R&D expense	9.75%	Mainly due to the increase in the cost of testing and consumable materials resulting from the increased Company's R&D efforts
Financial expense	-219.56%	Mainly due to the increase in exchange gains and the reduction in external loans
Net amount of cash flow generated in operating activities	-10.54%	Mainly due to the decrease in operating income during the year
Net amount of cash flow generated in investment activities	38.22%	Mainly due to the increase in the net cash received from the disposal of fixed assets, intangible assets and other long-term assets
Net amount of cash flow generated in financing activities	46.32%	Mainly due to the decrease in cash used for debt repayment and the reduction in dividend distribution

Review and summary of the process of the Company's early-disclosed development strategy and business plan during the report period

During the report period, the Company continued to adhere to the tenet of "Survive, Consolidate the Foundation, Seek Breakthroughs". In response to the increasingly difficult and complex market environment, the Company boldly reformed and innovated, continuously adopted and tested various market strategies, and achieved certain positive results. However, it still failed to reverse the downward trend of the market and failed to achieve the operating objectives set at the beginning of the year. The annual operating revenue reached CNY2,988.67million, a year-on-year decrease of 8.81%; the net profit attributable to shareholders of the parent company was CNY71.29million, a decrease of 76.64% compared with the previous year. In 2025, the Company mainly carried out the following work:

First, all business divisions pooled their efforts to tackle challenges and pursued innovation for change. The Brandy Business Division further clarified the development strategy for brandy, put forward the promotional slogan of "Breaking Cognac Standards, Chinese Chateau Brandy -- No Added Liquid Sugar, No Added Oak Extract", further innovated the cooperation model, and strengthened its confidence in development; it steadfastly adhered to regular practices such as tasting events and chateau experiences, and deeply cultivated the existing market; it targeted young consumer groups, intensified channel innovation, and achieved cross-circle growth; it joined hands with Half And Half to lay out the chain bar channel, taking solid steps in deepening brand influence and embracing young groups. The Tourism Business Division took service experience upgrading as the core, and focused on improving service quality; it actively implemented the "go global and bring in" strategy, strengthened the awareness of empowering the brand, not only fully completing the main business indicators assigned by the Company, but also enhancing the influence of the Changyu brand. The Online Business Division strengthened online marketing and promotion, built a three-dimensional short-video matrix in content, constructed an efficient closed-loop from brand exposure to sales conversion, and gradually made its user structure younger; in 2025, the Company launched the Longtail Cat white wine targeting young consumer groups, which was widely favored by young consumers for its sweet and smooth taste and cute design, with cumulative sales reaching CNY50million. The Chateau Wine Business Division focused on the annihilation battle markets and persisted in circle marketing; centering on core positioning such as “King of Global Wine Kings”, “State Banquet Wine” and “Red Brewed White”, it intensified the brand promotion of Longyu and AFIP; in 2025, it carried out a total of 1,669 tasting events, and newly built 7 chateau culture experience halls and 47 brand halls. The Noble Dragon Business Division restructured the core product matrix and vigorously promoted the offline development of the Long Tailed Cat brand; it continued to strengthen banquet promotion, systematically sorted out promotional slogans and market development strategies, launched the new product “Cabernet No. 1”, and deeply cultivated the banquet scenario. The Imported Wine Business Division optimized the structure of management departments, effectively improving per capita efficiency; it reached in-depth cooperation with Wanda Hotel Management Company to strengthen channel expansion; it carried out themed promotion activities for the Dry White Season in catering terminals.

Second, the Company took safety as the foundation, took quality as the essence, and adhered to the red lines and bottom lines. The Company comprehensively improved employees’ risk prevention awareness and emergency response capabilities by carrying out safety training, hidden hazard treatment and emergency drill activities; it built a systematic safety culture cultivation system by clarifying safety commitments, promoting pre-operation reminders and establishing a post “required knowledge and skills” Q&A mechanism; the Company was awarded the title of Advanced Unit by the Yantai Emergency Management and Work Safety Association. The Company strictly implemented the “daily control, weekly inspection, monthly scheduling” mechanism, adhered to the “four strictest” requirements, and ensured product quality; it innovatively built a “fingerprint spectrum” technical system for product identification, realizing the triple functions of product stability judgment, source traceability and authenticity identification; it successfully completed grape purchase and processing work, with a significant increase in the proportion of high-quality bulk wine and a remarkable decrease in the average cost per ton of wine; the Company’s “digital quality management model for the entire industrial chain” was rated as a benchmark enterprise for digital application in Yantai, and the relevant practices were listed as a “model case of intelligent transformation of traditional manufacturing” by the Municipal Bureau of Industry and Information Technology; 2 provincial-level scientific research platforms were added; it won 1 first prize of Shaanxi Provincial Science and Technology Progress Award and 1 second prize of Shandong Provincial Science and Technology Progress Award; four scientific research achievements, such as “R&D and industrialization of herbal (Polygonatum) wine”, were appraised by the China National Light Industry Council as three “international leading” and one “international advanced”; it participated in the formulation of 3 group standards; it obtained 1 national invention patent and applied for 3 utility model patents; it participated in influential domestic and foreign wine and spirits competitions, winning 52 awards including grand gold medals and gold medals.

Third, the Company deepened the effectiveness of financial management and strengthened the responsibilities of audit supervision. The Company strengthened capital management, saved more than CNY1million in financing costs, and increased interest income by more than CNY7million through structured deposits, agreement deposits and other methods; conducted fiscal and tax planning from multiple perspectives to save fiscal and tax expenditures; strengthened the financial supervision of overseas enterprises, actively explored more stable cross-border financing solutions, and ensured the healthy operation of overseas enterprises; completed the asset disposal of Roullet Fransac Company, further revitalized assets and optimized resource allocation. The Company strengthened audit supervision, audited the authenticity of profits, the integrity and effectiveness of assets of the production and sales systems in 2024; completed the outgoing audit of sales system managers and special audits of non-performing assets, economic liability investigation, and advertising expenses of business divisions; investigated the relevant responsible persons who caused economic losses in 2024; completed the audit of technical transformation projects.

Fourth, the Company continued to implement B-share repurchases to maintain the Company’s stock value. Following the first B-share repurchase in 2024, the Company implemented and canceled another B-share repurchase in 2025, conveying the Company’s firm confidence in the long-term value of Changyu B-shares to the secondary market, and laying a solid foundation for the Company’s capital market image building and value enhancement.

(2) Revenue and cost

①Composition of operating revenue

Unit: CNY

	2025		2024		Year-on-year increase or decrease (%)
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	2,988,667,522	100%	3,277,278,347	100%	-8.81%
Sector-classified					
Sector of liquor and alcoholic beverage	2,988,667,522	100%	3,277,278,347	100%	-8.81%
Product-classified					
Wine	2,139,677,741	71.59%	2,438,454,334	74.40%	-12.25%
Brandy	759,016,796	25.40%	740,131,229	22.58%	2.55%
Tourism	70,632,931	2.36%	80,672,837	2.46%	-12.45%
Others	19,340,054	0.65%	18,019,947	0.55%	7.33%
Area-classified					
Domestic	2,370,215,804	79.31%	2,685,914,511	81.96%	-11.75%
Overseas	618,451,718	20.69%	591,363,836	18.04%	4.58%
Sales model- classified					
Distribution	2,480,871,532	83.01%	2,773,310,799	84.62%	-10.54%
Direct sales	507,795,990	16.99%	503,967,548	15.38%	0.76%

②The industry, product, region and sales model that account for over 10% of 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 profit rate
Industry-classified						
Industry of liquor and alcoholic beverage	2,988,667,522	1,329,825,001	55.50%	-8.81%	-4.51%	-3.48%
Product-classified						
Wine	2,139,677,741	958,891,406	55.19%	-12.25%	-7.86%	-3.72%
Brandy	759,016,796	329,959,151	56.53%	2.55%	6.80%	-2.97%
Tourism	70,632,931	30,901,139	56.25%	-12.45%	-8.28%	-3.42%
Others	19,340,054	10,073,305	47.91%	7.33%	8.86%	-1.51%
Area-classified						
Domestic	2,370,215,804	937,653,583	60.44%	-11.75%	-9.14%	-1.85%
Overseas	618,451,718	392,171,418	36.59%	4.58%	8.75%	-2.43%
Sales model- classified						
Distribution	2,480,871,532	1,103,557,256	55.52%	-10.54%	-5.94%	-2.18%
Direct sales	507,795,990	226,267,745	55.44%	0.76%	3.12%	-1.02%

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 year.

☐Applicable ☑Inapplicable

③ Whether the Company's sales revenue for material object is more than labor service revenue

☑Yes ☐No

Sector	Item	Unit	2025	2024	Year-on-year increase or decrease (%)
Alcohol and alcoholic beverage industry	Sales volume	Ton	74,135	78,102	-5.08%
	Yield	Ton	72,047	78,147	-7.81%
	Inventory	Ton	24,814	26,687	-7.02%
Wine	Sales volume	Ton	52,320	57,652	-9.25%
	Yield	Ton	51,999	56,120	-7.34%
	Inventory	Ton	16,105	16,370	-1.62%
Brandy	Sales volume	Ton	21,816	20,450	6.68%

	Yield	Ton	20,048	22,027	-8.99%
	Inventory	Ton	8,710	10,317	-15.58%

Explanation on the causes of over 30% year-on-year changes of the related comparison data

☑Applicable ☐Inapplicable

None

④The fulfillment of significant sales contract and purchase contract signed by the Company up to the report period

☐Applicable ☑Inapplicable

⑤Composition of operating costs

Product categories

Unit: CNY

Product category	Item	2025		2024		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	478,056,830	49.86%	519,678,925	49.93%	-8.01%
	Packing material	239,437,985	24.97%	262,997,298	25.25%	-8.96%
	Wages	35,935,328	3.75%	38,055,803	3.66%	-5.57%
	Manufacturing cost	133,909,718	13.97%	139,210,471	13.34%	-3.81%
	Contract performance costs	71,551,545	7.46%	80,773,376	7.82%	-11.42%
Brandy	Blending liquor	155,445,245	47.11%	139,052,184	45.09%	11.79%
	Packing material	85,679,430	25.97%	72,469,801	23.54%	18.23%
	Wages	9,497,025	2.88%	8,826,222	2.87%	7.60%
	Manufacturing cost	53,891,266	16.33%	59,918,123	19.43%	-10.06%
	Contract performance costs	25,446,185	7.71%	28,674,539	9.08%	-11.26%

Explanation

No

⑥ Whether there are changes of consolidation scope during the report period

☑Yes ☐No

During the reporting period, the Company disposed of its equity in Etablissements Roullet Fransac, and as a result, that company was no longer included in the Company's consolidation scope.

⑦ Major changes or adjustments of the Company's businesses, products or service during the report period

☐Applicable ☑Inapplicable

⑧ Information of major sales customers and major suppliers

The Company's major sales customers

The total sales amount of the top five customers（CNY）	194,164,276
The proportion that total sales amount of the top five customers accounting for the annual total sales amount（%）	6.50%
The proportion that sales amount of the related party in the total sales amount of the top five customers accounting for the annual total sales amount（%）	0%

Information of the Company's 5 biggest sales customers

No.	Customer name	Sales amount（CNY）	Proportion in total sales for the year（%）
1	Rank 1st	95,095,754	3.18%
2	Rank 2nd	32,780,119	1.10%
3	Rank 3rd	22,875,348	0.77%
4	Rank 4th	22,666,292	0.76%
5	Rank 5th	20,746,763	0.69%
Total	--	194,164,276	6.50%

Other situation explanations of major customers

☐Applicable ☑Inapplicable

Information on the Company's main suppliers

The total purchase amount of the top 5 suppliers (CNY)	398,284,717
The proportion of the total purchase amount of the top 5 suppliers in the annual purchase amount	34.80%
The proportion of the related party purchase amount in the top 5 supplier purchase amount in annual purchase amount	4.85%

Information on the Company's top 5 biggest suppliers

No.	Supplier name	Purchase amount(CNY)	Proportion in total purchase for the year（%）
1	Rank 1st	117,519,591	10.27%
2	Rank 2nd	87,833,512	7.67%
3	Rank 3rd	75,451,144	6.59%
4	Rank 4th	61,998,992	5.42%
5	Rank 5th	55,481,477	4.85%
Total	--	398,284,716	34.80%

Other situation explanations of main suppliers

☐Applicable ☑Inapplicable

During the reporting period, the revenue from the Company's trading business accounted for more than 10% of the total revenue

☐Applicable ☑Inapplicable

(3) Expense

Unit: CNY

	2025	2024	Year-on-year increase or decrease (%)	Explanation of significant changes
Sales expense	946,328,561	1,012,980,420	-6.58%	Mainly due to the decrease in marketing expense resulting from decreased market investment
Management expense	300,804,447	313,911,881	-4.18%	Mainly due to the decrease in employee compensation
Financial expense	-15,346,946	12,836,073	-219.56%	Mainly due to the increase in exchange gains.
Research and Development expense	21,442,819	19,538,243	9.75%	Mainly due to the increased in the cost of testing and consumable materials resulting from the increased Company's increased R&D efforts.

The Company needs to comply with the disclosure requirements of the food and wine manufacturing industry as set out in the *Guidance on Self-Regulation of Listed Companies of Shenzhen Stock Exchange No.3- Industry Information Disclosure*.

(4) Research and development investment

☑Applicable ☐Inapplicable

Name of main research and development project	Project purpose	Project progress	Target	Predicted influence in the Company's future development
—	—	—	—	—

The Company's research and development personnel

	2025	2024	Percentage of changes (%)
Number of R&D personnel (person)	145	139	4.32%
The proportion of the number of R&D personnel	6.87%	6.44%	0.43%
Educational structure of R&D personnel			
Bachelor	51	48	6.25%
Postgraduate	28	25	12%
Doctor	1	1	0%
Below Bachelor	65	65	0%
Age structure of R&D personnel			

Under 30-year-old	40	34	17.65%
30-to 40-year-old	41	41	0%
Above 40-year-old	64	64	0%

The investment of the Company's R&D

	2025	2024	Percentage of changes (%)
R&D investment amount (CNY)	21,442,819	19,538,243	9.75%
R&D investment as a percentage of operating income	0.72%	0.60%	0.12%
Amount of R&D investment capitalized (CNY)	0	0	0%
Capitalized R&D investment as a percentage of R&D investment	0%	0%	0%

Reasons and effects of major changes in the composition of the company's R&D personnel

☐Applicable ☑Inapplicable

Reasons for the significant change in the proportion of total R&D investment in operating income compared with the previous year

☐Applicable ☑Inapplicable

Reasons for the substantial changes in the capitalization rate of R&D investment and its rationality explanation

☐Applicable ☑Inapplicable

(5) Cash flow

Unit: CNY

Item	2025	2024	Year-on-year increase or decrease (%)
Subtotal of cash inflow in operating activities	2,934,731,113	3,673,427,471	-20.11%
Subtotal of cash outflow in operating activities	2,578,907,654	3,275,686,404	-21.27%
Net amount of cash flow generated in operating activities	355,823,459	397,741,067	-10.54%
Subtotal of cash inflow in investment activities	267,530,363	511,439,930	-47.69%
Subtotal of cash outflow in investment activities	91,671,276	384,211,357	-76.14%
Net amount of cash flow generated in investment activities	175,859,087	127,228,573	38.22%
Subtotal of cash inflow in financing activities	527,318,069	507,959,260	3.81%
Subtotal of cash outflow in financing activities	938,993,831	1,274,904,376	-26.35%
Net amount of cash flow generated in financing activities	-411,675,762	-766,945,116	46.32%
Net increase of cash and cash equivalents	121,400,538	-245,428,201	Inapplicable

Explanation of main influence factors contributing to great changes in related data on year-on-year basis

☑Applicable ☐Inapplicable

Item	2025	2024	Year-on-year increase or decrease (%)	Explanation
Subtotal of cash inflow in operating activities	2,934,731,113	3,673,427,472	-20.11%	Mainly due to the decrease in cash received from the sale of goods and provision of services
Subtotal of cash outflow in operating activities	2,578,907,654	3,275,686,405	-21.27%	Mainly due to the decrease in cash used for purchasing goods and paying for services
Subtotal of cash inflow in investment activities	267,530,363	511,439,930	-47.69%	Mainly due to the decrease in the cash received from recovering investments
Subtotal of cash outflow in investment activities	91,671,276	384,211,357	-76.14%	Mainly due to the decrease in cash paid for investment
Net amount of cash flow generated in investment activities	175,859,087	127,228,573	38.22%	Mainly due to the increase in the net cash received from the disposal of fixed assets, intangible assets and other long-term assets
Subtotal of cash outflow in financing activities	938,993,831	1,274,904,376	-26.35%	Mainly due to the decrease in cash used for debt repayment and the reduction in dividend distribution
Net amount of cash flow generated in financing activities	-411,675,762	-766,945,116	46.32%	Mainly due to the decrease in cash used for debt repayment and the reduction in dividend distribution
Net increase of cash and cash equivalents	121,400,538	-245,428,201	Inapplicable	Mainly due to the increase in the net cash flow from financing activities

Explanation on the causes of major differences between the net cash flow generated by the Company's operating activities and net profit of this year during the report period.

☑Applicable ☐Inapplicable

During the reporting period, the major differences between the net cash flow generated from the Company's operating activities and the net profit of this year was mainly due to the depreciation of fixed assets.

5. Analysis to non-main business

☐Applicable ☑Inapplicable

6. Assets and liabilities

(1) Significant changes of assets composition

Unit: CNY

	At the end of 2025		At the beginning of 2025		Proportion increase or decrease (%)	Explanation on significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Monetary funds	1,890,611,804	15.69%	1,797,848,130	14.36%	1.33%	No significant changes
Account Receivables	264,932,724	2.20%	270,829,601	2.16%	0.04%	No significant changes
Contract assets		0%		0%	0%	No significant changes
Inventory	2,836,077,209	23.53%	2,904,070,556	23.19%	0.34%	No significant changes
Investment real estate	19,900,228	0.17%	21,960,451	0.18%	-0.01%	No significant changes
Long-term equity investments	26,656,197	0.22%	34,864,748	0.28%	-0.06%	No significant changes
Fixed assets	5,308,778,632	44.05%	5,551,671,795	44.34%	-0.29%	No significant changes
Construction in progress	4,313,088	0.04%	10,177,372	0.08%	-0.04%	No significant changes
Right-of-use asset	55,252,509	0.46%	71,761,262	0.57%	-0.11%	No significant changes
Short-term borrowings	240,674,788	2%	216,140,346	1.73%	0.27%	No significant changes
Contract liability	135,067,463	1.12%	128,090,353	1.02%	0.10%	No significant changes
Long-term borrowings	52,374,840	0.43%	50,637,203	0.40%	0.03%	No significant changes
Lease liability	19,437,830	0.16%	27,542,829	0.22%	-0.06%	No significant changes

Foreign asset has a high proportion

☑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	658,542,233	Spain	Independent operation	The Company participates in making important decisions through board of directors and appoints CFO on financial management.	21,140,947	5.46%	No
Indomita Wine Company Chile, S.p.A.	Establishment of joint venture	545,731,778	Chile	Independent operation	The Company participates in making important decisions through board of directors.	7,780,198	4.53%	No
Kilikanoon Estate Pty., Ltd.	Acquisition of equity	143,137,440	Australia	Independent operation	The Company participates in making important decisions through board of directors.	-3,431,981	1.19%	No
Francs Champs Participations SAS	Sole proprietorship establishment	199,491,321	France	Independent operation	The Company participates in making important decisions through directly appointing senior executive.	-12,746,896	1.66%	No
Other explanation	None							

(2) Assets and liabilities measured at fair value

☐Applicable ☑Inapplicable

(3) Limitations of assets rights up to the end of the report period

Please refer to the '52. Assets with restrictive ownership title or right of use' of the 'Notes to the financial statements' in this report's financial report.

7. Investment condition analysis

(1) Overall situation

☑Applicable ☐Inapplicable

Investment amount during the report period (CNY)	Investment amount of the same period of last year (CNY)	Variation
30,439,700	27,738,600	9.74%

(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 (if have)	Disclosure index (if have)
Yantai Changyu International Wine City Blending and Cooling Center	Self-constructed	Yes	Liquor and alcoholic beverage	0	1,705,784,100	Owned fund	100%	0	0	—	2017.04.22	Please refer to *Resolution Announcement of Seventh Session Board*

Yantai Changyu International Wine City Bottling Center	Self-constructed	Yes	sector	0	1,136,520,000	Owned fund	100%	0	0	—	2017.04.22	*of Directors 4th Meeting, Resolution Announcement of Seventh Session Board of Directors 8th Meeting, Seventh Session Board of Directors 10th Meeting, Resolution Announcement of Eighth Session Board of Directors 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* and *Resolution Announcement of Ninth Session Board of Directors 11th Meeting*
Oak Barrel Procurement Project	Self-constructed	Yes		10,506,700	237,520,900	Owned fund	97%	0	0	—	2021.04.28	
Infrastructure Improvement Project of Changyu Industrial Park	Self-constructed	Yes		14,200,000	14,200,000	Owned fund	80%	0	0	—	2022.04.27	
Yantai Local Companies and Chateaux Placed Other Than Yantai Project	Self-constructed	Yes		5,733,000	5,733,000	Owned fund	80%	0	0	—	2025.04.18	

												disclosed on *China Securities Journal*, *Securities Times* and CNINFO (http://www.cninfo.com.cn/)
Total	--	--	--	30,439,700	3,099,758,000	--	--	0	0	--	--	--

(4) Financial assets investment

①Security investment situation

☐Applicable ☑Inapplicable

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

②Derivatives investment

☐Applicable ☑Inapplicable

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

8. 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

Counter party	Sold equity	Sale date	Transaction price	The equity contributed to the	The impact of the sale on the company	The proportion of the net profit	Equity sale	Whether it is a	The associated	Whether the	Whether all the	Disclosure date	Disclosure index

			(CNY'0000)	net profit of the listed company from the beginning of the current period to the date of sale (CNY'0000)		contributed by equity sale to the total net profit of the listed company	pricing principles	related transaction	relationship with the counterparty	equity involved have been fully transferred	claims and debts involved have been transferred		
ELIOR GROUP SA	100% equity interest in ETABLISSEMENTS ROULLET FRANSAC held by Francs Champs Participations SAS, a subsidiary of the Company; The real estate held by the Company related to the production and operation of the ETABLISSEMENTS ROULLET FRANSAC.	2025.06.11	3,953	-19.73	Through continuous efforts, the Company's domestic brand of brandy has made significant progress. The current product quality is fully comparable to that of French cognac. In order to focus more on the development of the domestic high-end brandy brand Koya, the Company has decided to transfer its equity in Roullet Fransac. It is also conducive to the Company accelerating the progress of asset disposal, optimizing the asset structure, better recovering funds and improving operating efficiency.	-0.38%	Negotiated pricing	No	No	Yes	Yes	2025.06.10	Please refer to *The Announcement Regarding on Transferring Equity and Related Real Estate Assets of Etablissements Roullet Fransac*

9. 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	Registered	Total assets	Net assets	Operating	Operating	Net profit

		business	capital			revenue	profit	
Yantai Changyu Pioneer Wine Sales Co., Ltd.	Subsidiary	Sales	CNY8million	357,491,082	40,035,494	1,902,209,718	73,714,987	62,646,672
Yantai Changyu Wine Sales Co., Ltd.	Subsidiary	Sales	CNY5million	180,618,334	166,094,289	766,987,544	101,461,661	76,142,940
Changyu Trading Co., Ltd. in Development Zone of Yantai	Subsidiary	Sales	CNY5million	84,381,035	15,239,443	102,950,328	30,236,437	22,648,836
Laizhou Changyu Wine Sales Co., Ltd.	Subsidiary	Sales	CNY1million	98,190,941	1,087,342	249,115,189	25,180,579	18,903,105

Acquisition and disposal of subsidiaries during the report period

☑Applicable ☐Inapplicable

Company Name	The methods of acquiring and disposing of subsidiaries during the reporting period	The impact on the overall production and operation as well as the performance
ETABLISSEMENTS ROULLET FRANSAC	The Francs Champs Participations SAS, a subsidiary of the Company, has transferred its 100% equity in ETABLISSEMENTS ROULLET FRANSAC for a price of EUR2.6million to ELIOR GROUP SA.	Through continuous efforts, the Company’s domestic brand of brandy has made significant progress. The current product quality is fully comparable to that of French cognac. In order to focus more on the development of the domestic high-end brandy brand Koya, the Company has decided to transfer its equity in Roullet Fransac. It is also conducive to the Company accelerating the progress of asset disposal, optimizing the asset structure, better recovering funds and improving operating efficiency.

Explanation on main holding and joint stock companies

10. Situation of the structured subjects controlled by the Company

☐Applicable ☑Inapplicable

11. Expectation for the Company’s future development

On the basis of our limited experience and professional skills, the Company makes the following judgments on the wine industry and future development:

(1) The sector competition pattern and development trend

In 2026, the Company expects that the competition in the wine market will remain very fierce. Signs of recovery in the wine industry have not yet emerged, and the challenges faced by the Company will become even more complex and severe. However, there are also many favorable factors for the development of the wine industry: The local governments of each wine-producing region are actively responding to support the development of the wine industry; There are many high-net-worth individuals in China, bringing a large base of high-end demand, and the atmosphere of wine consumption and the perception of the fact that wine is healthy are gradually forming; Young and trendy drinkers are on the rise, beginning to influence the future development trend of wine consumption; With the rise of the national tide, the consumption of domestic goods has gradually become a fashion; In the long run, the huge development potential of domestic wines has not changed and the industry will continue to focus on core brands. In such a case of long-term coexistence of opportunities and challenges, as always, the Company believes that those enterprises that possess strong brand influence and marketing ability, catch the opportunities, actively take adjustments, make full use of newly emerging and traditional sales channels, make efforts to guide and cultivate wine consuming groups, timely meet the needs of consumers and provide better price performance of the product that the Company will have the opportunity to win in the competition.

(2) The Company’s development strategy

The Company will adhere to the development strategy of “Focus on middle-and-high level, Focus on high quality, Focus on large single product” and the marketing philosophy of “obtaining growth from the terminal and nurturing consumers”, follow the work guideline of “Staying committed to the goals without wavering, remaining steadfast in the development direction, maintaining rigorous management without slackening, and persisting in innovation without pause”, give full play to own advantages, and strive to achieve various operating targets.

(3) Management plan for the new year

In 2026, the Company will try its best to realize operating revenue of not less than CNY3billion and control the main operating costs and three period expenses below CNY2.7billion.

(4) Measures to be adopted by the Company

In the new year, the Company will systematically carry out various tasks by focusing on the four aspects of “firm confident and never give up, push forward the reform without slackening, adhere to the right path while innovating without stopping, and hold the bottom line without wavering”.

First, the Company will firm confident and never give up. Although the current wine industry is in a period of deep adjustment, challenges and opportunity coexist, and "danger" and "chance" are intertwined. The Company will deeply identify the "danger" and "chance", seek "chance" in "danger", and seize "chance" to create new opportunities. Currently, wine consumption shows a trend of low-alcohol, younger and healthier consumption. As a leading enterprise in the industry, the Company has a profound accumulation and inherent advantages in brand heritage, product quality, and market influence. The Company's active exploration and phased achievements in the above-mentioned directions last year fully confirm the feasibility of this development approach. The Company's exploratory activities and phased achievements carried out last year fully confirmed the feasibility of this development strategy. In 2026, the Company will continue to promote the high-end talent introduction plan, select talents in practice, attract talents in society, build a classified and stratified reserve cadre pool and build a middle and senior talent echelon, so that the team always maintains an energetic combat effectiveness. The Company will permeate the "growth awareness" into every business link, implement it in the job responsibilities and work actions of every employee, and make the pursuit of self-transcendence and excellence an integral part of the corporate culture.

Second, the Company will push forward the reform without slackening. The Company will steadily advance the reform work covering the entire production, management and sales chains. At the production end, it will further optimize the existing production system and reposition the production functions of each secondary unit; gradually outsource non-core and specialized positions such as power and fire protection to qualified third-party companies to enhance operational efficiency; on the basis of adhering to order-driven operation, reducing the number of internal wine varieties and optimizing packaging design, it will enhance flexible production capacity, fully unleash production capacity advantages and further reduce production costs. At the management end, it will further improve the system, optimize the operation process, and implement flat management to make internal collaboration smoother and execution more efficient; it will strictly control various expenses, and the entire company will pull together to live a "tight" and "difficult" life. At the sales end, it will systematically review the entire sales system, establish a sales system that is more suitable for emerging from the trough, better adapting to the current market environment, matching market demands and providing consumers with more valuable services. It will strive to transform the pressure brought by the external environment into the driving force for internal optimization, and create an enterprise with "high production efficiency, excellent management process, strong innovation ability, and fast market response".

Third, the Company will adhere to the right path while innovating without stopping. The Company will continue to adhere to the right path while innovating. The existing market will be revitalized with the concept of "old trees bearing new branches", while the emerging market will be broken through with the innovative thinking of "bold exploration and experimentation". The wine series will focus on expanding the "white wine" market while maintaining the "red wine" market, securing the basic market share of red wine and expanding its market "width". At the same time, it will vigorously attack the white wine market to cultivate new growth points, enabling the "Long tailed cat" brand to gradually dominate the low-end white wine brands. The brandy series will concentrate resources on core cities and key regions, striving to break through and providing "fundamental" guarantees for the growth of the brandy business. Additionally, the Company will continuously explore new product categories such as fruit wine, non-alcohol wine, functional wine, and flavored brandy. It will boldly innovate in terms of internal wine quality, packaging design and cooperation models, and strive to develop and cultivate new products to seize market leadership positions and achieve sales scale. In the tourism industry, each tourism unit will draw on the operation experience of museums to do a good job in “going out” and “inviting in” , continuously improving service quality and tourist satisfaction, and continuously enhancing the brand influence of the Company. By integrating the “search for roots in Chinese wine” and “wine city tour”, the influence of Changyu brand will be further enhanced to make greater contributions to the Company’s performance growth.

Fourth, the Company will hold the bottom line without wavering. During difficult times, the Company will adhere to its bottom line, proceed steadily, and prepare for the “winter season” with a cautious mindset. In terms of management and assessment, it will always be profit-oriented and based on cash flow. The Company will strengthen cost control and improve revenue quality simultaneously. By optimizing product mix, strictly controlling unnecessary expenditures and promoting centralized production to reduce costs and increase efficiency, it will ensure the achievement of profit targets. The Company will also enhance fund management and tax planning, optimize the debt structure and prevent liquidity risks. It will resolutely not cross the two red lines of production safety and quality safety, deeply practicing the safety concept of “treating nothing as something, treating small matters as major matters, and treating others’ matters as our own”. Earnestly safeguard the quality of products, which is the foundation of the enterprise; strengthen financial supervision of overseas enterprises, continuously optimize debt structure and equity structure; impose audit supervision and continue to increase the intensity of flight audits to ensure the Company’s stable and long-term development.

(5) Potential risks

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..

12. 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
2025.05.15	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
2025.05.23	Field research	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

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

Whether the Company has established a market value management system

☑Yes ☐No

Whether the Company has disclosed a valuation enhancement plan

☑Yes ☐No

From February 10, 2025 to February 10, 2026, the closing price of Changyu B Shares on each trading day was consistently lower than the net asset per share attributable to the Company's common shareholders as audited in the most recent accounting year. On February 12, 2026, the Company disclosed a *Valuation Enhancement Plan*, which focuses on aspects such as business improvement, medium and long-term incentive mechanism, cash dividends, investor relations management, information disclosure, and share repurchase to enhance the investment value of the Company's B Share and the shareholder return capacity, promote the reasonable reflection of the Company's investment value based on its quality, enhance investor confidence, safeguard the interests of all shareholders, and promote the high-quality development of the Company.

14. 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. Current Corporate Governance Situation of the Company

(1) About shareholders and shareholders' meeting

The Company has set up the *Deliberation Rules of Shareholders' Meeting*, and convened the shareholders' meetings in strict accordance with requirements of standard opinions of shareholders' meeting, made the great effort to provide convenient conditions for more shareholders to participate the shareholders' meeting, and ensured all shareholders to enjoy same equity and well exercised their rights. The Company drew great attention to the communication and exchange with shareholders, actively responded the shareholders' inquiry and questions, and widely listened to the suggestions and comments from shareholders.

(2) About the Company and holding shareholder

The Company has independent business and self-management capacity, which is independent from the controlling shareholders in business, staffs, assets, institutions and finance. The Board of Directors, Board of Supervisors, management teams and also internal institutions are able to operate independently in the Company. The controlling shareholders of the Company could regulate their behaviors without directly or indirectly interfering in the Company's decision-making and business activities beyond the shareholder's meeting; meanwhile, there is no case of encroaching on the Company's assets and damaging the interest of the Company and minority shareholders.

(3) About the director and board of directors

The Company strictly appoints all directors in light of *Corporation Act* and *Articles of Associations*. The qualifications of all directors are in line with the requirements of laws and regulations. In accordance with the requirements of *Corporate Governance Guidelines*, the Company has carried out the cumulative voting system in the director selection. At present, the Company has five independent directors accounting for above one third of all directors, and the number and personnel composition of board of directors was basically in accord with requirements of regulations as well as *Articles of Associations*. All directors of the Company were able to carry out work in accordance with the *Rules of Board of Directors' Procedure* and *Working Rules for Independent Directors*, punctually attended the board of directors' and shareholders' meetings, actively took part in relevant knowledge training, were familiar with the laws and regulations concerned, had a deep knowledge and long experience of practitioners, and performed their duties according to the law and regulations. The Board of Directors convened the meetings complies with relevant laws and regulations.

(4) About performance evaluation and incentive system

The appointment of managers was open and transparent, and accorded with laws and regulations. The Company has established and gradually improved the performance evaluation standard and formed efficient incentive system, so as to ensure the salary of staff to be linked with work performance.

(5) About interested parties

The Company could fully respect and safeguard the legal rights of the party with relevant benefit, cooperate actively with the interested parties, jointly drive the Company to develop continually and stably, pay great attention to the issues such as local environmental protection and public utilities etc., and fully assume the due social responsibility.

(6) About the information disclosure and transparency

The Company has appointed the board secretary to be responsible as the head of investor relation management including information disclosure, investor relations management and reception of shareholders' visit and consultation. The Company has also assigned *China Securities Newspaper*, *Securities Times*, *Honkong Commercial Daily* and web site *http://www.cninfo.com.cn/* to disclose information, punctually, accurately and truly disclosed any information in the light of requirement of relevant laws and rules, and also ensured all shareholders to have same opportunity to acquire any information.

In order to further perfect the Company's governance system, during the report period, the Company formulated *Opinions on Strengthening the Management of Food Safety at Production Sites* and *Provisions on Implementing the Supervision and Management of Food Safety Main Body Responsibility*, revised and improved several rules and regulations such as *Measures for the Administration of Labor Contracts*.

Whether or not there is significant variance between the Company's actual situation of corporate governance and laws, administrative regulations and the regulations about listed company governance issued by China Securities Regulatory Commission.

☐Yes ☑No

There is no significant variance between the Company's actual situation of corporate governance and laws, administrative regulations and the regulations about listed company governance issued by China Securities Regulatory Commission.

2. Relative to the controlling shareholder and actual controller, independence of the Company on ensuring the company's assets, personnel,finance, organization, business, etc.

(1) Personnel Arrangement

The Company's general manager, deputy general managers and other senior officers, all of whom were paid by the Company and did not hold any concurrent administrative ranks in the controlling units. The Company was entirely independent in personnel arrangement, conclusion and adjustment of labor contracts thanks to its sound and independent system for labor, personal and salary management.

(2) Assets

Tangible assets and Intangible assets including trademark, industrial property right and non-patent technologies were all clearly divided between the Company and the controlling shareholders, and all legal formalities were completed. As an independent legal entity, the Company operates independently in accordance with the law, and does not provide any form of guarantee with its assets for shareholders' or individuals' liabilities or other legal or natural persons. Due to the historical issues, the ownership of trademarks such as "张裕" (Changyu) that the Company is permitted to use that are still remained with the controlling shareholder. Except for a very small number of trademarks such as "张裕"(Changyu) , the Company has ownership rights of the vast majority of trademarks being used by the Company, which ensures the independence and completeness of the Company's assets.

(3) Finance

The Company is equipped with independent finance department, financial administrator and financial and accounting staff, as well as a complete, independent and standardized financial accounting system. The Company also opened its own bank accounts, independent and legally paying taxes and workers insurance fund. All financial individuals do not hold any concurrent posts in associated companies and are able to make financial decisions independently. The Company has its own audit department, which is especially responsible for the internal audit work of the Company.

(4) Independent Institutions

The Company has set up a sound organizational framework, in which the Board of Directors and Board of Supervisors operate independently, no superior and subordinate relationship exists between the functional departments of the controlling shareholder. The Company has its own independent production & business offices, and all functional departments are independent to exercise their powers and carry out the production and business activities independently.

(5) Operations

The operations of the Company are independent of the controlling shareholders. The Company owns itself completely independent systems covering research and development, financial accounting, labor and human resource, quality control, raw materials purchase, production and sales, has the independent management ability, and does not have the problem that entrusts the controlling shareholders to buy and sell on commission, nor exist the horizontal competition with controlling shareholders.

3. Situation for Horizontal Competition

☐Applicable ☑Inapplicable

4. Situation for Directors and Senior Executives

(1) Basic situation

Name	Gender	Age	Post	Status	Beginning date of tenure	Ending date of tenure	Shares held at the beginning of the period	Increased shares during the period	Decreased shares during the period	Other changes of shares held	Shares held at the end of the period	Reasons of the increase and decrease change of shares held
Hongjiang ZHOU	M	61	Chairman	Incumbent	2002.05.20	2028.05.24	279,600			72,000	207,600	Restricted share repurchased by the Company
Jian SUN	M	59	Director	Incumbent	2019.05.17	2028.05.24	360,000			63,000	297,000	Restricted share repurchased by the Company
Jiming LI	M	59	Director	Incumbent	2019.05.17	2028.05.24	160,000			48,000	112,000	Restricted share repurchased by the Company
Xunzhang LIU	M	52	Director	Outgoing	2024.03.11	2025.05.23				0		
Marco Giovanni Ferrari	M	52	Director	Incumbent	2024.10.01	2028.05.24				0		
Jianxun JIANG	M	59	Director	Incumbent	2022.05.27	2028.05.24	160,000			48,000	112,000	Restricted share repurchased by the Company
Jinfeng REN	M	53	Director	Incumbent	2025.05.23	2028.05.24				0		
Stefano Battioni	M	67	Director	Outgoing	2022.05.27	2025.05.23				0		
Enrico Sivieri	M	57	Director	Outgoing	2019.05.17	2025.05.23				0		
Yun CHIANG	F	58	Director	Incumbent	2020.06.19	2028.05.24				0		
Claudio Michele d’Agostino	M	55	Director	Incumbent	2025.05.23	2028.05.24						
Samara Orsatti	F	50	Director	Incumbent	2025.05.23	2028.05.24				0		

Changqing DUAN	M	61	Independent director	Outgoing	2019.05.17	2025.05.23				0		
Huirong LIU	F	62	Independent director	Outgoing	2019.05.17	2025.05.23				0		
Qinglin LIU	M	62	Independent director	Outgoing	2019.07.02	2025.05.23				0		
Renzhu YU	M	47	Independent director	Incumbent	2020.05.27	2028.05.24				0		
Zhuquan WANG	M	60	Independent director	Incumbent	2020.05.27	2028.05.24				0		
Yan XU	M	63	Independent director	Incumbent	2025.05.23	2028.05.24				0		
Jianluan GUO	M	63	Independent director	Incumbent	2025.05.23	2028.05.24				0		
Xin SU	F	57	Independent director	Incumbent	2025.05.23	2028.05.24				0		
Bin LENG	M	63	Chairman of the Board of Supervisors	Outgoing	2020.05.27	2025.09.16				0		
Zhijun LIU	M	45	Supervisor	Outgoing	2016.05.26	2025.09.16				0		
Jinfeng YU	F	35	Supervisor	Outgoing	2024.05.05	2025.09.16				0		
Jian SUN	M	59	General manager	Incumbent	2018.01.10	2028.06.10				0		
Jiming LI	M	59	Deputy general manager	Incumbent	2019.05.28	2028.06.10				0		
Hua JIANG	M	62	Deputy general manager	Outgoing	2001.09.14	2025.06.09	170,000		48,000	48,000	74,000	Reduction of stocks in the secondary market and restricted share repurchased by the Company
Bin PENG	M	59	Deputy general manager	Incumbent	2018.01.10	2028.06.10	160,000		24,100	48,000	87,900	Reduction of stocks in the secondary market and restricted share repurchased by the Company
Jianxun JIANG	M	59	Deputy general	Incumbent	2019.05.28	2028.06.10				0		

			manager and Board secretary									
Jianfu PAN	M	50	General manager assistant	Incumbent	2018.04.19	2028.06.10	70,000			30,000	40,000	Restricted share repurchased by the Company
Qingkun KONG	M	53	General manager assistant	Incumbent	2022.06.09	2028.06.10	75,000			30,000	45,000	Restricted share repurchased by the Company
Shilu LIU	M	51	General manager assistant	Incumbent	2018.04.19	2028.06.10	70,000			60,000	40,000	Restricted share repurchased by the Company
Zhenbo XIAO	M	49	General manager assistant	Incumbent	2018.04.19	2026.03.09	75,000			30,000	45,000	Restricted share repurchased by the Company
Hongbo SUN	M	43	General manager assistant	Incumbent	2025.06.09	2028.06.10	25,182			10,793	14,389	Restricted share repurchased by the Company
Cuimei GUO	F	52	General manager assistant	Incumbent	2025.06.09	2028.06.10	41,090		12,327	12,327	16,436	Reduction of stocks in the secondary market and restricted share repurchased by the Company
Total	--	--	--	--	--	--	1,645,872	0	84,427	512,447	1,091,325	--

Is there any resignation of directors and senior executives during their term of office during the reporting period

☐Yes ☑No

Changes of directors and senior executives of the Company

☐Applicable ☑Inapplicable

(2) Situation for work experience

The professional background, main work experiences and present positions of the Company's directors and senior executives

① Members of Board of Directors

Mr. Hongjiang Zhou, male, 61 years old, Chinese, with doctoral degree, senior engineer, used to be the General Manager of Yantai Changyu Pioneer Wine Sales Co., Ltd., the Deputy General Manager, the General Manager and the Deputy Chairman of Yantai Changyu Pioneer Wine Co., Ltd.. He is incumbent as the Chairman of Yantai Changyu Group Co., Ltd. and the board director and the Chairman of the Company now.

Mr. Jian Sun, male, 59 years old, Chinese, MBA, used to be the Deputy General Manager of the Company. He is incumbent as the board director and the General Manager of the Company, and with an additional post of the board director of Yantai Changyu Group Co., Ltd..

Mr. Jiming Li, male, 59 years old, Chinese, with doctoral degree, application researcher, used to be the Chief Engineer of the Company. He is incumbent as the board director and the Deputy General Manager of the Company, and with an additional post of the board director of Yantai Changyu Group Co., Ltd..

Mr. Jianxun Jiang, male, 59 years old, Chinese, MBA and accountant, served as the Financial Manager of the Company from May 20, 2002 to January 10, 2018. He now serves as the board director, Deputy General Manager and Board Secretary of the Company.

Mr. Jinfeng Ren, male, 53 years old, Chinese, bachelor degree; From July 1995 to May 2020, he successively served as staff of head company directly under the Management Committee of Yantai Free Trade Zone, the project director, deputy minister, minister, member of the Party Leadership Group and deputy director of Yantai Investment Promotion Bureau, member of the Party and deputy director of Yantai Investment Promotion Center. Since May 2020, he has been served as a member of the Party Committee and the Deputy General Manager of Yantai Guofeng Investment Holding Group Co., Ltd. and the board director of Changyu Group Co., Ltd. and the Company.

Mr. Marco Giovanni Ferrari, male, 52 years old, Italian, laurea degree. He has successively served as marketing assistant of Bacardi-Martini Italy and Martini & Rossi S.p.A. (Torino, Italy), brand manager of Bacardi-Martini UK (Southampton, UK), marketing manager of Bacardi-Martini Italy (Torino, Italy), global marketing manager Bacardi Rum of Bacardi Limited (London, UK), director of strategic development, marketing and trade marketing of Branca International (Milano, Italy), global chief marketing officer and regional director North America of Stoli Group (part of SPI Group S.A.R.L.) (Luxembourg), and CEO and executive board member of Gruppo Montenegro (Bologna, Italy). He currently serves as CEO and executive board member of Illva Saornno Holding (Saronno, Italy), member of the Board of Federvini (Italian Federation of Spirits and Wine Manufacturers), member of the Board of Governors and vice-chair of British School of Milan, and director of Yantai Changyu Group Co., Ltd. and the Company.

Mr. Claudio Michele d' Agostino, male, 55 years old, Italian, bachelor degree; Since September 1996, he has successively served as the lawyer of Pavia e Ansaldo (Shanghai Office), the lawyer of BeA Law (Shanghai Office) and the lawyer of DLA Piper UK LLP (Shanghai Office). He is currently the lawyer of DLA Piper Italy (Milan Office).

Ms. Samara Orsatti, female, 50 years old, Italian, bachelor degree; From January 2001 to June 2023, she has successively served as the cash manager/ risk controller of NESTLÈ GROUP - NESTLÉ FINANZIARIA ITALIA SPA, the group international auditor of NESTLÉ GROUP -

NESTLÈ SA, the group audit manager of BULGARI SPA, the group audit manager of SORIN GROUP - SORIN SPA, the head of financial, industrial and commercial controlling of LIVANOVA GROUP - ELA MEDICAL SAS, the head of financial and business controlling of AMGEN ITALIA SPA, the country head dry eye& ocular health and the country chief financial officer of ALCON ITALIA SPA and the CFO international of ALFASIGMA SPA. Since July 2023, she serves as the head of finance growth markets of ALFASIGMA SPA.

Ms. Yun Chiang, female, 58 years old, successively obtained Bachelor of Science degree Magna Cum Laude from Virginia Tech, Virginia, EMBA of The Kellogg School of Management at North Western University, USA and EMBA of The Graduate School of Management, Hong Kong University of Science and Technology, Hong Kong, China. She used to acted as Director at American International Group (AIG) direct investment team, the Managing Partner of Pacific Alliance Group (PAG). She currently serves as the INED, member of Audit Committee and Nomination Committee and Chairlady of ESG Committee in Las Vegas Sands China, the INED, member of Audit Committee and Remunerations Committee and Chairlady of Nomination Committee and ESG Committee in Goodbaby International Holding Ltd., the INED, member of Audit Committee and Nomination Committee and Chairlady of Remunerations Committee in Pacific Century Premium Developments Ltd., the CEO and Founding Partner of Prospere Capital, and the board director of the Group Company and the Company.

Mr. Renzhu Yu, male, 47, Chinese, doctor of management, high-level talents of Jinan, used to act as the Deputy Director of Huanglong National Scenic Area Administration in Aba prefecture of Sichuan province as a member of the 18th doctoral team of the Central Organization Department and the Communist Youth League of China and also ever acted as managing director of Shandong Agricultural Economy Society. Currently, he serves as a professor and a master supervisor in School of Business Administration in Shandong University of Finance and Economics, the managing director of Chinese Marketing Association of Universities and an independent director of this Company.

Mr. Zhuquan Wang, male, 60 years old, Chinese, doctor of management (accountancy), national high-level talent, first batch of national accounting academic leading personals of the Ministry of Finance, the accountant master of he Ministry of Finance, national outstanding teacher, Government Special Allowance expert under the State Council. He used to served as independent director of this Company from May 13, 2010 to May 12, 2013 and from May 23, 2014 to May 17, 2019. Now he is the professor and the doctoral supervisors of the Ocean University of China and also holds a concurrent post of independent director of the Company and Qingdao Zhongcheng Group Co., Ltd..

Mr. Yan Xu, male, 63, Chinese, doctoral degree. He is currently the Director of the Key Laboratory of Industrial Biotechnology, Ministry of Education, Jiangnan University, the Director of the Brewing Microbiology and Applied Enzymology Laboratory of Jiangnan University, the Principal Investigator (PI) of National Key Laboratory of Food Science and Resource Mining, the deputy director of the Baijiu Technology Committee of the China Alcoholic Drinks Association, the deputy director of the Baijiu Expert Committee of China National Food Industry Association, the fellow of the Department of Agricultural and Food Chemistry of the American Chemical Society (ACS) and the chief scientist of the national double tops construction “Light Industry Engineering and Technology” discipline. He has published more than 200 academic articles internationally, and is a highly cited scholar in the global field. His main research interests are brewing microbiology and industrial enzymology in the field of microbial fermentation engineering. He used to serve as the independent director of several listed companies, and currently serves as the independent director of two listed companies- Kouzijiao and Wayzim.

Mr. Jianluan Guo, male, 63, Chinese, doctoral degree. He is currently a professor and doctoral supervisor of Business School of Central University of Finance and Economics, the director of Commercial Bank Management Research Institute Central University of Finance and Economics, the independent director of Tianjin Trust Co., Ltd., and the independent director of Hebei Happy Consumer Finance Co., Ltd. He has worked in manufacturing enterprises, research institutions, commercial banks and investment companies for nearly 20 years. He is mainly engaged in teaching, research and social services in strategic management, corporate governance, performance pay, internal risk control, corporate mergers and acquisitions, financial markets and other fields.

Ms. Xin Su, female, 57, doctoral degree. She is currently the the director of Research Center of Government Performance Evaluation in Shandong University of Finance and Economics, second-level professor and doctoral supervisor. She is an expert who enjoys the special government allowance of the State Council, a young and middle-aged expert who has made outstanding contributions to Shandong Province, and a high-end talent expert of Shandong Thinktank Alliance. She has long been engaged in research on economic management, organizational innovation, performance evaluation and other related issues. She used to serve as the independent director of listed company, and currently serves as an outside director of Hualu Group.

② Other senior executives

Mr. Bin Peng, male, 59 years old, MBA, senior engineer, ever successively served as the Department Chief of Technical Transformation Department and the Minister of Investment and Development Department of the Company, as well as the General Manager Assistant of Yantai Changyu Group Co., Ltd.. He currently serves as the Deputy General Manager of the Company.

Mr. Jianfu Pan, male, 50 years old, Chinese, MBA and senior economist, used to serve as the General Manager of the Jiangxi Branch of the Company, the General Manager of the Shanghai marketing management company and the General Manager of Beijing marketing management center. Currently, he is a General Manager Assistant of the Company.

Mr. Qingkun Kong, male, 53 years old, Chinese, MBA and economist, used to serve as a section member of production department in the healthy liquor branch office, a clerk and the Deputy Director and the Director of general manager office, and the chairman of the Company’s Board of Supervisor. Currently, he serves as a General Manager Assistant of the Company.

Mr. Shilu Liu, male, 51 years old, Chinese, master degree, used to be the Manager of Tianjin branch of the Company, the Competence Manager of North China market, the General Manger of Beijing marketing management company, the General Manager of Guangdong marketing management center and the General Manager of e-commerce branch of the Company. Currently, he serves as the General Manager Assistance of the Company and the General Manager of Yantai Changyu Pioneer Wine Sales Co., Ltd..

Mr. Zhenbo Xiao, male, 49 years old, Chinese, MBA, served as the Deputy Manager of the Company’s market strategy development center, the General Manager of Shandong marketing management company and Yantai Changyu liquor company. He currently serves as the General Manager Assistant of the Company.

Mr. Hongbo Sun, male, 43 years old, Chinese, master degree, used to served as the Manager of Marketing Department, the Executive Deputy Manager and General Manager of the E-commerce Company of the Company. He currently serves as the General Manager Assistant of the Company, the General Manager of the Online Sales Business Division and the General Manager of the E-commerce Company.

Ms. Cuimei Guo, female, 52 years old, Chinese, master degree, senior accountant, Certified Public Accountant of China, International Certified Internal Auditor, a high-end accounting talent in Shandong Province, used to served as an auditor in the Audit Department of the Company, the Minister Assistant and Deputy Minister of the Finance Department. She currently serves as the General Manager Assistant of the Company, the Minister of Finance Department and the Deputy Director of the Overseas Enterprise Management Office of the Company.

The situation where the controlling shareholder and the actual controller concurrently hold the positions of the Chairman and the General Manager of the listed company

☑Applicable ☐Inapplicable

Mr. Hongjiang Zhou also holds concurrent post as the Chairman of the controlling shareholder, Yantai Changyu Group Co., Ltd..

Post in the shareholder's company

☑Applicable ☐Inapplicable

Name	Shareholder's Company	Post	Beginning date of the post	Ending date of the post	Paid by shareholder's company or not
Hongjiang ZHOU	Yantai Changyu Group Co., Ltd.	Chairman	2018.01.10	2029.02.06	No
Jian SUN	Yantai Changyu Group Co., Ltd.	Director	2018.01.10	2029.02.06	No
Jiming LI	Yantai Changyu Group Co., Ltd.	Director	2018.01.10	2029.02.06	No
Jinfeng REN	Yantai Changyu Group Co., Ltd.	Director	2025.05.15	2029.02.06	No
Marco Giovanni Ferrari	Yantai Changyu Group Co., Ltd.	Director	2024.09.02	2029.02.06	No
Claudio Michele d'Agostino	Yantai Changyu Group Co., Ltd.	Director	2025.05.15	2029.02.06	No
Samara Orsatti	Yantai Changyu Group Co., Ltd.	Director	2025.05.15	2029.02.06	No
Yun CHIANG	Yantai Changyu Group Co., Ltd.	Director	2020.05.12	2029.02.06	No
Explanation for the post in the shareholder's company	none				

Post at other companies

☐Applicable ☑Inapplicable

Disciplinary actions taken by securities regulators in recent 3 years to the Company's directors, supervisors and senior management both on the job and left during the report period

☐Applicable ☑Inapplicable

(3) Salary of directors and senior executives

The situation of decision-making process, the basis of determination and the actual payment of remuneration for directors and senior executives

The annual allowance for the independent directors of the company is CNY100,000, which has been paid in one lump sum within the year. The salaries of other directors and senior executives are determined based on the assessment results of the *Compensation Performance Design (2025-2027) for Senior Executives* of the Company. This design has been approved by the Company's board of directors. The 2025 performance assessment results of the Company's senior executives have been approved by the Company's board of directors. Other directors and senior executives of the Company have received partial salaries on a monthly basis, and the remaining part will be paid in 2026 based on the assessment results.

Salary of directors, supervisors and senior executives during the report period

Unit: CNY'0000

Name	Gender	Age	Post	Status	Total reward from the Company before tax	Whether get reward from related parties of the Company
Hongjiang ZHOU	M	61	Chairman	Incumbent	988,802	No
Jian SUN	M	59	Director and General Manager	Incumbent	906,902	No
Jiming LI	M	59	Director and Deputy General Manager	Incumbent	702,152	No
Jianxun JIANG	M	59	Director, Deputy General Manager and Board secretary	Incumbent	702,152	No
Jinfeng REN	M	53	Director	Incumbent	0	Yes
Marco Giovanni Ferrari	M	52	Director	Incumbent	0	Yes
Stefano Battioni	M	67	Director	Outgoing	0	Yes
Enrico Sivieri	M	57	Director	Outgoing	0	Yes
Yun CHIANG	F	58	Director	Incumbent	0	Yes
Claudio Michele d'Agostino	M	55	Director	Incumbent	0	Yes
Samara Orsatti	F	50	Director	Incumbent	0	Yes
Changqing DUAN	M	61	Independent Director	Outgoing	41,666.67	No
Huirong LIU	F	62	Independent Director	Outgoing	41,666.67	No
Qinglin LIU	M	62	Independent Director	Outgoing	41,666.67	No
Renzhu YU	M	47	Independent Director	Incumbent	100,000	No
Zhuquan WANG	M	60	Independent Director	Incumbent	100,000	No
Yan XU	M	63	Independent Director	Incumbent	60,251.14	No
Jianluan GUO	M	63	Independent Director	Incumbent	60,251.14	No
Xin SU	F	57	Independent Director	Incumbent	60,251.14	No
Hua JIANG	M	62	Deputy General Manager	Outgoing	288,565.04	No
Bin PENG	M	59	Deputy General Manager	Incumbent	702,152	No
Jianfu PAN	M	50	General Manager Assistant	Incumbent	497,402	No
Qingkun KONG	M	53	General Manager Assistant	Incumbent	497,402	No
Shilu LIU	M	51	General Manager Assistant	Incumbent	479,702.2	No
Zhenbo XIAO	M	49	General Manager Assistant	Incumbent	497,402	No
Hongbo SUN	M	43	General manager assistant	Incumbent	135,451.55	No
Cuimei GUO	F	52	General manager assistant	Incumbent	275,347.27	No
Total	--	--	--	--	7,179,185.49	--

The assessment basis for the actual compensation received by all directors and senior executives at the end of the reporting period	Compensation Performance Design (2025-2027) for Senior Executives
The assessment completion status of the actual compensation received by all directors and senior executives at the end of the reporting period	Failed to achieve the Company's main performance indicators for 2025 that were set at the beginning of the year.
The deferred payment arrangements for the actual compensation received by all directors and senior executives at the end of the reporting period	No
The situation of actual salary payments and recovery rights for all directors and senior executives at the end of the reporting period	No

Other information note

☐Applicable ☑Inapplicable

5. Performance of directors during the report period

(1) Attendance of directors for the board of directors' and the shareholders' meetings

Attendance of directors for the board of directors							
Name	Required attendance time	On-site attendance	Communication attendance	Authorized attendance	Absence	Whether or not to attend the meetings personally for successive twice	Attendance time for the shareholders' meeting
Hongjiang ZHOU	7	2	5	0	0	No	4
Jian SUN	7	2	5	0	0	No	1
Jiming LI	7	2	5	0	0	No	1
Jianxun JIANG	7	2	5	0	0	No	4
Xunzhang LIU	2	0	1	1	0	No	0
Marco Giovanni Ferrari	7	2	5	0	0	No	0
Stefano Battioni	2	0	1	1	0	No	0
Enrico Sivieri	2	0	1	1	0	No	0
Yun CHIANG	7	2	5	0	0	No	0
Changqing DUAN	2	1	1	0	0	No	0
Huirong LIU	2	0	1	1	0	No	0
Qinglin LIU	2	1	1	0	0	No	0
Renzhu YU	7	2	5	0	0	No	0
Zhuquan WANG	7	2	5	0	0	No	0
Jinfeng REN	5	1	4	0	0	No	1
Claudio Michele d'Agostino	5	1	4	0	0	No	0
Samara Orsatti	5	1	4	0	0	No	0
Jianluan GUO	5	1	4	0	0	No	1
Yan XU	5	1	4	0	0	No	0
Xin SU	5	1	4	0	0	No	1

Explanation for failed to personally attend the Board of Directors' meetings for successive two times

No

(2) Any objections for the Company's projects from the directors

Whether or not the directors raised any objection for the Company's projects

☐Yes ☑No

During the report period, the directors did not raise any objections for the Company's projects.

(3) Other explanations on directors' performance

Whether or not the directors' propositions are accepted by the Company

☑Yes ☐No

The explantion on the directors' propositions are accepted or are not accepted by the Company

Some of the Company's directors have proposed that greater attention should be paid to the unique roles of new media and emerging channels in brand promotion and product sales; efforts should be accelerated to develop low-alcohol products to meet the needs of different consumer groups.

6. Performance of the special committees under the Board of Directors during the report period

Committees name	Members	Numbers of meeting held	Held date	Meeting contents	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if have)
The First Auditing Committee Meeting in 2025	Xunzhang LIU, Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Enrico Sivieri	1	2025.04.16	The meeting deliberated and approved the *2024 Annual Report*, *Draft Proposal on 2024 Annual Profit Distribution*, *Proposal on Appointing Certified Public Accountants Firm*, *2024 Annual Self Assessment Report on Internal Control* and *2025 Annual Internal Audit Plan*.	—	—	No
The Second Auditing Committee Meeting in 2025	Xunzhang LIU, Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Enrico Sivieri	1	2025.04.23	The meeting deliberated and approved the *2025 First Quarter Report*.	—	—	No

The Third Auditing Committee Meeting in 2025	Jinfeng REN, Jianluan GUO, Yan XU, Xin SU, Renzhu YU, Zhuquan WANG, Samara Orsatti	1	2025.06.09	The meeting deliberated and approved the *Proposal on Election of Auditing Committee Convenor*.	—	—	No
The Fourth Auditing Committee Meeting in 2025	Jinfeng REN, Jianluan GUO, Yan XU, Xin SU, Renzhu YU, Zhuquan WANG, Samara Orsatti	1	2025.08.26	The meeting deliberated and approved the *2025 Semi-Annual Report* and *Proposal on 2025 Semi-Annual Profit Distribution*.	—	—	No
The Fifth Auditing Committee Meeting in 2025	Jinfeng REN, Jianluan GUO, Yan XU, Xin SU, Renzhu YU, Zhuquan WANG, Samara Orsatti	1	2025.10.23	The meeting deliberated and approved the *2025 Third Quarter Report*.	—	—	No
The First Emolument Committee Meeting in 2025	Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Yun CHIANG, Jianxun JIANG, Marco Giovanni Ferrari	1	2025.04.16	The meeting deliberated and approved the *Proposal on 2024 Annual Performance Assessment Results of the Company's Senior Executives*.	—	—	No
The Second Emolument Committee Meeting in 2025	Jianluan GUO, Yan XU, Xin SU, Renzhu YU, Zhuquan WANG, Yun CHIANG, Jianxun JIANG, Marco Giovanni Ferrari	1	2025.06.09	The meeting deliberated and approved the *Proposal on Election of Emolument Committee Convenor* and *Proposal on Compensation Performance Design (2025-2027) for Senior Executives*.	—	—	No
The Third Emolument Committee	Jianluan GUO, Yan XU, Xin SU, Renzhu YU, Zhuquan WANG, Yun	1	2025.07.25	The meeting deliberated and approved the *The Proposal on Failure to Achieve Conditions for Lifting Restrictions in the Second Period of Lifting*	—	—	No

Meeting in 2025	CHIANG, Jianxun JIANG, Marco Giovanni Ferrari			*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.*			

7. The work of the Board of Supervisors

Whether or not the Board of Supervisors found any existence risk to the Company in oversight activities during the report period

☐Yes ☑No

The Board of Supervisors has no objections to supervision matters during the report period.

8. Staff of the Company

(1) Staff number, specialty constitution and education degree

Incumbent staff number of parent company at the end of reporting period(people)	902
Incumbent staff number of major subsidiary companies at the end of reporting period (people)	1,209
Total incumbent staff at the end of reporting period (people)	2,111
Total staff getting paid in current period (people)	2,111
Retired staff number whose expenses are undertaken by parent company or subsidiary companies (people)	0
Specialty constitution	
Category	Number of people (people)
Production staff	608
Sales staff	1,042
Technical staff	121
Financial staff	95
Administrative staff	245
Total	2,111
Education degree	
Category	Number (People)
Postgraduate and above	106
Bachelor	838
Junior College	670
Technical secondary school or Senior high school	360
Junior high school and below	137
Total	2,111

(2) Remuneration policy

The Company has established and improved the remuneration and welfare system, including salary system, incentive mechanism, social security and medical insurance and so on, to ensure the participation of all employees. In accordance with the law, the Company purchases social endowment insurance, medical insurance, occupational injury insurance, unemployment insurance and maternity insurance, and pays housing fund for the employees. Based on the principle of “distribution according to work and equal pay for equal work”, the Company pays the staff’s remuneration timely. With the improvement of the Company’s profitability, the Company steadily improves the staff’s remuneration and welfare, and provides its employees the competitive salary and equal opportunity for development.

(3) Training plan

In 2026, the Company plans to enhance the core theme of “linnovation and decision-making power” of employees and train employees at all levels to improve their innovation and decision-making ability, adapt to market changes, and enhance the competitive advantage of enterprises. The

Company plans to customize personalized and systematic courses for different positions and maintain quarterly training for employees at all levels for 1-2 times, at least 2 days each time, and ensure that the training rate of employees of the Company could reach to 100% during the year.

Focus on improving the scientific decision-making ability of the Company's corporate-level leaders. The plan is to improve the political literacy, strengthen the construction of party conduct and clean government and cultivate strategic vision and overall outlook of the leading group through the form of on-site teaching and holding meetings instead of training. By analyzing the development trend of the global economy and the wine industry, seize the opportunity timely and seek the rapid development of the enterprise.

Focus on improving management innovation for middle-level management personnel. It is planned to use on-site teaching, video courses, self-study books and other forms to learn how to enhance the awareness of management innovation of middle-level management personnel. Encourage middle-level management personnel to participate advanced degree training such as MBA and upgrade professional titles to ensure that the company's cadre team to meet the needs of the Company's sustainable development, improve the ability of middle-level cadres to do practical work, and better lead team members to work. Invite experts to the Company to give on-site lectures, explain the knowledge of AI application, and enhance the working ability of the majority of middle-level management personnel. Conduct safety knowledge training irregularly every month to strengthen safety awareness and the ability to identify and respond to safety risks.

Improve their thinking innovation for employees whose level are or below section chief through combining on-site teaching and outreach training. Enhance the business ability and professional knowledge reserve level of ordinary staff. Encourage multi-dimensional innovation of employees in daily work, optimize the work process, and better complete the work content of each module. Arrange safety knowledge training every month to enhance safety awareness and the ability to identify and respond to safety risks.

The training for new employees is mainly based on basic training based on-site teaching, outreach training and field visits and learning. It aims to improve the basic knowledge of new employees in labor law, production technology, safety and other professional aspects and in-depth learning of corporate culture, rapid change of identity, improve the physical quality of new employees, and enhance the sense of corporate identity and belonging.

(4) Labor outsourcing

☐Applicable ☑Inapplicable

9. The Company's profit distribution and increasing equity with capital reserve

Profit distribution policies especially promulgation, implementation or adjustment of cash dividends policies during the report period

☑Applicable ☐Inapplicable

Deliberated and passed by the Company's 2024 Annual Shareholders' Meeting convened on May 23, 2025, the Company's 2024 annual profit distribution scheme is shown as follows: based on total 671,823,900 shares, the Company would pay cash dividend to all shareholders registered on the share registration day: CNY4 per ten shares in cash, with a total of CNY268,729,560.

From disclosure of the distribution scheme to implementation, the total share capital of the Company has not changed.

On June 13, 2025, the Company published *Implementation Announcement of 2024 Annual Equity Distribution* on China Securities Journal, Securities Times and www.cninfo.com.cn, determining that the share registration day and the ex-dividend day of A Share was respectively on June 19, 2025 and June 20, 2025. The last trading day, the ex-dividend day and the share registration day of B Share was respectively on June 19, 2025, June 20, 2025 and on June 24, 2025.

This time the dispatching objects contain all A Shareholders registered at China Securities Depository and Clearing Corporation Limited Shenzhen Company (hereafter referred to as "CSDC Shenzhen Company") up to the afternoon of June 19, 2025 after the closing of Shenzhen Stock Exchange and all B Shareholders registered at CSDC Shenzhen Company up to the afternoon of June 24, 2025 (The last trading day was on June 19, 2025) after the closing of Shenzhen Stock Exchange. The dispatching this time has already been successfully completed in June of 2025. The profit distribution scheme implemented is in accordance with the profit distribution scheme approved by the Shareholders' Meeting.

The implementation time of the profit distribution scheme has been less than two months since the Shareholders' Meeting of the Company approved the scheme.

Special explanation for the cash dividends policy	
Whether it is in accordance with the requirements of the regulation in the Articles of Association and the resolution of shareholders' meeting	Yes
Whether the distribution standard and proportion is clear and definite	Yes
Whether the relevant decision process and mechanism is complete	Yes
Whether the independent directors perform their responsibilities and play the roles	Yes
If the company does not pay cash dividend, it should disclose the specific reasons and the next steps to enhance the return level of investors:	The company had paid cash dividend
Whether the small and middle shareholders have the chance to express their opinions and appeals, as well as their lawful right and interest is in an enough protection	Yes
Whether it is legal and transparent for the condition and process while adjusting and amending the cash dividends policy	Yes

During the report period, the Company earned profit, the profit of the parent company that could be distributed to shareholders was positive but without proposing cash dividend distribution preliminary scheme.

☐Applicable ☑Inapplicable

The Company's preliminary scheme of profit distribution and preliminary scheme of increasing equity with capital reserve for the report period

☑Applicable ☐Inapplicable

Number of sending bonus shares per ten shares (share)	0
Number of dividend payout per ten shares (CNY) (including tax)	2.5
The cardinal number of the capital stocks for the preliminary distribution scheme (share)	657,240,128
Cash dividend distribution（CNY）(including tax)	164,310,032
Amount of cash dividends (eg. shares buy-back)（CNY）in other ways	99,416,388.42

Total cash dividend distribution（CNY）(including other ways)	263,726,420.42
Distributable profit（CNY）	9,037,437,598
The proportion of cash dividend distribution in the total profit distribution (including other ways)	100

Cash dividend distribution this time

If the Company's development is in growth stage and major capital expenditure is arranged, while making profit distribution, the proportion of cash dividends should takes up no less than 20% in this profit distribution.

Detailed explanation for the preliminary scheme of profit distribution or increasing equity with capital reserve

According to the audit result from KMPG Huazhen LLP, the net profit belonging to the parent company's shareholders in the consolidated statement in 2025 is CNY71,291,303 and the net profit of the parent company in financial statement in 2025 is CNY251,439,621. According to PRC accounting standard, the situation for attributable profits of the consolidation and the parent company at the end of 2025 as following:

Unit: CNY

	Consolidation	Parent company
Year-end undistributed profit	9,037,437,598	9,810,553,230
Among which: Total comprehensive income in 2025	71,291,303	251,439,621
Undistributed profit carried forward from beginning of the year	9,232,928,370	9,825,895,684
Dividends distribution of 2024	266,782,075	266,782,075
Legal earned surplus reserve to be drawn	0	0

According to regulation of 155th item in the *Articles of Association*, which is that "the Company can distribute dividends either in cash or by share, with priority given to cash. Except for the circumstances stipulated in this Articles where profit distribution is not allowed, the profit to be distributed each year is not less than 25% of the distributable profit realized in the same year and the accumulated sum of profit distributed in cash in the last three years is not less than 30% of the yearly average distributable profit realized in the last three years.". Meanwhile, considering the amount on the capital expenditure in 2026, under the condition of not influencing the normal production and operation, the Company put forward preliminary scheme on profit distribution in 2025 as following:

Because the left amount of legal earned surplus reserve reaches 50% of registered capital, while making profit distribution, the legal earned surplus reserve will not be drawn. Based on the Company's 657,240,128 shares at total up to December 31, 2025, the Company plans to pay CNY2.5 in cash as dividends for every ten share (including tax) to the Company's all shareholders, totaling up to CNY164,310,032. The retained and undistributed net profit will be reserved for distribution in the next year.

The cash dividend distributed to shareholders of domestic listed foreign shares (B share) is paid in HKD converted based on the middle rate between CNY and HKD issued by the People's Bank of China on the first working day after the resolution date of 2025 Annual Shareholders' Meeting.

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

☑Applicable ☐Inapplicable

(1) Equity Inventive

The Company's 2023 restricted share incentive plan granted a total of 203 individuals. During the reporting period, the Board of Directors of the Company, in accordance with the relevant provisions of the *Incentive Plan*, after deliberation, determined that due to failure to meet the performance assessment requirements, the Company bought back and cancelled 1,864,305 restricted shares that have been granted but not yet released from restrictions to the 179 incentive recipients; as one incentive recipient has resigned due to personal reasons and no longer met the conditions of the *Incentive Plan*, the Company bought back and cancelled 21,946 restricted shares that the departing incentive recipient has been granted but not yet released from restrictions; as sixteen incentive recipients no longer met the conditions of the *Incentive Plan* due to job changes, the Company bought back and cancelled 267,521 restricted shares that have been granted to these incentive recipients but not yet released from restrictions. Therefore, the Company bought back and cancelled a total of 2,153,772 restricted shares.

In view of the implementation of the 2023 annual equity distribution and 2024 annual equity distribution after the completion of the share registration of the restricted share granted to the incentive objects, the Board of Directors adjusted the buy-back price of the restricted share that has not yet been lifted restriction under the 2023 restricted share incentive plan in accordance with the provisions of the *Incentive Plan*. Therefore, the buy-back price of the restricted shares of this buy-back and cancellation was CNY14.65 per share.

Equity incentives granted to directors and senior executives of the Company

☑Applicable ☐Inapplicable

Unit: shares

Name	Position	Number of share options held at the beginning of the year	Number of new share options granted during the reporting period	Number of feasible shares during the reporting period	Number of exercised shares during the reporting period	The exercise price of exercised shares during the reporting period (CNY/share)	Number of share options held at the end of the period	The marketing price at the end o f the reporting period (CNY/share)	Number of restricted shares held at the beginning of the period	Number of shares unlocked during the period	Number of new restricted share granted during the reporting period	Grant price of restricted share (CNY/sh are)	Number of restricted share held at the end of the period
Hongjiang ZHOU	Chairman								168,000	72,000			96,000
Jian SUN	Director and General Manager								147,000	63,000			84,000
Jiming LI	Director and Deputy General Manager								112,000	48,000			64,000
Jianxun JIANG	Director, Deputy General Manager, Board secretary								112,000	48,000			64,000
Hua JIANG	General Manager of Brandy Business Division								112,000	48,000			64,000
Bin PENG	Deputy General Manager								112,000	48,000			64,000
Jianfu PAN	General Manager Assistant								70,000	30,000			40,000
Qingkun KONG	General Manager Assistant								70,000	30,000			40,000

Shilu LIU	General Manager Assistant								70,000	30,000			40,000
Zhenbo XIAO	General Manager Assistant								70,000	30,000			40,000
Hongbo SUN	General Manager Assistant								25,182	10,793			14,389
Cuimei GUO	General Manager Assistant								28,763	12,327			16,436
Total	--	0	0	0	0	--	0	--	1,096,945	470,120	0	--	626,825
Note（if have）		Mr. Hua Jiang, used to be the Company’s Deputy General Manager when the restricted shares were granted in 2023, and he is currently the General Manager of the Brandy Business Division.											

Evaluation mechanisms and incentives for senior executives

According to the *Compensation Performance Design (2025-2027) for Senior Executives* approved by the Board of Directors, the compensation of senior executive includes basic compensation (fixed compensation+performance compensation), excess profit commission and long-term incentive (deferred cash).

The Company has continuously improved the performance appraisal mechanism, and the evaluation and incentive of senior executives are linked to the Company’s performance and personal work results. At the beginning of the year, according to the overall development strategy and annual business objectives of the Company, the annual performance indicators and job responsibilities of senior executives are determined according to the division of work. The annual performance and work results are presented by the Emolument Committee of the Board of Directors. After the deliberation and approval of the assessment results, the performance assessment of senior executives is carried out, and the rewards and punishments are honored.

(2) The implementation of employee shareholding plan

☐Applicable ☑Inapplicable

(3) Other employee incentives

☑Applicable ☐Inapplicable

On June 26, 2023, the restricted share incentive plan was first granted and registered. In addition to the above directors and senior executives, the Company also granted 5.2956 million restricted shares to 193 middle-level managers and core personals.

11. Construction and implementation of internal control system during the reporting period

(1) Construction and implementation of internal control

For the construction and implementation of the company's internal control, please refer to the *2025 Annual Self-Assessment Report on Internal Control* disclosed in *Securities Times*, *China Securities Journal* and *www.cninfo.com.cn* on April 18, 2026.

(2) Specific situations for significant defects of the internal control found during the report period

☐Yes ☑No

12. The company's management and control over subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Actions taken	Resolve progress	Follow-up resolution plan
None	None	None	None	None	None	None

There are abnormal circumstances in the management and control of the subsidiaries.

☐Yes ☑No

13. Internal control self-assessment report or internal control audit report

（1）Internal control self-assessment report

Disclosure date for full text of the internal control self-assessment report	2026.04.18
Disclosure index for full text of the internal control self-assessment report	*2025 Annual Self-Assessment Report on Internal Control* was disclosed on *Securities Times,China Securities Journal* and *www.cninfo.com.cn* by the Company on April 18, 2026
Percentage of total unit assets included in scope of the assessment accounting for the Company's total assets of consolidated financial statements	80.21%
Percentage of unit operating income included in scope of the assessment accounting for the Company's operating income of consolidated financial statements	81.44%

Standards of Defect Identification		
Category	Financial report	Non-financial report
Qualitative criteria	Significant defects: one defect of internal control, individually or together with other defects, has the reasonable probability to cause the significant misstatements, which cannot be promptly prevented, or found and corrected timely in the financial report. For example: ① Company's Directors, Supervisors and Senior Management have fraudulent practices; ② The Company makes corrections for the published financial report; ③ The audit of external intermediary agent finds significant misstatement existing in the current financial report, but the Company does not realize it during the operation process; ④ Negative information frequently appears in the medias with involving a wide scope; ⑤ The Company's audit committee and internal audit department makes an inefficient supervision for internal control; ⑥ Other situations maybe cause significant misdirection which guides the report users to make the right judgment. Major defects： The defect of internal control, individually or together with other defects, has the reasonable probability to cause the significant misstatements, which cannot be promptly prevented, or found and corrected timely in the financial report, although the misstatements neither achieves nor exceeds the importance level but still arising the attention of Board of Directors and management team. ① Failure to select and apply accounting regulations in accordance with generally accepted accounting principles; ② Failure to establish the anti-fraud procedures and control measures; ③ Failure to set up corresponding control mechanism or to carry out and take corresponding compensating control for the accounting treatments with irregular and special deal; ④ Negative news appears in the media with influencing a wide scope; ⑤ One or more defects exist in the control during the process of the ending financial report, and the target of achieving truthfulness and integrality cannot be reasonably guaranteed in the financial report; ⑥ General defects refer to the other control defects, which do not constitute the significant and major defects.	Significant defects: Any situations listed below appears, it can be regarded as significant defects. ① Operation: Unable to achieve all operation target or key business index, widely out of budget in various aspects. ② Safety accident effects: Cause one person and above death, or more than 3 person serious injuries. ③ Major negative effects: Negative information frequently appears in the medias with involving a wide scope in the international and national mainstream media. ④ Environment effects: Create irreparable damages to environment, and cause massive public complains. Major defects: Any situations listed below appears, it can be regarded as major defects. ① Operation: Unable to achieve partly operation target, a big margin out of budget in various aspects. ② Safety accident effects: Without reaching the number of person loss or serious injury of significant defects. ③ Major negative effects: Negative news appears in the media with influencing a wide scope in the provincial mainstream media. ④ Environment effects: Cause heavy environment damages and massive public complains, ought to carry out the significant remedial measures. General defects: Any situations listed below appears, it can be regarded as general defects. ① Operation: Other effects unable to constitute the significant defects or major defects. ② Safety accident effects: Personal injury less than the quantitative standards of major defects. ③ Major negative effects: Other defects unable to constitute the significant defects or major defects. ④ Environment effects: Other environment effects unable to constitute the significant defects or major defects.

Quantitative criterion	For total assets/Owner's equity: ① Significant defects: misstatements ≧1%, or ② Major defects: 0.5%≦misstatements<1%, or ③ General defects: misstatements<0.5% For operation revenue: ① significant defects: misstatements ≧1%, or ② Major defects: 0.5%≦misstatements<1%, or ③ General defects: misstatements<0.5% For pretax profit: ① Significant defects: misstatements≧5%,or ② Major defects: 2%≦misstatements<5%,or ③ General defects: misstatements<2%	For direct property loss: ① Significant defects: More than CNY10million ② Major defects: CNY1million-CNY10million (including CNY1million) ③ General defects: Less than CNY1million
Number of significant defect in financial report	0	
Number of significant defect in non-financial report	0	
Number of major defect in financial report	0	
Number of major defect in non-financial report	0	

(2) Internal control audit report

☑Applicable ☐Inapplicable

Audit opinions of the internal control audit report	
We believe that, the company maintained effective internal control over financial reporting in all material aspects in accordance with the *Basic Norms for Corporate Internal Control* and related regulations on December 31, 2025.	
Disclosure of the internal control audit report	Disclosure
Disclosure date for the full text of the internal control audit report	2026.04.18
Disclosure index for the full text of the internal control audit report	*2025 Annual Self-Assessment Report on Internal Control* was disclosed on *Securities Times*, *China Securities Journal* and www.cninfo.com.cn by the Company on April 18, 2026.
Opinion type of the internal control audit report	Standard without reserved opinion
Whether or not exists significant defects in non-financial reports	No

Whether or not the accounting firm issued non-standard opinions for the audit report of internal control

☐Yes ☑No

Whether the audit report of internal control issued by the accounting firm is in consistency with the self-assessment report of the board of directors

☑Yes ☐No

Whether a non-standard audit opinion on internal control was issued during the reporting period or the previous year

☐Yes ☑No

14. Self-inspection and rectification of problems in the special action on governance of listed company

No.

15. Major environmental issues

Whether the listed company and its subsidiaries belong to major polluters published by the environmental protection department

☑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

16. Social responsibility performance

Please refer to the *2025 Environmental, Social and Regulatory Report* (ESG) disclosed on CNINFO (www.cninfo.com.cn) by the Company on April 18, 2026.

17. Consolidate and expand the achievements of poverty alleviation and rural revitalization

Please refer to the "Charity and Community Involvement" section of *2025 Environmental, Social and Regulatory Report* (ESG) disclosed on CNINFO (www.cninfo.com.cn) by the Company on April 18, 2026.

V. Major issues

1. Implementation of commitments

(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

Commitments	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co., Ltd.	Solve horizontal competition	Non-horizontal competition	1997.05.18	Forever	Has been performing
	Yantai Changyu Group Co.,Ltd.	Clear the use of trademark royalty	According to *Trademark License Contract*, the trademark royalty of Changyu and other trademarks paid by the Company to Yantai Changyu Group Co., Ltd. every year is mainly used for advertising Changyu and other trademarks and this contract products by Yantai Changyu Group Co., Ltd.	1997.05.18	1997.05.18 - 2019.04.04	From 2013 to 2017, according to *Trademark License Contract,* the trademark use fee annually paid by the Company to Changyu Group shall be mainly used by Changyu Group to publicize trademarks including Changyu and contract products. Except 2013 to 2017 during which the commitment was not strictly performed, Yantai Changyu Group Co., Ltd. has been performing its commitment.
Commitment under timely implementation or not					Yes	
Whether or not to have specific reasons of the unimplemented commitment and next steps					None	

(2) The Company should make a statement on the achieved original profit forecast of assets or projects and its reason if there is profit forecast of Company's assets or projects and the report period is still in the profit forecast period

☐Applicable ☑Inapplicable

(3) The performance commitments involved by the Company

☐Applicable ☑Inapplicable

2. Non-operating capital occupying of listed company by controlling shareholder and its related parties

☐Applicable ☑Inapplicable

There are no non-operating capitals occupying of 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. Explanation of board of directors on the latest *Non-standard Audit Report*

☐Applicable ☑Inapplicable

5.Explanation of *Non-standard Audit Report* given by accounting firm in the report period from board of directors, board of supervisors and independent directors

☐Applicable ☑Inapplicable

6.Compared with the last year's financial report, explanation of the changes in accounting policy, accounting estimation or correction of significant accounting errors

☐Applicable ☑Inapplicable

There is no changes of accounting policy, accounting estimation or correction of significant accounting errors during the report period.

7.Compared with the last year's financial report, explanation for the changes of the consolidated statements scope

☑Applicable ☐Inapplicable

During the reporting period, the Company transferred the equity of its subsidiary, ETABLISSEMENTS ROULLET FRANSAC, thereby causing a corresponding change in the consolidated scope.

8.The appointment and dismissal of certified public accountants

Currently appointed accounting firm

Domestic accounting firm name	KPMG Hua Zhen LLP
Remuneration for domestic accounting firm (CNY’0000)	205
Consecutive period for the audit service of domestic accounting firm	7
Name of certified public accountant for the audit service of domestic accounting firm	Jia WANG, Zhichao LIU
Consecutive period for the certified public accountant’s audit service of domestic accounting firm	7
Overseas accounting firm name (if have)	—
Remuneration for overseas accounting firm (CNY’0000) (if have)	0
Consecutive period for the audit service of overseas accounting firm (if have)	—
Name of certified public accountant for the audit service of overseas accounting firm (if have)	—
Consecutive period for the certified public accountant’s audit service of overseas accounting firm (if have)	—

Whether or not to employ a new accounting firm during the report period

☐Yes ☑No

To employ internal control audit accounting firms, financial adviser or sponsor.

☑Applicable ☐Inapplicable

This year, KPMG Huazhen LLP was hired as the internal control audit institution. The audit fee was not determined separately, but was CNY2.05million together with the financial report audit fee.

9.Face of suspension and termination of listing after the disclosure of annual report

☐Applicable ☑Inapplicable

10.Bankruptcy reorganization

☐Applicable ☑Inapplicable

There is no bankruptcy reorganization during the report period.

11.Material litigation and arbitration

☐Applicable ☑Inapplicable

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

12.Penalty and rectification

☐Applicable ☑Inapplicable

There are no penalty and rectification during the report period

13.Credit of the Company, holding shareholders and actual controllers

☐Applicable ☑Inapplicable

14.Significant related transactions

(1) Related transactions in relation to daily 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	5,548	16.91%	6,800	No	Cash	No	2025.04.18	*Anticipated Announcement on 2025 Annual Routine Related Transaction* disclosed in *China Securities Journal,Securities Times*and *CNINFO* in 2025
Total				--	--	5,548	--	6,800	--	--	--	--	--
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 (if have)											No		
Reason for the deference between transaction price and market reference price (if applicable)											No		

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

☐Applicable ☑Inapplicable

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

(4) Related current credit and debt transactions

☑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) Transactions with related financial companies

☐Applicable ☑Inapplicable

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

(6) Transactions between the related parties and financial companies controlled by the Company

☐Applicable ☑Inapplicable

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

(7) Other major related transactions

☐Applicable ☑Inapplicable

The company has no other significant related party transactions during the reporting period.

15.Major and important contracts and execution results

(1) Trusteeship, contract and leasehold issues

① Trusteeship situation

☐Applicable ☑Inapplicable

There is no trusteeship situation during the report period

② Contract situation

☐Applicable ☑Inapplicable

There is no contract situation during the report period.

③ Leasehold 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
Total of the guarantee quota approved to subsidiaries during the report period (B1)				7,000	Total of the actual guarantee amount for subsidiaries during the report period (B2)					7,000
Total of the guarantee quota approved to subsidiaries by the end of the report period (B3)				7,000	Balance of the actual guarantee for subsidiaries by the end of the report period (B4)					7,000
Guarantee situations between subsidiaries										
Guarantee object name	Disclosure date of related	Guarantee quota	Actual date of occurrence	Actual guarantee	Guarantee type	Collateral	Counterguarantee	Guarantee Period	Whether or not complete	Whether or not belong to

	announcement about guarantee quota			amount			situation		implementation	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）				7,000		Total of the actual guarantee amount during the report period（A2+B2+C2）				7,000
Total of the approved guarantee quota by the end of the report period（A3+B3+C3）				7,000		Balance of the actual guarantee by the end of the report period（A4+B4+C4）				7,000
The proportion of actual total guarantee amount (A4+B4+C4) accounting for the Company’s net asset				0.68%						
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						

Description of the specific situation of using compound guarantee

No.

(3) Entrusting others to manage cash assets

① Financial management entrustment

☐Applicable ☑Inapplicable

There is no financial management entrustment during the report period.

② Loan entrustment

☐Applicable ☑Inapplicable

There is no loan entrustment during the report period.

(4) Other important contracts

☐Applicable ☑Inapplicable

16.The usage of raised funds

☐Applicable ☑Inapplicable

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

17.Explanation of other significant matters

☐Applicable ☑Inapplicable

18. Major matters of the Company's subsidiaries

☐Applicable ☑Inapplicable

VI. Changes in Shares and the 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	4,861,098	0.72%				-2,186,772	-2,186,772	2,674,326	0.41%
1. State-owned holdings									
2. State-owned legal person holdings									
3. Other domestic holdings	4,861,098	0.72%				-2,186,772	-2,186,772	2,674,326	0.41%
Among which: domestic legal person									
domestic natural person	4,861,098	0.72%				-2,186,772	-2,186,772	2,674,326	0.41%
4. Foreign-owned holdings									
Among which: foreign legal person									
foreign natural person									
II. Shares without trading limited condition	666,962,802	99.28%				-12,397,000	-12,397,000	654,565,802	99.59%
1. A shares	455,094,295	67.74%				18,000	18,000	455,112,295	69.25%

2. B shares	211,868,507	31.54%				-12,415,000	-12,415,000	199,453,507	30.35%
3. Oversea listed foreign shares									
4. Others									
III. Total shares	671,823,900	100%				-14,583,772	-14,583,772	657,240,128	100%

Cause of share change

☑Applicable ☐Inapplicable

The main reason for the change in shareholding was that, the Company bought back and cancelled partial restricted A shares held by the incentive recipients, as well as bought back and cancelled partial B shares during the reporting period.

Approval of share change

☑Applicable ☐Inapplicable

It has been deliberated and approved by the Board of Directors and Shareholders' Meeting.

Transfer ownership of changed shares

☑Applicable ☐Inapplicable

The transfers have been completed.

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	Increased number of restricted shares in this period	Number of restricted shares lifted during this period	Number of restricted shares at the end of the period	Reason for restricted sale	Date of lifting restrictions
Hongjiang ZHOU	209,700		72,000	137,700	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jian SUN	277,500		70,500	207,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jiming LI	120,000		48,000	72,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jianxun JIANG	120,000		48,000	72,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Hua JIANG	127,500		63,500	64,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Bin PENG	120,000		48,000	72,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Jianfu PAN	70,000		30,000	40,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Qingkun KONG	75,000		30,000	45,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Shilu LIU	70,000		30,000	40,000	Restricted shares cannot be sold	—
Zhenbo XIAO	75,000		30,000	45,000	Released restricted shares but cannot be sold due to senior executive lock-in	—
Other key employees who had been granted restricted shares	3,617,851		1,738,225	1,879,626	Restricted shares cannot be sold	—
Total	4,882,551		2,208,225	2,674,326	--	--

2. Securities issuance and listing situation

(1) Securities issuance (exclude preferred share) during report period

☐Applicable ☑Inapplicable

(2) Explanation of change in Company's total shares and shareholding structure and change in Company's assets and liability structure

☐Applicable ☑Inapplicable

(3) Current internal employee shares

☐Applicable ☑Inapplicable

3. Situation for shareholders and the actual controllers

(1) The number of shareholders of the Company and the shareholdings

Unit：share

Total shareholders in the report period	40,993	Total number of shareholders by the end of last month before the disclosure day of the annual report	41,524	Total number of preferred shareholder recovering voting power by the end of report period	0	Total number of preferred shareholder recovering voting power by the end of last month before the disclosure day of the annual report	0

Shareholders holding more than 5% or the top 10 shareholders holding situation

Name of Shareholders	Character of shareholders	Percentage (%)	Shares held until the end of the report period	Changes during the report period	Number of restricted shares	Number of unrestricted shares	Pledged /marked or frozen	
							Share status	Amount
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state legal person	52.56%	345,473,856	0	0	0	Inapplicable	0
Fengdi JIANG	Domestic natural person	0.69%	4,535,834	-246,066	0	0	Inapplicable	0
Hairong HU	Domestic natural person	0.53%	3,467,035	284,000	0	0	Inapplicable	0
VANGUARD TOTAL INTERNATIONAL STOCK INDEX	Foreign legal person	0.52%	3,446,137	0	0	0	Inapplicable	0

FUND	person							
Social Security Fund 114	Other	0.52%	3,425,055	0	0	0	Inapplicable	0
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	0.47%	3,098,457	421,864	0	0	Inapplicable	0
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.47%	3,087,201	0	0	0	Inapplicable	0
Bank of Communications Co., Ltd.- Qianhai Kaiyuanxianghe Bond-type Securities Investment Fund	Other	0.46%	3,017,569	3,017,569	0	0	Inapplicable	0
Social Security Fund 413	Other	0.46%	3,000,060	390,000	0	0	Inapplicable	0
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.37%	2,461,494	0	0	0	Inapplicable	0
Strategic investors or legal result of the placement of new shares to become a top 10 shareholders (If have) (Please refer to Note 3)	No							
The explanation for the associated relationship and accordant action	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.							
Explanation of the above-mentioned shareholders' entrustment/ fiduciary voting rights and waiver of the voting rights	No							
Special explanation for the existence of a special repurchase account among the top 10 shareholders (If have) (Please refer to Note 3)	No							

The top 10 shareholders with shares without trading limited condition			
Name of Shareholders	Number of shares without trading limited condition held until the end of the year	Type of share	
		Type of share	Amount
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A	345,473,856
Fengdi JIANG	4,535,834	A	4,535,834
Hairong HU	3,467,035	A	3,467,035
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,446,137	B	3,446,137
Social Security Fund 114	3,425,055	A	3,425,055

HONG KONG SECURITIES CLEARING COMPANY LIMITED	3,098,457	A	3,098,457
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,087,201	B	3,087,201
Bank of Communications Co., Ltd.- Qianhai Kaiyuanxianghe Bond-type Securities Investment Fund	3,017,569	A	3,017,569
Social Security Fund 413	3,000,060	A	3,000,060
Haitong International Securities Company Limited-Account Client	2,461,494	B	2,461,494
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 (If have) (Please refer to Note 4)	The top 10 shareholders do not involve in financing activities and stock trade business.		

The lending of shares by the shareholders holding more than 5%, top ten shareholders and top 10 shareholders of unrestricted shares in the securities financing business

☐Applicable ☑Inapplicable

The top ten shareholders and top 10 shareholders of unrestricted shares have changed from the previous period due to the leading/restitution reasons

☐Applicable ☑Inapplicable

Whether or not the Company’s top 10 common shareholders and shareholders with shares without trading limited condition take agreed repurchase trading during the report period

☐Yes ☑No

There is no agreed repurchase trading taken by the Company’s top 10 common shareholders and shareholders with shares without trading limited condition during the report period.

(2) Situation for the controlling shareholders of the Company

Property of holding shareholders: Property of holding main body undefined

Type of holding shareholders: Legal representative

Name of controlling shareholder	Legal representative	Establishment date	Organization code	Main business
Yantai Changyu Group Co., Ltd.	Hongjiang ZHOU	1997.04.27	913706002656458244	Production of wine, healthy liquor, distilled liquor and beverages(only produced by subsidiaries, shareholding companies and branches), sales of the above-mentioned products, cultivation of agricultural products and export business under the scope of permission.
Equity situation for the other domestic listed companies controlled or shared by the controlling shareholders during the report period				No.

Changes in the controlling shareholder during the report period

☐Applicable ☑Inapplicable

There are no changes in the controlling shareholder during the report period.

(3) Situation for the actual controllers of the Company an its persons acting in concert

Property of actual controllers: domestic other institutions; foreign other institutions

Type of actual controllers: Legal representative

Name of actual controllers	Legal representative	Establishment date	Organization code	Main business
Yantai Yuhua Investment & Development Co., Ltd.	Hua JIANG	2004.10.28	767792947	Under state permission, property investment, tenancy of machine and facility, wholesale and retail of construction material, chemical products (chemical hazard products excluded), hardware and electronical products, grape plantation.
ILLVA Saronno Holding S.p.a.	MARCO GIOVANNI FERRARI	1984.07.25	—	Directly or indirectly conduct the production and distribution of food products (alcoholic products included) as well as industrial, commercial, financial and service activities of any other kinds through joint-stock companies and organizations.
International Finance Corporation	Makhtar Diop	1956.07.25	—	International Finance Corporation is one of the members of World Bank, mainly dedicated to investment in private sectors of developing countries while providing technical support and consultation service. The corporation is a multilateral financial institution that ranks first in the world in terms of providing capital stock and loans to developing countries. Its purpose is to promote sustainable investments of private sectors of developing countries in order to alleviate poverty and improve people’s life.

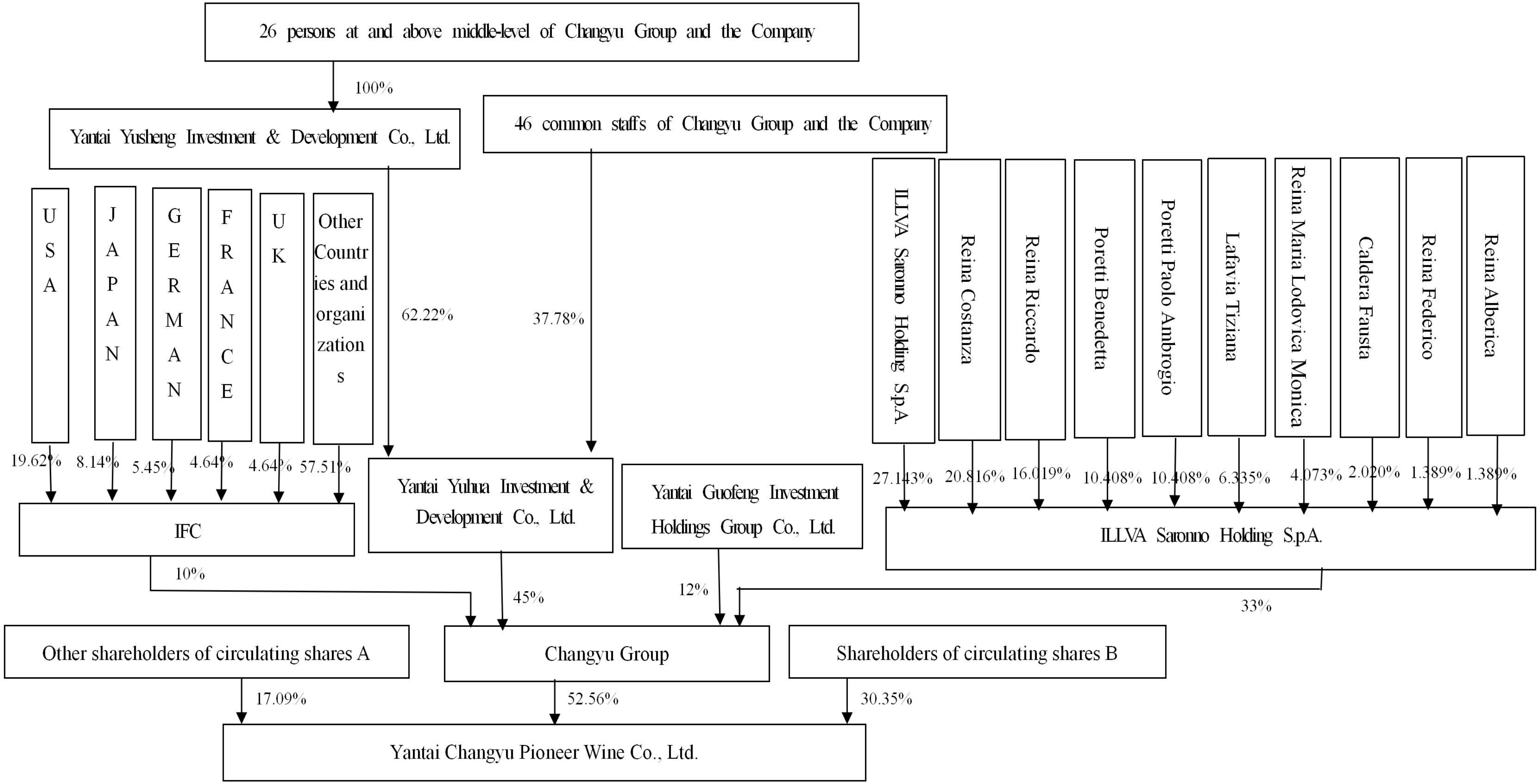
Yantai Guofeng Investment Holdings Group Co., Ltd.	Hao WANG	2009.02.12	684822338	Operating management of state-owned property right (stock right) authorized by State-owned Assets Supervision and Administration Commission of Yantai Municipal Government; Financing, investment and operating management of government projects, such as strategic investment and industrial investment and so on; Capital operation (including acquisition, reintegration and transfer, etc) of state-owned property right and state-owned stock right within the scope of authorization; Venture capital investment business; Agency of venture capital investment business of other venture investment enterprises or individuals; Participation in the establishment of venture capital investment enterprises and venture capital investment management consultant institutions; Investment and financing service and consulting business; Investment and financing consultant business; Other business authorized by State-owned Assets Supervision and Administration Commission of Yantai Municipal Government; wholesale and retail of non-ferrous metal mineral products, gold (spot good), silver (spot good), chemical products (excluding dangerous goods), battery materials (excluding dangerous chemicals); import and export of goods and technologies. (The business scope does not include national pre-approval projects and projects restricted by national industrial policies; projects that are subject to approval according to law can only carry out business activities after approval by relevant departments).
Equity situation for the other domestic listed companies controlled by the actual controller during the report period			Yantai Yuhua Investment & Development Co., Ltd. did not control the equity of other domestic and foreign listed companies except the Company during the reporting period; It is not clear that other actual controllers control the equity of other domestic and foreign listed companies other than the Company during the reporting period.	

Changes of the actual controllers during the report period

☐Applicable ☑Inapplicable

There are no changes in actual controllers during the report period.

Introduction for property right and control relations between the Company and its actual controllers



Actual controller controls the Company through a trust or other asset management ways

☐Applicable ☑Inapplicable

(4) The company's controlling shareholder or the largest shareholder and its concerted action person's cumulative pledged shares account for 80% of the company's shares held by them

☐Applicable ☑Inapplicable

(5) Other institutional shareholders holding more than 10% shares

☐Applicable ☑Inapplicable

(6) Shares reduction situations of holding shareholders, actual controllers, restructuring side and other commitment subjects

☐Applicable ☑Inapplicable

4. The specific implementation of share repurchase during the reporting period

Implementation progress of share repurchase

☑Applicable ☐Inapplicable

Plan disclosure time	Number of shares to be bought back (shares)	The proportion of the total share capital	Proposed bought back amount (CNY'0000)	Proposed buyback period	Purpose of buyback	Quantity bought back (shares)	The proportion of the quantity bought back to the underlying shares involved in the equity incentive plan (if any)
2025.04.18	No less than 10 million shares, no more than 15 million shares	1.49%-2.23%	Not more than CNY100million	No more than 12 months from the date of approval of the share buyback plan by the Shareholders' Meeting	Cancelled	12,430,000	0%
2025.07.26	2,153,772	0.33%	3155	—	Cancelled	2,153,772	30%

Implementation progress of reducing share repurchased by centralized bidding

☐Applicable ☑Inapplicable

5. Related situation of preferred shares

☐Applicable ☑Inapplicable

There are no preferred shares during the report period.

VII. Related Situation of Bonds

☐Applicable ☑Inapplicable

VIII. Financial Report

1. Audit Report

Type of audit opinion	Standard unqualified audit opinion
Date signed on audit report	April 16, 2026
Audit agency name	KPMG Huazhen LLP (Limited Liability Partnership)
Audit report No.	KPMG Huazhen ShenZi No. 2605381
Certified public accountant’s name	Jia WANG, Zhichao LIU

Yantai Changyu Pioneer Wine Co., Ltd.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2025 TO 31 DECEMBER 2025
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

KPMG Huazhen Shen Zi No. 2605381

All Shareholders of Yantai Changyu Pioneer Wine Company Limited:

Opinion

We have audited the accompanying financial statements of Yantai Changyu Pioneer Wine Company Limited ("Yantai Changyu"), which comprise the consolidated balance sheet and company balance sheet as at 31 December 2025, the consolidated income statement and company income statement, the consolidated cash flow statement and company cash flow statement, the consolidated statement of changes in shareholders' equity and company statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position and company financial position of Yantai Changyu as at 31 December 2025, and of its consolidated financial performance and company financial performance and its consolidated cash flows and company cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Yantai Changyu in accordance with the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements for Audit and Review Engagements as applicable to audits of financial statements of public interest entities, and the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2605381

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Recognition of Sales Revenue from Distributors</td></tr>
<tr><td colspan="2">Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 25 and “V. Notes to the consolidated financial statements” 37.</td></tr>
<tr><td>The Key Audit Matters</td><td>How the Matter was Addressed in Our Audit</td></tr>
<tr><td>The principal activities of Yantai Changyu and its subsidiaries (hereinafter referred to as “Yantai Changyu Group”) include manufacture and sales of wine, brandy and sparkling wine.

The revenue of Yantai Changyu Group is mainly derived from sales of distributors. All distributor transaction terms adopt the unified transaction terms formulated by Yantai Changyu Group.

Based on the contractual agreement and the business arrangement, Yantai Changyu sells products to distributors and the transfer of product ownership is completed and the revenue is recognised when the goods are delivered to distributors and signed for acceptance.

As revenue is one of the key performance indicators of Yantai Changyu Group, there is a risk that management may recognise revenue earlier or later in order to meet specific performance targets or expectations, therefore, the risk of cut-off misstatement arising from distributors’ sales revenue is identified as a key audit matter.</td><td>Our audit procedures to evaluate revenue recognition of sales revenue from distributors included the following:

• Understand and evaluate the Management’s design and operation effectiveness of key internal controls related to distributor sales revenue recognition;

• Select sales contracts signed between Yantai Changyu and its distributors, examine the key clauses related to the transfer of control over goods, and evaluate whether Yantai Changyu’s accounting policies in respect of revenue recognition comply with the requirements of China Accounting Standards (“CAS”);</td></tr>
</table>

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2605381

Key Audit Matters (continued)

Recognition of Sales Revenue from Distributors (continued)	
Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 25 and "V. Notes to the consolidated financial statements" 37.	
The Key Audit Matters	**How the Matter was Addressed in Our Audit**
	• Agree the revenue per the financial system with the order and shipping information recorded in the business system for consistency, identify and investigate abnormal transaction records (if any); and on a sampling basis, examine the order and shipping information in the business system against original documents such as sales orders and signed delivery receipts for consistency; • On a sampling basis, reconcile the sales transaction before and after balance sheet date to relevant supporting files such as relevant orders, signed delivery notes, etc. to evaluate whether revenue is recognised in appropriate accounting period; • On a sampling basis, perform confirmation procedures on the balance of accounts receivable as at the balance sheet date and the sales transaction amounts during the current year; • Check the sales record after the balance sheet date to identify significant sales returns and check relevant supporting files (If applicable) in order to evaluate whether relevant revenue is recorded in the appropriate accounting period; • Select revenue accounting entries that meet specific risk criteria and check related supporting documents.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2605381

Other Information

Management of Yantai Changyu is responsible for the other information. The other information comprises all the information included in the 2025 annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing Yantai Changyu's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2605381

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Yantai Changyu's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Yantai Changyu to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express our audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2605381

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

KPMG Huazhen LLP
(Stamp)

Certified Public Accountants Registered
in the People's Republic of China

Wang Jia (Engagement Partner)
(Signature and stamp)

Beijing, China

Liu Zhichao
(Signature and stamp)

16 April 2026

Yantai Changyu Pioneer Wine Company Limited
Consolidated balance sheet
as at 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Assets			
Current assets			
Cash at bank and on hand	V.1	1,890,611,804	1,797,848,130
Bills receivable	V.2	102,342	1,036,243
Accounts receivable	V.3	264,932,724	270,829,601
Receivables under financing	V.4	228,073,841	230,960,211
Prepayments	V.5	54,011,809	60,631,575
Other receivables	V.6	127,713,309	264,598,394
Inventories	V.7	2,836,077,209	2,904,070,556
Other current assets	V.8	74,160,936	80,383,241
Total current assets		5,475,683,974	5,610,357,951
Non-current assets			
Long-term equity investments	V.9	26,656,197	34,864,748
Investment properties	V.10	19,900,228	21,960,451
Fixed assets	V.11	5,308,778,632	5,551,671,795
Construction in progress	V.12	4,313,088	10,177,372
Bearer biological assets	V.13	60,098,714	66,483,964
Right-of-use assets	V.14	55,252,509	71,761,262
Intangible assets	V.15	512,930,637	527,706,383
Goodwill	V.16	88,036,557	101,149,082
Long-term deferred expenses	V.17	283,227,056	298,793,702
Deferred tax assets	V.18	215,680,654	221,993,099
Other non-current assets	V.19	43,735	3,554,409
Total non-current assets		6,574,918,007	6,910,116,267
Total assets		12,050,601,981	12,520,474,218

Yantai Changyu Pioneer Wine Company Limited
Consolidated balance sheet
as at 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	V.20	240,674,788	216,140,346
Accounts payable	V.21	321,932,168	417,510,439
Contract liabilities	V.22	135,067,463	128,090,353
Employee benefits payable	V.23	162,525,617	166,704,917
Taxes payable	V.24	158,558,934	189,147,054
Other payables	V.25	332,855,775	398,149,521
Other current liabilities	V.26	27,193,862	40,764,242
Non-current liabilities due within one year	V.27	75,440,910	79,949,769
Total current liabilities		1,454,249,517	1,636,456,641
Non-current liabilities			
Long-term loans	V.28	52,374,840	50,637,203
Lease liabilities	V.29	19,437,830	27,542,829
Deferred income	V.30	19,386,932	25,938,817
Deferred tax liabilities	V.18	6,613,894	7,344,165
Total non-current liabilities		97,813,496	111,463,014
Total liabilities		1,552,063,013	1,747,919,655

Yantai Changyu Pioneer Wine Company Limited
Consolidated balance sheet
as at 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	V.31	657,240,128	671,823,900
Capital reserve	V.32	364,048,502	482,143,547
Less：Treasury stock	V.33	37,880,941	70,704,426
Other comprehensive income	V.34	(16,329,710)	(39,714,972)
Surplus reserve	V.35	342,732,000	342,732,000
Retained earnings	V.36	9,037,437,598	9,232,928,370
Total equity attributable to shareholders of the Company		10,347,247,577	10,619,208,419
Non-controlling interests		151,291,391	153,346,144
Total shareholders' equity		10,498,538,968	10,772,554,563
Total liabilities and shareholders' equity		12,050,601,981	12,520,474,218

These financial statements were approved by the Board of Directors of the Company on 16April 2026. .

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Company balance sheet
as at 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Assets			
Current assets			
Cash at bank and on hand		1,068,117,647	876,557,848
Accounts receivable		-	226,796
Receivables under financing	XVII.1	49,858,915	13,110,297
Prepayments		-	5,526,029
Other receivables	XVII.2	706,617,690	952,762,563
Inventories		368,660,076	396,334,804
Other current assets		1,761,013	-
Total current assets		2,195,015,341	2,244,518,337
Non-current assets			
Long-term equity investments	XVII.3	7,639,851,962	7,689,232,919
Investment properties		19,900,228	21,960,451
Fixed assets		138,604,795	176,158,046
Bearer biological assets		16,972,242	20,075,933
Right-of-use assets		6,638,093	6,985,971
Intangible assets		67,060,514	69,806,357
Deferred tax assets		3,339,186	2,624,459
Other non-current assets		1,812,430,000	1,864,430,003
Total non-current assets		9,704,797,020	9,851,274,139
Total assets		11,899,812,361	12,095,792,476

Yantai Changyu Pioneer Wine Company Limited
Company balance sheet
as at 31 December 2025(continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		50,000,000	50,000,000
Accounts payable		35,959,493	92,990,317
Employee benefits payable		64,506,520	68,033,360
Taxes payable		3,040,948	2,010,276
Other payables		565,391,567	584,915,573
Non-current liabilities due within one year		1,636,113	2,199,212
Total current liabilities		720,534,641	800,148,738
Non-current liabilities			
Lease liabilities		5,168,920	5,115,806
Deferred income		177,355	1,398,701
Total non-current liabilities		5,346,275	6,514,507
Total liabilities		725,880,916	806,663,245

Yantai Changyu Pioneer Wine Company Limited
Company balance sheet
as at 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

	Note	31 December 2025	31 December 2024
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		657,240,128	671,823,900
Capital reserve		401,287,028	519,382,073
Less：Treasury stock		37,880,941	70,704,426
Surplus reserve		342,732,000	342,732,000
Retained earnings		9,810,553,230	9,825,895,684
Total shareholders' equity		11,173,931,445	11,289,129,231
Total liabilities and shareholders' equity		11,899,812,361	12,095,792,476

These financial statements were approved by the Board of Directors of the Company on 16 April 2026. .

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Consolidated income statement
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	2025	2024
I. Operating income	V.37	2,988,667,522	3,277,278,347
Less: Operating costs	V.37	1,329,825,001	1,392,602,399
Taxes and surcharges	V.38	261,069,400	273,762,629
Selling and distribution expenses	V.39	946,328,561	1,012,980,420
General and administrative expenses	V.40	300,804,447	313,911,881
Research and development expenses		21,442,819	19,538,243
Financial expenses	V.41	(15,346,946)	12,836,073
Including: Interest expenses		18,097,903	34,261,730
Interest income		19,698,919	34,643,667
Add: Other income	V.42	35,137,675	52,613,910
Investment losses	V.43	(933,716)	(4,420,872)
Including: Losses from investment associates and in joint ventures		(1,975,116)	(4,420,872)
Credit (losses) / reversal	V.44	(19,176,723)	1,818,835
Impairment losses	V.45	(8,025,330)	(7,465,500)
Gain from disposal of assets	V.46	307,134	132,116,926

Yantai Changyu Pioneer Wine Company Limited
Consolidated income statement
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
II.	Operating profit		151,853,280	426,310,001
	Add: Non-operating income	V.47	7,706,024	4,977,930
	Less: Non-operating expenses	V.47	2,954,136	3,733,074
III.	Profit before income tax		156,605,168	427,554,857
	Less: Income tax expenses	V.48	81,760,047	113,227,572
IV.	Net profit		74,845,121	314,327,285
	(1) Net profit classified by continuity of operations:			
	1. Net profit from continuing operations		74,845,121	314,327,285
	2. Net profit from discontinued operations		-	-
	(2) Net profit classified by ownership:			
	1. Net profit attributable to shareholders of the Company		71,291,303	305,210,999
	2. Non-controlling net interests		3,553,818	9,116,286
V.	Other comprehensive income, net of tax		25,903,830	(27,197,923)
	(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		23,385,262	(24,930,295)
	Translation differences arising from translation of foreign currency financial statements		23,385,262	(24,930,295)
	(2) Other comprehensive income (net of tax) attributable to non-controlling interests		2,518,568	(2,267,628)

Yantai Changyu Pioneer Wine Company Limited
Consolidated income statement
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

	Note	*2025*	*2024*
VI. Total comprehensive income for the year		100,748,951	287,129,362
(1) Attributable to shareholders of the Company		94,676,565	280,280,704
(2) Attributable to non-controlling interests		6,072,386	6,848,658
VII. Earnings per share:			
(1) Basic earnings per share	V.49	0.11	0.45
(2) Diluted earnings per share	V.49	0.11	0.45

These financial statements were approved by the Board of Directors of the Company on 16 April 2026.   .

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Company income statement
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

			Note	*2025*	*2024*
I.	Operating income		XVII.4	485,013,763	562,078,771
	Less:	Operating cost	XVII.4	421,638,339	496,879,337
		Taxes and surcharges		16,168,537	18,450,000
		General and administrative expenses		63,588,199	68,658,997
		Research and development expenses		2,096,585	878,405
		Financial net income		(11,149,070)	(13,673,283)
		Including: Interest expenses		2,940,013	2,019,519
		Interest income		16,443,214	21,038,636
	Add:	Other income		3,485,305	954,175
		Investment income	XVII.5	314,258,098	368,167,007
		Credit Impairment losses		(8,166,363)	(245)
		Asset Impairment losses		(50,646,755)	(6,014,534)
		(Losses) / proceeds from the disposal of assets		(417,577)	135,896,203
II.	Operating profit			251,183,881	489,887,921
	Add:	Non-operating income		366,585	1,246,114
	Less:	Non-operating expenses		825,571	2,409,239

Yantai Changyu Pioneer Wine Company Limited
Company income statement
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
III.	Profit before income tax		250,724,895	488,724,796
	Less: Income tax expenses		(714,726)	3,458,480
IV.	Net profit		251,439,621	485,266,316
	(i) Net profit from continuing operations		251,439,621	485,266,316
	(ii) Net profit from discontinued operations		-	-
V.	Other comprehensive income, net of tax		-	-
VI.	Total comprehensive income for the year		251,439,621	485,266,316

These financial statements were approved by the Board of Directors of the Company on 16 April 2026. .

Zhou Hongjiang	Guo Cuimei	Guo Cuimei	(Company stamp)
Legal Representative	The person in-charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	*(Signature and stamp)*	*(Signature and stamp)*	

Yantai Changyu Pioneer Wine Company Limited
Consolidated cash flow statement
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
I.	Cash flows from operating activities:			
	Proceeds from sale of goods and rendering of services		2,841,240,624	3,537,113,866
	Refund of taxes		43,192,529	55,276,632
	Proceeds from other operating activities	V.50(1)	50,297,960	81,036,973
	Sub-total of cash inflows		2,934,731,113	3,673,427,471
	Payment for goods and services		1,034,034,707	1,432,909,914
	Payment to and for employees		422,285,265	497,180,417
	Payment of various taxes		581,651,375	704,434,463
	Payment for other operating activities	V.50(1)	540,936,307	641,161,610
	Sub-total of cash outflows		2,578,907,654	3,275,686,404
	Net cash flows from operating activities	V.51(1)	355,823,459	397,741,067
II.	Cash flows from investing activities:			
	Proceeds from disposal of investments	V.50(2)	93,200,000	464,200,000
	Investment returns received		2,169,162	4,936,198
	Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		146,329,929	42,303,732
	Net proceeds from disposal of subsidiaries		25,831,272	-
	Sub-total of cash inflows		267,530,363	511,439,930
	Payment for acquisition of fixed assets, intangible assets and other long-term assets		31,471,276	94,561,357
	Payment for acquisition of investments		60,200,000	289,650,000
	Sub-total of cash outflows		91,671,276	384,211,357
	Net cash flows from investing activities		175,859,087	127,228,573

Yantai Changyu Pioneer Wine Company Limited
Consolidated cash flow statement
for the year ended 31 December 2025(continued)
(Expressed in Renminbi Yuan)

		Note	2025	2024
III.	Cash flows from financing activities:			
	Proceeds from borrowings		527,318,069	507,959,260
	Sub-total of cash inflows		527,318,069	507,959,260
	Repayments of borrowings		492,835,580	670,128,889
	Payment for dividends, profit distributions or interest		293,007,117	377,462,001
	Payment for other financing activities	V.50(3)	153,151,134	227,313,486
	Sub-total of cash outflows		938,993,831	1,274,904,376
	Net cash flows from financing activities		(411,675,762)	(766,945,116)
IV.	Effect of foreign exchange rate changes on cash and cash equivalents		1,393,754	(3,452,725)
V.	Net increase /(decrease) in cash and cash equivalents	V.51(1)	121,400,538	(245,428,201)
	Add: Cash and cash equivalents at the beginning of the year		1,717,727,551	1,963,155,752
VI.	Cash and cash equivalents at the end of the year	V.51(1)	1,839,128,089	1,717,727,551

These financial statements were approved by the Board of Directors of the Company on 16 April 2026.   .

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Company cash flow statement
for the year ended 31 December 2025

(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
I.	Cash flows from operating activities:			
	Proceeds from sale of goods and rendering of services		527,872,771	669,302,405
	Proceeds from other operating activities		6,980,197	14,799,484
	Sub-total of cash inflows		534,852,968	684,101,889
	Payment for goods and services		473,572,836	452,049,677
	Payment to and for employees		47,267,132	55,724,885
	Payment of various taxes		25,987,004	41,659,134
	Payment for other operating activities		10,097,207	20,393,900
	Sub-total of cash outflows		556,924,179	569,827,596
	Net cash flows from operating activities		(22,071,211)	114,274,293
II.	Cash flows from investing activities:			
	Proceeds from disposal of investments		93,200,000	464,200,000
	Investment returns received		433,300,050	243,103,205
	Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		136,511,028	1,190,693
	Proceeds from borrowings to subsidiaries		54,000,000	140,000,000
	Sub-total of cash inflows		717,011,078	848,493,898
	Payment for acquisition of fixed assets, intangible assets and other long-term assets		2,623,291	5,532,306
	Payment for acquisition of investments		60,200,000	288,650,000
	Net payment for acquisition of subsidiaries and other business units		-	65,506,916
	Cash paid to subsidiaries		2,000,000	205,200,000
	Sub-total of cash outflows		64,823,291	564,889,222
	Net cash flows from investing activities		652,187,787	283,604,676

Yantai Changyu Pioneer Wine Company Limited
Company cash flow statement
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
III.	Cash flows from financing activities:			
	Proceeds from borrowings		50,000,000	50,000,000
	Sub-total of cash inflows		50,000,000	50,000,000
	Repayments of borrowings		50,000,000	100,000,000
	Payment for dividends or interest		269,722,088	347,931,466
	Payment for other financing activities		135,834,689	190,324,198
	Sub-total of cash outflows		455,556,777	638,255,664
	Net cash flows from financing activities		(405,556,777)	(588,255,664)
IV.	Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V.	Net increase /(decrease) in cash and cash equivalents		224,559,799	(190,376,695)
	Add: Cash and cash equivalents at the beginning of the year		797,907,849	988,284,544
VI.	Cash and cash equivalents at the end of the year		1,022,467,648	797,907,849

These financial statements were approved by the Board of Directors of the Company on 16 April 2026. .

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*Attributable to shareholders of the Company*							*Non-controlling interests*	*Total shareholders' equity*
		Share capital	*Capital reserve*	*Less:Treasury stock*	*Other comprehensive income*	*Surplus reserve*	*Retained earnings*	*Sub-total*		
I. Balance at the beginning of the 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
II. Changes in equity during the year										
1. Total comprehensive income		-	-	-	23,385,262	-	71,291,303	94,676,565	6,072,386	100,748,951
2. Shareholders' contributions and decrease of capital										
(1). Effects of restricted share incentive plan	V.31	(2,153,772)	(30,669,713)	32,823,485	-	-	-	-	-	-
(2). Effects of share repurchased	V.32	(12,430,000)	(87,425,332)	-	-	-	-	(99,855,332)	-	(99,855,332)
3. Appropriation of profits										
(1).Distributions to shareholders	V.36	-	-	-	-	-	(266,782,075)	(266,782,075)	(1,292,872)	(268,074,947)
(2).The impact of subsidiary deregistration and liquidation		-	-	-	-	-	-	-	(6,834,267)	(6,834,267)
III. Balance at the end of the 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

These financial statements were approved by the Board of Directors of the Company on 16 April 2026. .

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Consolidated statement of changes in shareholders' equity (continued)
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	*Attributable to shareholders of the Company*							*Non-controlling interests*	*Total shareholders' equity*
		Share capital	*Capital reserve*	*Less:Treasury stock*	*Other comprehensive income*	*Surplus reserve*	*Retained earnings*	*Sub-total*		
I. Balance at the beginning of the year		692,249,559	651,086,707	(103,411,919)	(14,784,677)	342,732,000	9,273,629,318	10,841,500,988	149,024,807	10,990,525,795
II. Changes in equity during the year										
1. Total comprehensive income		-	-	-	(24,930,295)	-	305,210,999	280,280,704	6,848,658	287,129,362
2. Shareholders' contributions and decrease of capital										
(1). Effects of restricted share incentive plan	V.31	(425,666)	(10,077,952)	32,707,493	-	-	-	22,203,875	-	22,203,875
(2). Acquisition of non-controlling interests	VIII.2	-	(780,883)	-	-	-	-	(780,883)	(1,102,655)	(1,883,538)
(3). Effects of share repurchased	V.32	(19,999,993)	(158,084,325)	-	-	-	-	(178,084,318)	-	(178,084,318)
3. Appropriation of profits										
Distributions to shareholders	V.36	-	-	-	-	-	(345,911,947)	(345,911,947)	(1,424,666)	(347,336,613)
III. Balance at the end of the 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

These financial statements were approved by the Board of Directors of the Company on 16 April 2026. .

Zhou Hongjiang
Legal Representative
(Signature and stamp)

Guo Cuimei
The person in-charge of accounting affairs
(Signature and stamp)

Guo Cuimei
The head of the accounting department
(Signature and stamp)

(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Company statement of changes in shareholders' equity
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Less:Treasury stock	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the year		671,823,900	519,382,073	(70,704,426)	342,732,000	9,825,895,684	11,289,129,231
II. Changes in equity during the year							
1. Total comprehensive income		-	-	-	-	251,439,621	251,439,621
2. Contributions by owners							
(1) Effects of restricted share incentive plan		(2,153,772)	(30,669,713)	32,823,485	-	-	-
(2) Effects of share repurchased		(12,430,000)	(87,425,332)	-	-	-	(99,855,332)
3. Appropriation of profits							
Distributions to shareholders		-	-	-	-	(266,782,075)	(266,782,075)
III. Balance at the end of the year		657,240,128	401,287,028	(37,880,941)	342,732,000	9,810,553,230	11,173,931,445

These financial statements were approved by the Board of Directors of the Company on 16 April 2026.

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Company statement of changes in shareholders' equity
for the year ended 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	Note	*Share capital*	*Capital reserve*	*Less:Treasury stock*	*Surplus reserve*	*Retained earnings*	*Total shareholders' equity*
I. Balance at the beginning of the year		692,249,559	687,544,350	(103,411,919)	342,732,000	9,686,541,315	11,305,655,305
II. Changes in equity during the year							
1. Total comprehensive income		-	-	-	-	485,266,316	485,266,316
2. Contributions by owners							
(1) Effects of restricted share incentive plan		(425,666)	(10,077,952)	32,707,493	-	-	22,203,875
(2) Effects of share repurchased		(19,999,993)	(158,084,325)	-	-	-	(178,084,318)
3. Appropriation of profits							
Distributions to shareholders		-	-	-	-	(345,911,947)	(345,911,947)
III. Balance at the end of the year		671,823,900	519,382,073	(70,704,426)	342,732,000	9,825,895,684	11,289,129,231

These financial statements were approved by the Board of Directors of the Company on 16 April 2026.

Zhou Hongjiang Legal Representative *(Signature and stamp)*	Guo Cuimei The person in-charge of accounting affairs *(Signature and stamp)*	Guo Cuimei The head of the accounting department *(Signature and stamp)*	(Company stamp)

Yantai Changyu Pioneer Wine Company Limited
Notes to the financial statements
(Expressed in Renminbi Yuan unless otherwise indicated)

I. Company status

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 a reorganisation carried out by Yantai Changyu Group Co., Ltd. ("Changyu Group"), in which Changyu Group Company injected certain assets and liabilities in relation to the wine, brandy, and sparkling wine production and sales businesses to the Company. The Company and its subsidiaries (the "Group") are principally engaged in the production and sales of wine, brandy, sparkling wine, grape growing and acquisition, as well as travel resource development, etc.. Registration place of the Company is Yantai, Shandong. Headquarter of the Company is located at No. 56 Da Ma Lu, Zhifu District, Yantai, Shandong, PRC.

As at 31 December 2025 the total shares issued by the Company amounts to 657,240,128 shares. Please refer to Note V. 31 in detail.

The holding company of the Group is Changyu Group Company, which is jointly controlled by Yantai GuoFeng Investment Holding Ltd., ILLVA SARONNO HOLDING SPA, International Finance Corporation and Yantai Yuhua Investment and Development Company Limited.

The financial statements have been authorised by the board of directors on 16 April 2026. According to the Company's articles of association, the financial statements will be reviewed by shareholders on the shareholder's meeting.

For consolidation scope of the year, please refer to Note VIII "Equity in other entities" in detail.

II. Basis of preparation

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

III. Significant accounting policies and accounting estimates

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the MOF. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2025, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is 12 months.

4 Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. Overseas subsidiaries of the Company adopt Euro, Chilean Peso and Australian Dollar as their functional currencies on the basis of the primary economic environment in which they operate. The Company adopts RMB to prepare its financial statements. The foreign currency financial statements of overseas subsidiaries have been translated based on the accounting policy set out in Note III.9 in preparing these financial statements.

5 Method used to determine the materiality threshold and the basis for selection

Item	*Materiality threshold*
Significant other payables/accounts payable with ageing of more than one year	Amount of the individual other payables/accounts payable with ageing of more than 1 year exceeds 0.5% of the Group's total liabilities
Significant construction projects in progress	Carrying amount of the individual construction in progress exceeds 0.5% of the Group's total non-current assets
Significant non-wholly-owned subsidiaries	Carrying amount of net assets attributable to non-controlling shareholders of the non-wholly-owned subsidiaries exceeds 0.5% of the Group's net assets
Significant joint arrangements or associates	The carrying amount of long-term equity investments of an individual joint arrangement or an associate exceeds 0.5% of the Group's net assets
Significant cash flows from investing activities	Amount of the individual cash flow exceeds exceeds 0.5% of the Group's total assets

6 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount shares of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against the surplus reserves and retained earnings sequentially. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer’s previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer’s interest in the acquisition-date fair value of the acquiree’s identifiable net assets, after considering the impact of relevant deferred income tax, the difference is recognised as goodwill (see Note III.19). If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree’s identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners’ equity under equity accounting, are transferred to investment income in the period in which the acquisition occurs (see Note III.12(2)(b)). If equity interests of the acquiree held before acquisition-date were equity instrument investments measured at fair value through other comprehensive income, other comprehensive income recognised shall be moved to retained earnings on acquisition-date.

7 Criteria of control and preparation of consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised 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 recognised 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 (see Note III.7(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to the surplus reserves and retained earnings sequentially.

8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9 Foreign currency transactions and translation of foreign currency financial statements

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 recognised in 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 (see Note III. 16). 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 retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses in the income statement are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognised 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.

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 (see Note III.12), receivables, payables, and borrowings and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

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

A financial assets and financial liabilities 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 directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.25.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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 amortised 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 amortised 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 amortised 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 amortised 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 recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise 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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised 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 recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

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

(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 recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

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

- the Group's 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 recognised in 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 recognised directly in other comprehensive income for the part derecognised.

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

(6) Impairment

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

- financial assets measured at amortised 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.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for bills receivable, accounts receivable and receivables under financing arising from oridinary business activities such as sale of goods and provision of services ,are 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.

Except for bills receivable, accounts receivable, receivables under financing, the Group measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments:

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

Provisions for bad and doubtful debts arising from receivables

(a) Categories of groups for collective assessment based on credit risk characteristics and basis for determination

Bills receivable	Based on the different credit risk characteristics of acceptors, the Group classifies bills receivable into two groups: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Historically, there is no significant difference in terms of occurrence of losses among different customer types for the Group. Therefore, the Group makes provisions for bad and doubtful debts arising from accounts receivable on the basis of all customers being one group without further segmentation by different customer types.
Receivables under financing	The Group’s receivables under financing are bank acceptance bills held for dual purposes. As the accepting banks have high credit ratings, the Group considers all receivables under financing as a group.
Other receivables	The Group’s other receivables mainly include deposits and guarantees receivable,ect. Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into 2 groups, specifically: the group of deposits and guarantees receivable and the group of other receivables.

(b) Criteria for individual assessment

Bills receivable, accounts receivable , receivables under financing, and other receivables are usually assessed collectively as a group based on credit risk characteristics to make provisions. When a counterparty is significantly different from other counterparties in the group in terms of credit risk characteristics, or if there has been a significant change in its credit risk characteristics, the individual approach is adopted for receivables due from this counterparty. For example, when a counterparty is in serious financial difficulties and the expected credit loss ratio of receivables due from this counterparty is significantly higher than the average expected credit loss ratio of the relevant ageing range, it should be individualy assessed for provisioning purposes.

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 compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed 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 and interest on their contractual 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 amortised 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 reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured 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 recognised as an impairment gain or loss in profit or loss. The Group recognises 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 recognised 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 recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. 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.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

11 Inventories

(1) Categories

Inventories include raw materials, work in progress and finished goods. 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 labour costs and an appropriate allocation of production overheads based on normal capacity.

Agricultural products harvested are reported in accordance with the CAS No.1 - Inventories.

(2) Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) Inventory count system

The Group maintains a perpetual inventory system.

(4) Amortisation method for low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(5) Criteria and method for provision for obsolete inventories

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

Net realisable 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 realisable value of materials held for use in production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities of inventories held by the Group exceed the quantities specified in sales contracts, the net realisable value of the excess portion of inventories is based on general selling prices.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss.

12 Long-term equity investments

(1) Investment cost 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 excess adjusted to the surplus reserves and retained earnings sequentially. 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 excess adjusted to the surplus reserves and retained earnings sequentially.

- 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 recognised 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.

(2) Subsequent measurement 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 (See Note III. 31). 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 recognises 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 accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.21.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.7.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement.

Associated enterprises refer to enterprises to which the Group can exercise significant influence (see Note III.12(3)).

A long-term equity investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.31).

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 recognised 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 recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After the acquisition of the investment, the Group recognises 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 recognised 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 recognises 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. Unrealised 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. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

- The Group discontinues recognising 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 recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.21.

(3) Criteria for determining the existence of joint control 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.

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, amortisation and impairment losses, and adopts a depreciation or amortisation 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 (see Note III.31). For the impairment of the investment properties, refer to Note III.21.

Category	*Estimated useful life (years)*	*Residual value rate (%)*	*Depreciation rate (%)*
Plant and buildings	20 - 40 years	0 - 5%	2.4% - 5.0%

14 Fixed assets

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

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

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

(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 (see Note III.31).

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

Class	*Estimated useful life (years)*	*Residual value rate (%)*	*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.

(3) For the impairment of the fixed assets, refer to Note III.21.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- 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 recognised in profit or loss on the date of retirement or disposal.

15 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed 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 the transfer to fixed assets：

Category	Criteria and timing for the transfer to fixed assets
Plant and buildings	(1) The main construction projects and ancillary projects have been substantially completed; (2) the construction projects have been checked and accepted by the survey, design, construction and supervision units after meeting the pre-determined design requirements; (3) the construction projects have been checked and accepted by external departments such as the fire department, the land and resources department and the planning department; (4) if a construction project is available for its intended use but its final account has not yet been finalised, the construction project will be transferred to fixed assets at its estimated value from the date it is available for its intended use, based on the its estimated value of construction.
Machinery and equipment	(1) The relevant equipment and other supporting facilities have been installed; (2) the equipment can operate normally and stably for a period after commissioning; (3) the production equipment is capable of producing qualified products stably for a period; (4) the equipment has been checked and accepted by asset management personnel and users.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21).

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

16 Borrowing costs

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

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised 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 capitalised 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 capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation 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 recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised 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 recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation 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. Capitalisation of borrowing costs should cease when the qualifying asset being constructed or produced has reached its expected usable or saleable condition. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally for a period of more than three months.

17 Biological assets

The Group's biological assets are bearer biological assets.

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

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

Category	*Estimated useful life (years)*	*Estimated net residual value rate(%)*	*Depreciation rate (%)*
Vines	20 years	0%	5.0%

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

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

For a bearer biological asset that has been sold, damaged, dead or destroyed, any difference between the disposal proceeds and the carrying amount of the asset should be recognised in profit or loss for the period in which it arises.

18 Intangible assets

Useful life and amortisation methods

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 III.21). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The estimated useful lives, basis for determination and amortisation methods of intangible assets are as follows:

Item	*Amortisation period (years)*	*Basis for determination*	*Amortisation methods*
Land use rights	40 - 50 years	Terms of land use rights	Stright-line Method
Software licenses	5 - 10 years	Shorter of the term of software or the estimated useful life of software	Stright-line Method
Trademarks	10 years	Shorter of the term of trademark rights or the estimated useful life of trademark rights	Stright-line Method

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised 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 Viña Indómita, S.A., Viña Dos Andes, S.A., and Bodegas Santa Alicia SPA. (collectively referred to as the "Chile Indomita Wine Group"), and the acquisition of Kilikanoon Estate Pty Ltd. (the "Australia Kilikanoon Estate"), therefore there was no amortisation. 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 basis 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.

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 amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.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.

20 Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses.

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

Item	*Amortisation period*
Land requisition fee	50 years
Greening fee	5 - 20 years
Renovation Fee	3 - 20 years
Others	3 years

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
- bearer biological assets
- 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 III.22) 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 recognised 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 recognised 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 recognised, it is not reversed in a subsequent period.

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.

23 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

24 Share-based payments

(1) Classification of share-based payments

Share-based payment transactions in the Group are equity-settled share-based payments..

(2) Accounting treatment of share-based payments

- Equity-settled share-based payments

  Where the Group uses shares or other equity instruments as consideration for services received from employees, the payment is measured at the fair value of the equity instruments granted to employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is fully recognised as costs or expenses on the grant date, with a corresponding increase in capital reserve. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to newly obtained subsequent information regarding changes in the number of employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

  When the Group receives services but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

25 Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognises for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

For the sale of a product with a right of return, the Group recognises revenue when the Group obtains control of that product, in the amount of consideration to which the Group expects to be entitled in exchange for the product transferred (i.e. excluding the amount of which expected to be returned), and recognises a refund liability for the products expected to be returned. Meanwhile, an asset is recognised in the amount of carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value of returned products), and carry forward to cost in the amount of carrying amount of the transferred products less the above costs. At the end of each reporting period, the Group updates its assessment of future sales return. If there is any change, it is accounted for as a change in accounting estimate.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

The Group's sales revenue is mainly derived from dealer sales. Revenue is recognised when the Group transfers control of the related products to the customer. Based on the business contract, the Group recognised the sales revenue of these transfers when the product is confirmed and signed for acceptance by the customers.

26 Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

27 Employee benefits

(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 accured at the applicable benchmarks and rates, are recognised 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.

(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 organisations. 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 recognised 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.

(3) Termination benefits

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 recognised 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.

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 recognised 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 recognised as deferred income and amortised 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 Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Or included in other income or non-operating income directly.

29 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised 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 realise 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 deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised 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 utilised. Such reductions are 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 realise 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.

30 Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly speicied in a contrat and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the ecomonic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease componets, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note III.25.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.21.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III.10. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

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 (see Note III.22) less costs to sell (except financial assets (see Note III.10), deferred tax assets (see Note III.29) and investment properties subsequent measured at fair value (see Note III. 13) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.22) less costs to sell is recognised as an impairment loss in profit or loss.

32 Profit distributions

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

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 Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

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 organisation 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 2025, over 79% of revenue, more than 83% of profit and over 91% of non-current assets derived from China/are located in China. Therefore the Group does not need to disclose additional segment report information.

35 Significant accounting estimates and judgements

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. The management estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant accounting estimates see Notes V.3 7 11 and 16.

36 Changes in significant accounting policies

There were no changes in the Group’s accounting policies in 2025.

IV. Taxation

1 Main types of taxes and corresponding tax rates

Type of tax	Taxation basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	13%, 9%, 6% (China), 20% (France), 21% (Spain), 19% (Chile) and 10% (Australia)
Consumption tax	Based on taxable revenue	10% of the price, 20% of the price and

		RMB1,000 each ton (China)
Urban maintenance and construction tax	Based on VAT paid	7% (China)
Corporate income tax	Based on taxable profits	25% (China), 25% (France), 28% (Spain), 27% (Chile), 30% (Australia)

Other than tax incentives stated in Note IV. 2, applicable tax rates of the Group in 2025 and 2024 are all stated as above.

2 Tax preferential treatments

Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Growing"), a subsidiary of the Group, whose principal activity is grape growing is incorporated in Ningxia Huizu Autonomous Region. 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, Ningxia Growing enjoys an exemption of corporate income tax.

Yantai Changyu Grape Growing Co., Ltd. ("Grape Growing"), a branch of the Company, whose principal activity is grape growing is incorporated in Zhifu District, Yantai City, Shandong Province. 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, Grape Growing enjoys an exemption of corporate income tax.

Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre"), a branch of the Company, is an enterprise engaged in grape growing in the Economic and Technological Development Zone of Yantai City, Shandong Province. Pursuant to Article 27 of the *Enterprise Income Tax Law of the People's Republic of China* and Article 86 of the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China*, R&D Centre enjoys the preferential policy of exemption of enterprise income tax on income from grape growing.

Beijing Changyu AFIP Agriculture Development Co., Ltd. ("Agriculture Development"), a subsidiary of the Group, whose principal activity is grape growing is incorporated in Miyun, 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 an exemption of corporate income tax.

Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi"), a subsidiary of the Company, is an enterprise of wine production and sales incorporated in Shihezi city, Xinjiang Weizu Autonomous. In accordance with relevant provisions of the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No.23 of the Ministry of Finance), the Company is entitled to preferential tax policies. Therefore, during the period from 2021 to 2030, its corporate income tax shall be levied at a reduced tax rate of 15%.

Ningxia Changyu Longyu Chateau Co., Ltd. ("Ningxia Chateau"), a subsidiary of the Company, is an enterprise of wine production and sales incorporated in Yinchuan, Ningxia Hui Autonomous Region. In accordance with the Notice on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Notice of the Ministry of Finance [2020] No. 23), 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 engaged in wine production and sales, incorporated in Shihezi City, Xinjiang Uygur Autonomous Region. In accordance with relevant provisions of the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No.23 of the Ministry of Finance), Changyu (Ningxia) Wine is entitled to preferential tax policies. Therefore, during the period from 2021 to 2030, its corporate income tax shall be levied at a reduced tax rate of 15%.

In accordance with the PRC Enterprise Income Tax Law and its implementing regulations, the Notice of the Ministry of Finance and the State Administration of Taxation on Further Support the Inclusive Tax Expenses Policies for Micro and Small Enterprises for micro and small enterprises Development (Announcement [2023] No. 12 of the Ministry of Finance and the State Taxation Administration), for micro and small enterprises meet the application requirements that the amount of taxable income shall be reduced by 25%, and the applicable rate of enterprise income tax shall be 20%. Beijing Changyu Wine Marketing Co., Ltd. (“Beijing Marketing”), a subsidiary of the Company, was identified as a qualified small enterprise with meagre profits.

Pursuant to the Announcement on Clarifying VAT Relief and Other Policies for Small-scale VAT Taxpayers (Announcement [2023] No.19 of the Ministry of Finance and the State Taxation Administration), the taxable sales revenue of small-scale VAT taxpayers to which a levy rate of 3% is applicable shall be subject to VAT at a reduced levy rate of 1%; and the prepaid VAT items to which a pre-levy rate of 3% is applicable shall be subject to a reduced pre-levy rate of 1% from the period from 1 January 2024 to 31 December 2027. Xinjiang Changyu Sales Co., Ltd. Weimeisi Tasting Centre Branch is entitled to the above preferential tax policies.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Further Stepping up the Implementation of the Policy for the Refund of Term-End Excess Input Value-Added Tax Credits (Notice of the Ministry of Finance and State Taxation Administration [2022] No. 14), the government should further step up the implementation of the policy for the refund of term-end excess input value-added tax credits and expand the scope of industries applicable to this policy. The Company and its qualified subsidiaries have enjoyed this policy.

Pursuant to the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (Announcement No. 12 [2023]) jointly issued by the Ministry of Finance and the State Taxation Administration, for the period from January 1, 2023 to December 31, 2027, VAT small-scale taxpayers, small low-profit enterprises, and individual industrial and commercial households are subject to a 50% reduction in Resource Tax (excluding Water Resource Tax), City Maintenance and Construction Tax, Property Tax, Urban Land Use Tax, Stamp Duty (excluding Stamp Duty on Securities Trading), Farmland Occupation Tax, Education Surcharge, and Local Education Surcharge. Certain subsidiaries of the Company qualify for the aforementioned tax reductions.

V. Notes to the consolidated financial statements

1 Cash at bank and on hand

Item	*2025*	*2024*
Cash on hand	18,877	27,228
Bank deposits	1,884,759,212	1,797,503,539
Other monetary funds	5,833,715	317,363
Total	1,890,611,804	1,797,848,130
Including: Total overseas deposits	70,392,228	33,384,691

As at 31 December 2025, details of restricted bank deposits are as follows：

Item	*2025*	*2024*
Escrow account for migrant workers' wages	-	1,153,216

As at 31 December 2025, the Group’s term deposits with previous maturity of more than three months is RMB 45,650,000, with interest rate 1.30% - 2.25% (31 December 2024: RMB 78,650,000, with interest rate 1.70% - 2.25%).

As at 31 December 2025, the Group’s other monetary assets is as follows:

Item	*2025*	*2024*
Alipay account balance	1,723,715	158,894
Deposits for the customs	-	134,076
Security Deposit for Banking Platform	4,110,000	24,393
Total	5,833,715	317,363

As at 31 December 2025, the Group did not have any special interest arrangements such as the establishment of joint fund management accounts with related parties.

2 Bills receivable

Classification of bills receivable

Item	*2025*	*2024*
Bank acceptance bills	102,342	1,036,243
Total	102,342	1,036,243

All of the above bills are due within one year.

3 Accounts receivable

(1) Accounts receivable by customer type are as follows:

Type	*31 December 2025*	*31 December 2024*
Amounts due from related parties	-	1,458,339
Amounts due from other customers	272,877,730	276,983,985
Sub-total	272,877,730	278,442,324
Less: Provision for bad and doubtful debts	(7,945,006)	(7,612,723)
Total	264,932,724	270,829,601

As at 31 December 2025, ownership restricted accounts receivable is RMB 73,330,179 (31 December 2024: RMB 35,917,860), referring to Note V. 52.

(2) The ageing analysis of accounts receivable is as follows:

Ageing	*2025*	*2024*
Within 1 year (inclusive)	269,602,415	274,048,512
Over 1 year but within 2 years (inclusive)	390,478	747,104
Over 2 years but within 3 years (inclusive)	656,993	2,122,990
Over 3 years	2,227,844	1,523,718
Sub-total	272,877,730	278,442,324
Less: Provision for bad and doubtful debts	(7,945,006)	(7,612,723)
Total	264,932,724	270,829,601

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by provisioning method

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the loss given default. According to the historical experience of the Group, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

2025

	Loss given default	*Carrying amount at the end of the year*	*Impairment loss at the end of the year*
Current	0.2%	244,909,222	563,761
Overdue for 1 to 30 days	2.5%	15,508,458	393,980
Overdue for 31 to 60 days	8.4%	2,540,574	213,577
Overdue for 61 to 90 days	18.1%	874,825	157,924
Overdue for 91 to 120 days	24.2%	1,203,304	290,701
Overdue for 121 to 150 days	33.9%	176,511	59,752
Overdue for 151 to 180 days	33.9%	1,183,584	400,661
Overdue for 181 to 210 days	48.9%	138,802	67,836
Overdue for 211 to 240 days	62.2%	1,037,797	646,019
Overdue for 241 to 270 days	80.3%	84,352	67,718
Overdue for 271 to 300 days	83.8%	848,017	710,791
Overdue for 301 to 330 days	100.0%	868,616	868,616
Overdue for 331 to 360 days	100.0%	359,819	359,819
Overdue for 360 days	100.0%	3,143,849	3,143,851
Total	2.9%	272,877,730	7,945,006

2024

	Loss given default	*Carrying amount at the end of the year*	*Impairment loss at the end of the year*
Current	0.1%	245,292,444	265,047
Overdue for 1 to 30 days	1.5%	19,549,341	293,143
Overdue for 31 to 60 days	6.0%	4,278,753	256,562
Overdue for 61 to 90 days	15.4%	432,734	66,747
Overdue for 91 to 120 days	23.5%	605,044	142,111
Overdue for 121 to 150 days	30.7%	1,337,986	410,793
Overdue for 151 to 180 days	38.2%	558,511	213,620
Overdue for 181 to 210 days	46.0%	492,202	226,407
Overdue for 211 to 240 days	57.1%	56,462	32,224
Overdue for 241 to 270 days	83.6%	793,827	663,562
Overdue for 271 to 300 days	92.5%	33,343	30,830
Overdue for 301 to 330 days	100.0%	898,444	898,444
Overdue for 331 to 360 days	100.0%	780	780
Overdue for 360 days	100.0%	4,112,453	4,112,453
Total	2.7%	278,442,324	7,612,723

The loss given default is measured based on the actual credit loss experience in the past 12 months, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

(4) Movements of provisions for bad and doubtful debts:

	2025	*2024*
Balance at the beginning of the year	(7,612,723)	(13,158,448)
Charge for the year	(5,053,219)	(3,956,483)
Recoveries or reversals during the year	4,720,936	9,502,208
Balance at the end of the year	(7,945,006)	(7,612,723)

(5) Five largest accounts receivable by debtor at the end of the year:

Name	*Relationship with the Group*	*Balance at the end of the year*	*Ageing*	*Percentage of ending balance of others (%)*	*Ending balance of provision for bad and doubtful debts*
Debtor One	Third party	52,857,155	Within 1 year	19.4%	121,673
Debtor Two	Third party	13,396,411	Within 1 year	4.9%	372,837
Debtor Three	Third party	12,822,411	Within 1 year	4.7%	383,384
Debtor Four	Third party	11,874,833	Within 1 year	4.4%	27,335
Debtor Five	Third party	11,419,968	Within 1 year	4.2%	327,102
Total		102,370,778		37.5%	1,232,331

4 Receivables under financing

Item	*Note*	*2025*	*2024*
Bills receivable	(1)	228,073,841	230,960,211

(1) Pledged bills receivable by the Group at the end of the year:

As at 31 December 2025, there was no pledged bills receivable (31 December 2023: Nil).

(2) Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	*Amount derecognised at year end*
Bank acceptance bills	418,066,114

As at 31 December 2025, bills endorsed by the Group to other parties which are not yet due at the end of the period is RMB 418,066,114 (31 December 2024: RMB 261,965,866). 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 derecognise 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.

5 Prepayments

(1) Prepayments by category:

Item	*2025*	*2024*
Prepayments	54,011,809	60,631,575

(2) The ageing analysis of prepayments is as follows:

Ageing	*2025*		*2024*	
	Amount	*Percentage (%)*	*Amount*	*Percentage (%)*
Within 1 year (inclusive)	52,950,895	98.0%	59,383,101	97.9%
Over 1 year but within 2 years (inclusive)	-	-	1,248,474	2.1%
Over 2 years but within 3 years	1,060,914	2.0%	-	-

(inclusive)				
Total	54,011,809	100.0%	60,631,575	100.0%

The ageing is counted starting from the date when prepayments are recognised.

(3) Five largest prepayments by debtor at the end of the year:

Name	*Nature of the receivable*	*Balance at the end of the year*	*Ageing*	*Percentage of ending balance of others (%)*	*Ending balance of provision for bad and doubtful debts*
Debtor One	Prepayments	34,324,571	Within 1 year	63.6%	-
Debtor Two	Prepayments	6,667,700	Within 1 year	12.3%	-
Debtor Three	Prepayments	1,590,394	Within 1 year	2.9%	-
Debtor Four	Prepayments	1,501,066	Within 1 year	2.8%	-
Debtor Five	Prepayments	1,050,000	Within 1 year	1.9%	-
Total		45,133,731		83.5%	-

6 Other receivables

	31 December 2025	*31 December 2024*
Others	127,713,309	264,598,394

(1) Others by customer type:

Customer type	*31 December 2025*	*31 December 2024*
Amounts due from other companies	150,284,639	268,325,284
Sub-total	150,284,639	268,325,284
Less: Provision for bad and doubtful debts	(22,571,330)	(3,726,890)
Total	127,713,309	264,598,394

(2) The ageing analysis is as follows:

Ageing	*2025*	*2024*
Within 1 year (inclusive)	32,124,454	227,970,834
Over 1 year but within 2 years (inclusive)	84,888,095	583,562
Over 2 years but within 3 years (inclusive)	527,140	38,599,235
Over 3 years	32,744,950	1,171,653
Sub-total	150,284,639	268,325,284
Less: Provision for bad and doubtful debts	(22,571,330)	(3,726,890)
Total	127,713,309	264,598,394

The ageing is counted starting from the date when other receivables are recognised.

(3) Movements of provisions for bad and doubtful debts

	2025	*2024*
Balance at the beginning of the year	(3,726,890)	-
Charge for the year	(18,844,440)	(3,726,890)
Balance at the end of the year	(22,571,330)	(3,726,890)

As at 31 December 2025, the Group has no other receivables written off (31 December 2024: Nil).

(4) Others categorised by nature

Nature of other receivables	*2025*	*2024*
Compensation receivable for the disposal of a vineyard (Note)	81,666,088	200,666,088
Land purchases and reserves receivable	31,768,902	37,268,902
Refund of consumption tax and VAT	18,993,601	15,560,239
Deposit	5,868,084	6,163,682
Housing maintenance funds	2,703,605	2,640,911
Petty cash receivable	45,182	28,781
Others	9,239,177	5,996,681
Sub-total	150,284,639	268,325,284
Less: Provision for bad and doubtful debts	(22,571,330)	(3,726,890)
Total	127,713,309	264,598,394

Note: The Company signed a Compensation Agreement with the People's Government of Zhuqiao Town, Laizhou City and the People's Government of Yidao Town, Laizhou City (both collectively referred to as the “Transferees”) in December 2024. Pursuant to the Compensation Agreement, the Company transferred assets related to the vineyard in Zhuqiao Town to the Transferees at an estimated valuation of RMB 221,284,768 as consideration (compensation). After deducting compensation totalling RMB 19,618,680 that have been paid to farmers and collectively owned assets, the actual compensation receivable by the Company amounts to RMB 201,666,088 (tax inclusive). As of 16 April 2026, the Company has received a total of RMB 125,000,000 in compensation.

(5) Five largest others-by debtor at the end of the year

Name	*Nature of the receivable*	*Balance at the end of the year*	*Ageing*	*Percentage of ending balance of others (%)*	*Ending balance of provision for bad and doubtful debts*
Debtor One	Compensation receivable for the disposal of a vineyard	81,666,088	1-2 years	54.3%	8,166,609
Debtor Two	Land purchases and reserves receivable	31,768,902	Over 3 years	21.1%	14,296,006
Debtor Three	Refund of VAT	17,784,087	Within 1 year	11.8%	-
Debtor Four	Housing maintenance funds	2,666,219	2-3 years	1.8%	-
Debtor Five	Others	2,174,305	Within 1 year	1.4%	108,715
Total		136,059,601		90.4%	22,571,330

7 Inventories

(1) Inventories by category:

Item	*2025*			*2024*		
	Book value	*Provision for impairment of inventories*	*Carrying amount*	*Book value*	*Provision for impairment of inventories*	*Carrying amount*
Raw materials	277,656,519	-	277,656,519	287,082,056	-	287,082,056
Work in progress	1,876,067,662	-	1,876,067,662	1,921,142,415	-	1,921,142,415
Finished goods	699,103,803	(16,750,775)	682,353,028	714,804,585	(18,958,500)	695,846,085
Total	2,852,827,984	(16,750,775)	2,836,077,209	2,923,029,056	(18,958,500)	2,904,070,556

(2) Provision for impairment of inventories:

Item	*Opening balance*	*Increase during the year*	*Decrease during the year*	*Disposal of subsidiaries during the year*	*Closing balance*
		Recognised	*Reversal*	*Decrease*	
Finished goods	18,958,50	20,750,395	(18,958,500)	(3,999,620)	16,750,77

8 Other current assets

Item	*2025*	*2024*
Input tax to be credited	61,109,041	63,225,758
Right to recover returned goods	7,166,025	13,866,802
Prepaid income taxes	3,745,396	1,408,482
Deferred expenses	2,140,474	1,882,199
Sub-total	74,160,936	80,383,241
Less: Provision for bad and doubtful debts	-	-
Total	74,160,936	80,383,241

9 Long-term equity investments

(1) Long-term equity investments by category:

Item	*2025*	*2024*
Investments in joint ventures	31,167,177	32,797,631
Investments in associates	1,722,455	2,067,117
Sub-total	32,889,632	34,864,748
Less: Provision for impairment	(6,233,435)	-
Total	26,656,197	34,864,748

(2) Movements of long-term equity investments during the year are as follows:

Investee	*2025 Balance at the beginning of the year*	*Movements during the year*		*2025 Closing balance*	*Balance of provision for impairment at the end of the year*	*Shareholding percentage*
		New Investment	*(Losses)/Profits from investments under equity-method I*			
Joint ventures						
SAS L&M Holdings ("L&M Holdings")	32,797,631	-	(1,630,454)	31,167,177	6,233,435	55%
Associates						
Shanghai Yufeng Brand Management Co., Ltd. (Note1)	383,720	-	11,120	394,840	-	10%
Yantai Guolong Wine Industry Co., Ltd. (Note1)	757,001	-	368	757,369	-	10%
Taizhou Changyu Winery Wine Sales Co., Ltd.("Taizhou Changyu"). (Note2)	926,396	-	(356,150)	570,246	-	10%
Sub-total	2,067,117	-	(344,662)	1,722,455	-	
Total	34,864,748	-	(1,975,116)	32,889,632	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 this investee.

10 Investment properties

	Plants and buildings
Cost	
31 December 2024 and 31 December 2025	81,165,619
Accumulated depreciation	
31 December 2024	(59,205,168)
Charge for the year	(2,060,223)
31 December 2025	(61,265,391)
Carrying amount	
31 December 2025	19,900,228
31 December 2024	21,960,451

11 Fixed assets

(1) Fixed assets

Item	*Plant & buildings*	*Machinery & equipment*	*Motor vehicles*	*Total*
Cost				
31 December 2024	5,857,616,706	2,849,771,289	22,112,010	8,729,500,005
Purchases	13,915,673	54,534,793	1,542,630	69,993,096
Transfers from construction in progress	13,110,436	7,519,994	148,767	20,779,197
Disposals or written-offs during the year	(24,176,068)	(5,613,489)	(570,424)	(30,359,981)
Disposal of subsidiaries during the year	(8,514,910)	(214,746)	(9,781)	(8,739,437)
31 December 2025	5,851,951,837	2,905,997,841	23,223,202	8,781,172,880
Accumulated depreciation				
31 December 2024	(1,450,718,306)	(1,696,378,973)	(20,367,548)	(3,167,464,827)
Charge for the year	(157,055,747)	(151,375,055)	(1,554,978)	(309,985,780)
Disposals or written-offs during the year	7,877,779	2,536,230	399,637	10,813,646
Disposal of subsidiaries during the year	4,587,079	9,779	9,238	4,606,096
31 December 2025	(1,595,309,195)	(1,845,208,019)	(21,513,651)	(3,462,030,865)
Provision for impairment				
31 December 2024 and 31 December 2025	-	(10,363,383)	-	(10,363,383)
Carrying amount				
31 December 2025	4,256,642,642	1,050,426,439	1,709,551	5,308,778,632
31 December 2024	4,406,898,400	1,143,028,933	1,744,462	5,551,671,795

As at 31 December 2025, ownership restricted net value of fixed assets is RMB 34,165,994 (31 December 2024: RMB 32,467,803), referring to Note V. 52.

(2) Temporarily idle fixed assets

Item	*Cost*	*Accumulated depreciation*	*Provision for impairment*	*Carrying amount*
Machinery equipment	29,423,698	(19,060,315)	(10,363,383)	-
Total	29,423,698	(19,060,315)	(10,363,383)	-

(3) Fixed assets leased out under operating leases

Item	*Carrying amount at the end of the year*
Plant & buildings	83,302,814
Machinery equipment	931

Fixed assets pending certificates of ownership

Item	*Carrying amount*	*Reason why the certificates are pending*
Dormitories, main building and reception building of Chateau Changge	250,144,458	Processing
European town, main building and service building of AFIP	147,270,890	Processing
Fermentation shop and workshop of Zhangyu (Ningxia)	769,349	Processing
Office, experiment building and workshop of Fermentation Centre	3,389,424	Processing
Fermentation shop of Zhangyu (Jingyang)	3,490,263	Processing
Finished goods warehouse and workshop of Kylin Packaging	1,762,103	Processing
Others	712,724	Processing

The buildings without property certificate above have no significant impact on the Group's management.

12 Construction in progress

(1) Construction in progress

Project	*2025*			*2024*		
	Book value	*Provision for impairment*	*Carrying amount*	*Book value*	*Provision for impairment*	*Carrying amount*
Renovation of Chateau Changge	2,844,03	-	2,844,03	91,74	-	91,74
Renovation of the Changyu Wine Culture Museum	702,06	-	702,06		-	
Refurbishment of wine production line equipment		-		7,202,95	-	7,202,95
Upgrade and renovation of the main building of Chateau Changyu AFIP		-		1,128,97	-	1,128,97
Other Companies' Construction Project	766,98	-	766,98	1,753,69	-	1,753,69
Total	4,313,08	-	4,313,08	10,177,37	-	10,177,37

(2) Movements of major construction projects in progress during the year

Item	*Budget (RMB million)*	*Opening balance*	*Additions during the year*	*Transfers to fixed assets*	*Other transfers out*	*Closing balance*	*Percentage of actual cost to budget (%)*	*Accumulated capitalised interest*	*Attributable to: Interest capitalised for the year*	*Interest rate for capitalisation in 2025 (%)*	*Sources of funding*
Renovation of Chateau Changge	4	91,743	2,752,294	-	-	2,844,037	79%	-	-	-	Self-raised
Renovation of the Changyu Wine Culture Museum	3	-	702,063	-	-	702,063	26%	-	-	-	Self-raised
Refurbishment of wine production line equipment	9	7,202,959	113,208	(7,316,167)	-	-	86%	-	-	-	Self-raised
Upgrade and renovation of the main building of Chateau Changyu AFIP	3	1,128,971	1,253,428	-	(2,382,399)	-	80%	-	-	-	Self-raised
Industrial park enhancement project for tourism purpose	12	-	11,556,851	(11,556,851)	-	-	100%	-	-	-	Self-raised

13 Bearer biological assets

Bearer biological assets are vines, which measured in cost method.

Item	*Immature biological assets*	*Mature biological assets*	*Total*
Original book value			
31 December 2024	16,596,341	107,115,596	123,711,937
Additions during the year			
- Increase in cultivated	974,076	50,459	1,024,535
- Transferred to mature	-	-	-
Decrease during the year	-	(1,408,323)	(1,408,323)
31 December 2025	17,570,417	105,757,732	123,328,149
Accumulated amortisation			
31 December 2024	-	(57,227,973)	(57,227,973)
Charge for the year	-	(6,437,416)	(6,437,416)
Decrease during the year	-	435,954	435,954
31 December 2025	-	(63,229,435)	(63,229,435)
Carrying amount			
31 December 2025	17,570,417	42,528,297	60,098,714
31 December 2024	16,596,341	49,887,623	66,483,964

As at 31 December 2025, there is no biological asset with ownership restricted (31 December 2024: Nil).

As at 31 December 2025, no provision for impairment of biological asset of the Group was recognised as there is no any indication exists (31 December 2024: Nil).

14 Right-of-use assets

As a lessee

Item	*Plant&buildings*	*Lands*	*Others*	*Total*
Cost				
Balance at the beginning of the year	82,555,594	84,681,091	1,697,986	168,934,671
Additions during the year	2,790,749	-	-	2,790,749
Decreases during the year	(42,518,483)	-	(1,697,986)	(44,216,469)
Balance at the end of the year	42,827,860	84,681,091	-	127,508,951
Accumulated depreciation				
Balance at the beginning of the year	(57,562,203)	(37,913,220)	(1,697,986)	(97,173,409)
Charge for the year	(15,656,522)	(2,624,440)	-	(18,280,962)
Decreases during the year	41,499,943	-	1,697,986	43,197,929
Balance at the end of the year	(31,718,782)	(40,537,660)	-	(72,256,442)
Carrying amounts				
At the end of the year	11,109,078	44,143,431	-	55,252,509
At the beginning of the year	24,993,391	46,767,871	-	71,761,262

15 Intangible assets

Item	*Land use rights*	*Software licenses*	*Trademarks*	*Total*
Original book value				
31 December 2024	444,520,847	105,174,442	191,250,359	740,945,648
Additions during the year				
- Purchase	460,557	2,171,883	422,696	3,055,136
Decreases during the year				
- Disposal or retirement	-	(270,056)	-	(270,056)
- Disposal of subsidiaries	-	(150,933)	-	(150,933)
31 December 2025	444,981,404	106,925,336	191,673,055	743,579,795
Accumulated amortisation				
31 December 2024	(114,683,586)	(81,965,845)	(16,589,834)	(213,239,265)
Additions during the year				
- Charge for the year	(7,209,284)	(7,948,008)	(2,605,875)	(17,763,167)
Decreases during the year				
- Disposal or retirement	-	270,056	-	270,056
- Disposal of subsidiaries	-	83,218	-	83,218
31 December 2025	(121,892,870)	(89,560,579)	(19,195,709)	(230,649,158)
Carrying amount				
31 December 2025	323,088,534	17,364,757	172,477,346	512,930,637
31 December 2024	329,837,261	23,208,597	174,660,525	527,706,383

As at 31 December 2025, the Group has land use right with infinite useful lives of RMB 32,719,900 (31 December 2024:RMB 32,503,590), representing the freehold land held by Chile Indomita Wine Group and Australia Kilikanoon Estate under relevant Chile and Australia laws, on which the amortisation is not required.

As at 31 December 2025, the Group’s trademark rights with indefinite useful life consist of trademark rights held by Viña Indómita that was valued at RMB 144,921,810 (31 December 2024: RMB 144,921,810), and trademark rights held by Kilikanoon Wines that was valued at RMB 11,818,386 (31 December 2024: RMB 11,818,386). The recoverable amount of the trademark is determined according to the present value of the expected future cash flows generated from the asset group to which the single assets of trademark right belongs. The management prepares the cash flow projection for future 5 years (the “projecting period”) based on the latest financial budget assumption, and estimates the cash flows after the future 5 years (the “subsequent period”). The pretax discount rates applied to cash flow projections by Viña Indómita and Kilikanoon Wines were 12.3% (2024: 12.5%) and 13.1% (2024: 13.6%), respectively.The estimated long-term average growth rate of cash flows after 5 years is 0.0% - 2.5% (2024: 0.0% - 2.0%), which represents the long-term average growth rate for the industry or the region in which the company operates.

According to the result of impairment assessment, by the end of 31 December 2025, the management believes there is no impairment loss on those trademarks with infinite useful lives of the Group (31 December 2024: Nil).

As at 31 December 2025, there is no ownership restricted net value of intangible assets. (31 December 2024: Nil).

16 Goodwill

(1) Changes in goodwill

Name of investee or events from which goodwill arose	*Note*	*31 December 2024*	*Additions during the year*	*Disposals during the year*	*31 December 2025*
Original book value					
Etablissements Roullet Fransac ("Roullet Fransac")	(a)(b)	13,112,525	-	(13,112,525)	-
Hacienda y Viñedos Marqués del Atrio, S.L ("Hacienda")	(a)	92,391,901	-	-	92,391,901
Chile Indomita Wine Group	(a)	6,870,115	-	-	6,870,115
Australia Kilikanoon Estate	(a)	37,063,130	-	-	37,063,130
Sub-total		149,437,671	-	(13,112,525)	136,325,146
Impairment provision					
Hacienda y Viñedos Marqués del Atrio, S.L ("Hacienda")		(11,225,459)	-	-	(11,225,459)
Australia Kilikanoon Estate		(37,063,130)	-	-	(37,063,130)
Sub-total		(48,288,589)	-	-	(48,288,589)
Carrying amount		101,149,082	-	(13,112,525)	88,036,557

(a) The Group acquired Fransac Sales, Hacienda and Mirefleurs, Chile Indomita Wine Group and Australia Kilikanoon Estate in December 2013, September 2015, July 2017 and January 2018 respectively, resulting in respective goodwill amounting to RMB13,112,525, RMB92,391,901, RMB 6,870,115 and RMB37,063,130. The goodwill had been allocated to corresponding asset groups for impairment testing.

(b) In June 2025, the Group transferred 100% equity interest in Etablissements Roullet Fransac, a wholly-owned subsidiary of Francs Champs Participations SAS ("Francs Champs"), resulting in a reduction of RMB 13,112,525 in goodwill.

(2) Provision for impairment of goodwill

The Group has allocated the above goodwill to relevant asset groups for impairment testing.

As at 31 December 2025, Australia Kilikanoon Estate has made full provision for impairment of goodwill and Atrio has made provision for impairment amounted to RMB 11,225,459 for the current period.

The recoverable amount of the asset group is determined according to the present value of the expected future cash flows. The management prepares the cash flow projection for future 5 years (the "projecting period") based on the latest financial budget assumption, and estimates the cash flows after the future 5 years (the "subsequent period"). The pretax discount rate used in calculating the recoverable amounts of Hacienda and Mirefleurs, Indomita Wine are 12.6% and 12.3%, respectively (2024: 11.7% and 12.5%). The key assumption is the growth rate of annual revenue of relevant subsidiaries, which is computed based on the expected growth rate of each subsidiary and long-term average growth rates of relevant industries. The annual revenue growth rates for Dicot Partners SL and Viña Indómita during the budget period were 4.9% to 14.8% and 2.9% to 13.9%, respectively; the revenue growth rates during the stable period were 1.5% and 2.5%, respectively. Other relevant key assumption is budget gross profit margin, which is determined based on the historical performance of each subsidiary and its expectations for market development. The average gross profit margins for Dicot Partners SL and Viña Indómita during the budget period were 42.1% and 40.7% to 45.4%, respectively; the average gross profit margins during the stable period were 42.1% and 45.4%, respectively.

17 Long-term deferred expenses

Item	*31 December 2024*	*Additions during the year*	*Amortisation for the year*	*31 December 2025*
Land requisition fee	41,485,895	-	(1,112,922)	40,372,973
Greening fee	101,735,181	-	(8,503,625)	93,231,556
Leasehold improvement	149,320,615	6,422,034	(10,218,302)	145,524,347
Others	6,252,011	188,822	(2,342,653)	4,098,180
Total	298,793,702	6,610,856	(22,177,502)	283,227,056

18 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and liabilities

Item	*31 December 2025*		*31 December 2024*	
	Deductible or taxable temporary differences	*Deferred tax assets/ (liabilities)*	*Deductible or taxable temporary differences*	*Deferred tax assets/ (liabilities)*
Deferred tax assets:				
Provision for impairment of assets	57,630,494	14,539,423	40,661,496	10,437,775
Unrealised profits of intra-group transactions	416,323,375	104,080,844	417,770,236	104,442,560
Unpaid bonus	120,048,950	30,012,237	123,258,072	30,814,518
Termination benefits	5,316,990	1,329,247	6,739,412	1,684,853
Deductible tax losses	250,789,836	61,117,483	280,061,166	68,206,780
Deferred income	19,386,932	4,151,683	25,938,817	5,540,954
Effect of the lease standard	1,798,945	449,737	3,462,626	865,659
Sub-total	871,295,522	215,680,654	897,891,825	221,993,099
Deferred tax liabilities:				
Revaluation due to business combinations involving entities not under common control	22,236,051	6,435,261	24,447,790	7,076,871
Effect of the lease standard	714,534	178,633	1,069,168	267,294
Sub-total	22,950,585	6,613,894	25,516,958	7,344,165

(2) Details of unrecognised deferred tax assets

Item	*2025*	*2024*
Deductible tax losses	546,736,496	478,477,359

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

Year	*2025*	*2024*
2025	-	70,528,510
2026	45,528,669	60,274,856
2027	123,557,586	123,557,586
2028	114,766,551	117,444,729
2029	106,434,373	106,671,678
2030	156,449,317	-
Total	546,736,496	478,477,359

19 Other non-current assets

Item	*2025*	*2024*
Prepaid for Construction fee	43,735	3,554,409

20 Short-term loans

Item	*2025*	*2024*
Unsecured loans	68,518,537	63,222,270
Mortgaged loans	158,792,031	126,552,126
Guaranteed loans	13,364,220	26,365,950
Total	240,674,788	216,140,346

As at 31 December 2025, details of short-term borrowings were as follows:

	Amount	*Amount*	*Nature of interest rate*	*Interest rate*	*Interest rate at the end of the year*
		RMB		*%*	*%*
Mortgaged loans (USD)	12,125,000	85,461,852	Fixed	5.34% - 5.85%	5.34% - 5.85%
Credit loans (RMB)	50,000,000	50,000,000	Floating	1 YEAR LPR-0.95%	2.11%
Mortgaged loans (EUR)	8,904,156	73,330,179	Floating	2.20% -3.10%	2.20% -3.10%
Secured loan (AUD)	2,850,000	13,364,220	Floating	BBSW+1.50%	5.90%
Credit loans (USD)	1,000,000	7,048,400	Fixed	5.65%	5.65%
Credit loans (EUR)	1,392,768	11,470,137	Floating	3.00% -3.90%	3.00% -3.90%
Total		240,674,788			

- On 31 December 2025, Chile Indomita Wine Group pledged its fixed assets to Banco Scotiabank and Banco de Chile to borrow USD 12,125,000 (equivalent to RMB 85,461,852) (31 December 2024: USD 12,375,000 (equivalent to RMB 90,634,266).

- As at 31 December 2025, the euro-denominated mortgage borrowing amounted to EUR 8,904,156 (equivalent to RMB 73,330,179) (31 December 2024: EUR 4,772,694, equivalent to RMB 35,917,860), which arose from accounts receivable factoring arranged by Dicot Partners SL with banks including Banco Santander, BBVA, Bankinter.

- On 31 December 2025, the secured loan represented the secured loan of Australia Kilikanoon Estate of AUD2,850,000 (equivalent to RMB 13,364,220) (31 December 2024: AUD 5,850,000, equivalent to RMB 26,365,950). The guarantee was provided by the Company for Kilikanoon Wines.

21 Accounts payable

(1) Details of accounts payable are as follows:

Ageing	*2025*	*2024*
Within 1 year (inclusive)	318,780,204	413,307,306
Over 1 year but within 2 years (inclusive)	795,028	2,486,147
Over 2 years but within 3 years (inclusive)	748,646	372,036
Over 3 years	1,608,290	1,344,950
Total	321,932,168	417,510,439

(2) There is no significant accounts payable with ageing of more than one year.

22 Contract liabilities

Item	*As at 31 December 2025*	*As at 31 December 2024*
Receipt in advance	134,708,926	127,855,694
Withholding sales rebates	358,537	234,659
Total	135,067,463	128,090,353

Contract liabilities primarily relate to the Group's advances from sales contracts of specific customers and the withholding sales rebates. Relevant contract liabilities are recognised as revenue when the control of the goods is transferred to the customer.

23 Employee benefits payable

(1) Employee benefits payable:

	Note	*31 December 2024*	*Additions during the year*	*Decrease during the year*	*31 December 2025*
Short-term employee benefits	(2)	159,642,385	372,668,332	(375,423,515)	156,887,202
Post-employment benefits - defined contribution plans	(3)	323,120	43,083,160	(43,084,855)	321,425
Termination benefits		6,739,412	2,354,473	(3,776,895)	5,316,990
Total		166,704,917	418,105,965	(422,285,265)	162,525,617

(2) Short-term employee benefits

	31 December 2024	Additions during the year	Decrease during the year	31 December 2025
Salaries, bonuses, allowances	156,491,000	322,837,197	(325,398,698)	153,929,499
Staff welfare	1,270,097	14,312,577	(14,297,118)	1,285,556
Social insurance	302,052	19,788,935	(19,892,484)	198,503
Medical insurance	302,020	18,584,860	(18,688,447)	198,433
Work-related injury insurance	32	1,196,720	(1,196,682)	70
Maternity insurance	-	7,355	(7,355)	-
Housing fund	38,581	12,672,209	(12,668,009)	42,781
Labour union fee, staff and workers' education fee	1,540,655	3,057,414	(3,167,206)	1,430,863
Total	159,642,385	372,668,332	(375,423,515)	156,887,202

(3) Post-employment benefits - defined contribution plans

	31 December 2024	Additions during the year	Decrease during the year	31 December 2025
Basic pension insurance	321,807	41,662,642	(41,664,434)	320,015
Unemployment insurance	1,313	1,420,518	(1,420,421)	1,410
Total	323,120	43,083,160	(43,084,855)	321,425

24 Taxes payable

Item	2025	2024
Value-added tax	27,831,972	39,051,407
Consumption tax	42,140,635	40,806,933
Corporate income tax	69,531,572	88,479,855
Individual income tax	786,256	828,712
Tax on the use of urban land	2,302,126	2,301,066
Education surcharges	3,221,254	3,857,746
Urban maintenance and construction tax	4,495,333	5,372,605
Others	8,249,786	8,448,730
Total	158,558,934	189,147,054

25 Other payables

	Note	31 December 2025	31 December 2024
Others	(1)	332,855,775	398,149,521
Total		332,855,775	398,149,521

(1) Others

(a) Details of others by nature are as follows:

Item	*2025*	*2024*
Deposit payable to dealer	156,861,946	170,639,777
Advertising fee payable	43,523,608	44,729,221
Payables for repurchase of treasury shares	37,880,941	70,704,426
Trademarks	17,082,233	18,630,742
Freight charges payable	18,179,784	21,041,131
Deposits due to suppliers	16,393,705	16,515,150
Equipment and construction fee payable	11,523,560	13,160,841
Contracting fee payable	3,942,153	3,179,094
Staff deposit	1,480,476	735,016
Others	25,987,369	38,814,123
Total	332,855,775	398,149,521

(b) There are no significant others aged over one year accured this year.

26 Other current liabilities

Item	*2025*	*2024*
Refund liabilities arising from rights of return	7,613,2	16,425,1
Tax to be transferred out as sales	19,580,6	24,339,1
Total	27,193,8	40,764,2

27 Non-current liabilities due within one year

Non-current liabilities due within one year by category are as follows:

Item	*2025*	*2024*
Long-term loans due within one year	65,453,059	61,161,578
Lease liabilities due within one year	9,987,851	18,788,191
Total	75,440,910	79,949,769

28 Long-term loans

Long-term loans by category

Item	*Note*	*2025*	*2024*
Credit loans		117,827,899	111,798,781
Less: Long-term loans due within one year	V.27	65,453,059	61,161,578
Total		52,374,840	50,637,203

As at 31 December 2025, details of long-term borrowings were as follows:

	Amount	Amount	Nature of interest rate	Interest rate	Interest rate at the end of the year	Long-term loans due within one year	Long-term loans due after one year
		RMB		%	%		
Credit loans (EUR)	517,231	4,259,657	Fixed	2.80% - 4.65%	2.80% - 4.65%	2,619,989	1,639,668
Credit loans (EUR)	13,790,085	113,568,242	Floating	3.10% - 5.83%	3.10% - 5.83%	62,833,070	50,735,172
Total		117,827,899				65,453,059	52,374,840

As at 31 December 2025, Credit loans (EUR) were EUR 14,307,316 borrowed by Banco Santander, BBVA, Caja Rural de Navarr, Caixa Bank etc. (equivalent of RMB 117,827,899) (31 December 2024: EUR14,855,599 , equivalent of RMB 111,798,781).

29 *Lease liabilities*

Item	Note	2025	2024
Long-term lease liabilities		29,425,681	46,331,020
Less: Lease liabilities due within one year	V.27	9,987,851	18,788,191
Total		19,437,830	27,542,829

The specific arrangement of leases activities of the Group refers to Note 53.

30 Deferred income

Item	31 December 2024	Additions during the year	Decrease during the year	31 December 2025
Government grants	25,938,817	1,800,000	(8,351,885)	19,386,932

Government grants:

Liability	*31 December 2024*	*Additions of government grants during the year*	*Amounts recognised in other income during the year*	*31 December 2025*	*Related to assets/income*
Industrial development support project	8,200,000	-	(4,100,000)	4,100,000	Government grants related to assets
Retaining wall subsidies	7,847,333	1,800,000	(1,245,143)	8,402,190	Government grants related to assets
Xinjiang industrial revitalisation and technological transformation project	7,110,000	-	(1,422,000)	5,688,000	Government grants related to assets
Special fund for efficient water-saving irrigation project	667,000	-	(162,000)	505,000	Government grants related to assets
Subsidy for economic and energy-saving technological transformation projects	256,600	-	(128,300)	128,300	Government grants related to assets
Subsidies for construction of scenic spots	195,184	-	(43,730)	151,454	Government grants related to assets
Improvement of service facilities in scenic spots	264,000	-	(29,367)	234,633	Government grants related to assets
Technology research and industrial subsidies for utilizing China-produced oak for winemaking	1,398,700	-	(1,221,345)	177,355	Related to income
Total	25,938,817	1,800,000	(8,351,885)	19,386,932	

31 *Share capital*

	Balance at the beginning of the year	*Changes during the year*		*Balance at the end of the year*
		Release of lock-up shares	Cancellation of repurchased shares	
Unrestricted RMB ordinary shares	455,181,295	-	-	455,181,295
Restricted RMB ordinary shares (Note1)	4,639,398	-	(2,153,772)	2,485,626
Foreign shares listed domestically (Note2)	212,003,207	-	(12,430,000)	199,573,207
Total shares	671,823,900	-	(14,583,772)	657,240,128

Note1: On 25 July 2025, the Group convened its 3rd meeting of the Compensation Committee, the 2nd meeting of the 10th Board of Directors, and the 1st meeting of the 9th Board of Supervisors for 2025. During these meetings, the following proposals were deliberated and approved, the Proposal on the Failure to Meet the Unlocking Conditions for the Second Unlocking Period under the Company's 2023 Restricted Share Incentive Plan, and the Proposal on the Repurchase, Cancellation, and Price Adjustment of Certain Restricted Shares under the Company's 2023 Restricted Share Incentive Plan. On 12 August 2025, the Group held its first extraordinary general meeting for 2025, during which the Proposal on the Repurchase, Cancellation, and Price Adjustment of Certain Restricted Shares under the Company's 2023 Restricted Share Incentive Plan was deliberated and approved. The Group repurchased and cancelled 289,467 restricted shares that had been granted but not yet unlocked due to departure of incentive recipients or changes in their roles that rendered them no longer ineligible for the Company's 2023 Restricted Share Incentive Plan. The Group also repurchased and cancelled 1,864,305 restricted shares that failed to unlock as recipients failed to meet individual performance targets during the second unlocking period. Consequently, a total of 2,153,772 restricted shared were repurchased and cancelled. The aforementioned repurchase and cancellation resulted in a decrease of RMB 2,153,772 in the Group's share capital, a decrease of RMB 30,669,713 in capital reserve, and a reduction of RMB 32,823,485 in treasury shares in 2025.

Note2: The Group held the 11th meeting of the 9th Board of Directors on 16 April 2025, and the 2024 annual general meeting on 23 May 2025, during which the Proposal on Repurchasing Certain of the Company's Foreign-Invested Shares Listed in China (B Shares) was deliberated and approved. Between 25 June 2025 and 8 September 2025, the Group repurchased 12,430,000 B shares in aggregate by way of call auction through the special account for repurchase at a total amount of RMB 99,855,332. The Group completed de-registration of these B shares with Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on 17 December 2025. The transaction resulted in a decrease of RMB 12,430,000 in the Group's share capital, a decrease of RMB 87,425,332 in capital reserve, as well as an increase and subsequent decrease of RMB 99,855,332 in treasury shares.

32 Capital reserve

Items	*Note*	*31 December 2024*	*Additions during the year*	*Decrease during the year*	*31 December 2025*
Share premium	(1)	451,532,723	-	(118,095,045)	333,437,678
Others		30,610,824	-	-	30,610,824
Total		482,143,547	-	(118,095,045)	364,048,502

(1) During the reporting period, the Group repurchased and cancelled 12,430,000 B shares of the Company, resulting in a decrease of RMB 87,425,332 in share premium. Refer to Note V. 31 for details.

During the reporting period, the Group repurchased and cancelled 2,153,772 restricted shares, resulting in a decrease of RMB 30,669,713 in share premium. See Note V. 31 for details.

33 *Treasury shares*

Item	*Balance at the beginning of the year*	*Additions during the year*	*Decrease during the year*	*Balance at the end of the year*
Treasury shares	70,704,426	99,855,332	(132,678,817)	37,880,941
Total	70,704,426	99,855,332	(132,678,817)	37,880,941

During the reporting period, the Group repurchased and cancelled certain restricted shares due to departure of incentive recipients or changes in their roles that rendered them no longer ineligible for the Company's 2023 Restricted Share Incentive Plan. This resulted in a decrease of RMB 289,467 in share capital. The Group also repurchased and cancelled restricted shares that failed to unlock due to recipients not meeting individual performance targets during the second unlocking period. This resulted in a decrease of RMB 1,864,305 in share capital and a decreased of RMB 32,823,485 in treasury shares accordingly. For details, see Note V.31.

The Group repurchased and cancelled 12,430,000 B shares, resulting in an increase and decrease in treasury shares of RMB 99,855,332 respectively during the period. Please refer to note V.31.

34 Other comprehensive income

Item	*Balance at the beginning of the year attributable to shareholders of the Company*	*Accrued during the year*					*Balance at the end of the year attributable to shareholders of the Company*
		Before-tax amount	*Less: Previously recognised amount transferred to profit or loss*	*Less: Income tax expenses*	*Net-of-tax amount attributable to shareholders of the Company*	*Net-of-tax amount attributable to non-controlling interests*	
Items that may be reclassified to profit or loss							
Translation differences arising from translation of foreign currency financial statements	(39,714,972)	25,903,830	-	-	23,385,262	2,518,568	(16,329,710)

35 Surplus reserve

Item	*31 December 2025*	*31 December 2024*
Statutory surplus reserve	342,732,000	342,732,000

In accordance with the Company Law and the Articles of Association Company, the Company appropriated 10% of its net profit to statutory surplus reserve. The appropriation to the statutory surplus reserve may be ceased when the accumulated appropriation reaches over 50% of the registered capital of the Company. The Company does not appropriate net profit to the surplus reserve in 2025 as surplus reserve of the Company is above 50% of the registered capital.

The Company can appropriate discretionary surplus reserve after appropriation of the statutory surplus reserve. Discretionary surplus reserve can be utilised to offset the deficit or increase the share capital after approval.

36 Retained earnings

Item	*Note*	*2025*	*2024*
Retained earnings at the beginning of the year		9,232,928,370	9,273,629,318
Add: Net profits for the year attributable to shareholders of the Company		71,291,303	305,210,999
Less: Dividends to ordinary shares	(1)	(266,782,075)	(345,911,947)
Retained earnings at the end of the year	(2)	9,037,437,598	9,232,928,370

(1) Dividends in respect of ordinary shares declared during the year

As approved by the general meeting of shareholders on May 23, 2025, the Company distributed cash dividends of RMB 0.4 per share (2024: RMB 0.5 per share) to common shareholders on June 20, 2025, totaling RMB268,729,560 (2024: RMB346,124,780).

During the reporting period, the Group repurchased and cancelled 2,153,772 restricted shares granted under the Group's Restricted Share Incentive Plan, and recovered cash dividends of RMB 1,947,485.

(2) Retained earnings at the end of the year

As at 31 December 2025, the consolidated retained earnings attributable to the Company included an appropriation of RMB 73,306,833 (2024: RMB 64,459,076) to surplus reserve made by the subsidiaries.

37 Operating income and operating costs

Item	*2025*		*2024*	
	Income	*Cost*	*Income*	*Cost*
Principal activities	2,914,372,110	1,300,520,369	3,196,761,585	1,360,000,070
Other operating activities	74,295,412	29,304,632	80,516,762	32,602,329
Total	2,988,667,522	1,329,825,001	3,277,278,347	1,392,602,399
Including: Revenue from contracts with customers	2,982,029,491	1,325,520,521	3,271,223,512	1,387,836,538
Rent income	6,638,031	4,304,480	6,054,835	4,765,861

(1) Disaggregation of revenue from contracts with customers:

Type of contract	*2025*	*2024*
By type of goods or services		
- Liquor	2,914,372,110	3,196,761,585
- Others	67,657,381	74,461,927
By timing of transferring goods or services		
- Revenue recognised at a point in time	2,982,029,491	3,271,223,512

(2) Geographical regions of operating income and operating costs :

Type of contract	*2025*		*2024*	
	Income	*Cost*	*Income*	*Cost*
By geographical regions				

- China	2,370,215,804	962,299,411	2,685,914,511	1,031,980,984
- Other countries and regions	618,451,718	367,525,590	591,363,836	360,621,415
Total	2,988,667,522	1,329,825,001	3,277,278,347	1,392,602,399

38 Taxes and surcharges

Item	*2025*	*2024*
Consumption tax	172,905,966	185,547,704
Urban maintenance and construction tax	22,947,535	23,268,173
Education surcharges	15,787,621	16,775,249
Property tax	34,748,272	33,918,780
Tax on the use of urban land	10,030,712	9,869,535
Stamp duty	3,489,633	4,022,461
Others	1,159,661	360,727
Total	261,069,400	273,762,629

39 Selling and distribution expenses

Item	*2025*	*2024*
Marketing fee	299,546,194	322,040,390
Salaries and benefits	277,687,005	294,724,158
Labour service fee	92,140,010	86,440,275
Advertising fee	47,593,280	63,037,709
Depreciation expense	48,682,432	51,846,831
Design and production fee	13,096,115	19,561,846
Travelling expenses	29,772,083	29,989,425
Trademarks expenses	16,266,578	17,770,743
Storage rental	23,496,831	25,233,942
Conference fee	12,364,580	16,578,022
Water, electricity and gas fee	12,753,684	12,987,461
Others	72,929,769	72,769,618
Total	946,328,561	1,012,980,420

40 General and administrative expenses

Item	*2025*	*2024*
Salaries and benefits	88,580,459	96,337,276
Depreciation expenses	96,644,282	99,816,234
Repair costs	11,826,773	12,001,516
Administrative expenses	22,168,941	19,512,898
Amortisation of greening fee	17,123,717	17,550,658
Amortisation expenses	15,889,274	15,903,477
Safety production costs	8,632,180	9,793,378
Security and cleaning fee	8,342,417	8,593,907
Contracting fee	4,108,056	3,913,648
Others	27,488,348	30,488,889
Total	300,804,447	313,911,881

41 Financial expenses

Item	*2025*	*2024*
Interest expenses from loans and payables	17,307,226	30,125,387
Interest expenses from lease liabilities	790,677	4,136,343
Interest income from deposits	(19,698,919)	(34,643,667)
Exchange (gains)/losses	(14,911,624)	10,911,603
Other financial expenses	1,165,694	2,306,407
Total	(15,346,946)	12,836,073

42 Other income

Item	*2025*	*2024*	*Related to assets/income*
Industrial development support project	4,100,000	4,100,000	Government grants related to assets
Xinjiang Industrial Revitalization and Technological Transformation Project	1,422,000	1,422,000	Government grants related to assets
Wine production capacity construction project	-	1,200,000	Government grants related to assets
Subsidies for retaining wall	1,245,143	988,000	Government grants related to assets
Others - Government grants related to assets	363,397	396,617	Government grants related to assets
Special funds for the development of enterprises	5,230,100	16,700,000	Related to income
Tax rebates	6,422,149	13,297,771	Related to income
Regional sales incentive fund	6,010,625	2,800,000	Related to income
Wine Industry Development Project	2,479,000	1,224,301	Related to income
Technology research and industrial subsidies for China-produced oak wine-making	1,221,345	1,361,300	Related to income
Talent development funds from Shihezi government	1,200,000	2,200,000	Related to income
Funds for the integration development project of agricultural industry	284,100	536,000	Related to income
Others - Government grants related to income	5,159,816	6,387,921	Related to income
Total	35,137,675	52,613,910	

Other income during reporting period has been included in non-recurring gains and losses.

43 Investment losses

Investment losses by items

Item	*2025*	*2024*
Long-term equity investment losses under equity method	(1,975,116)	(4,420,872)
Investment profit arising from disposal of subsidiaries	1,041,400	-
Total	(933,716)	(4,420,872)

44 Credit (losses)/reversal

Item	*2025*	*2024*
Accounts receivable	(332,283)	5,545,725
Other receivable	(18,844,440)	(3,726,890)
Total	(19,176,723)	1,818,835

45 Impairment losses

Item	*2025*	*2024*
Long-term equity investments	6,233,435	-
Inventories	1,791,895	1,450,966
Goodwill	-	6,014,534
Total	8,025,330	7,465,500

46 Gains from asset disposals

Item	*2025*	*2024*
Gains from asset disposals	307,134	132,116,926

Gains from disposal of assets during reporting period has been included in non-recurring gains and losses.

47 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

Item	*2025*	*2024*
Insurance compensation	672,000	1,709,700
Net income from fine	3,029,197	1,501,900
Others	4,004,827	1,766,330
Total	7,706,024	4,977,930

Non-operating income during reporting period has been included in non-recurring gains and losses.

(2) Non-operating expenses

Item	*2025*	*2024*
Losses from disposal of non-current assets	283,885	1,868,546
Donations provided	714,905	1,416,240
Compensation, penalty and fine expenses	1,138,254	127,736
Others	817,092	320,552
Total	2,954,136	3,733,074

Non-operating expenses during reporting period has been included in non-recurring gains and losses.

48 Income tax expenses

Item	*Note*	*2025*	*2024*
Current tax expense for the year based on tax law and regulations		76,177,873	115,078,031
Changes in deferred tax assets/liabilities	(1)	5,582,174	(1,850,459)
Total		81,760,047	113,227,572

(1) The analysis of changes in deferred tax is set out below:

Item	*2025*	*2024*
Origination of temporary differences	5,582,174	(1,850,459)
Total	5,582,174	(1,850,459)

(2) Reconciliation between income tax expenses and accounting profit:

Item	*2025*	*2024*
Profit before taxation	156,605,168	427,554,857
Estimated income tax at 25%	39,151,292	106,888,714
Effect of different tax rates applied by subsidiaries	733,961	1,503,486
Effect of non-taxable income	-	(25,961,339)
Effect of non-deductible costs, expense and losses	2,549,072	6,891,065
Effect of using deductible losses for which no deferred tax asset was recognized in previous periods	(7,637,872)	(3,134,547)
Effect of deductible losses of deferred tax assets not recognised for the year	39,112,329	25,217,629
Deferred tax assets written-off	7,851,265	1,822,564
Income tax expenses	81,760,047	113,227,572

49 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2025	*2024*
Consolidated net profit attributable to ordinary shareholders of the Company	71,291,303	305,210,999
Weighted average number of ordinary shares outstanding	662,765,035	684,370,832
Basic earnings per share (RMB/share)	0.11	0.45

Weighted average number of ordinary shares is calculated as follows:

	2025	*2024*
Issued ordinary shares at the beginning of the year	667,184,502	685,464,000
Effect of repurchasing shares	(4,419,467)	(1,666,666)
Effects of unlocking of ordinary shares subject to sales restrictions	-	573,498
Weighted average number of ordinary shares at the end of the year	662,765,035	684,370,832

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit (diluted) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (diluted):

	Note	*2025*	*2024*
Consolidated net profit attributable to ordinary shareholders of the Company (Dilute)	(a)	71,291,303	305,210,999
Weighted average number of ordinary shares outstanding (Dilute)	(b)	662,765,035	684,370,832
Diluted earnings per share (RMB/share)		0.11	0.45

(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:

	2025	*2024*
Consolidated net profit attributable to ordinary shareholders of the Company	71,291,303	305,210,999
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	71,291,303	305,210,999

(b) The weighted average number of the Company's ordinary shares (diluted) is calculated as follows:

	2025	*2024*
Weighted average number of ordinary shares at 31 December	662,765,035	684,370,832
Weighted average number of ordinary shares (diluted) at the end of the year	662,765,035	684,370,832

50 Cash flow statement

(1) Cash relating to operating activities

a. Proceeds relating to other operating activities:

Item	*2025*	*2024*
Government grants	28,585,790	45,969,993
Interest income from bank	17,529,757	29,707,469
Penalty income	3,029,197	1,501,900
Others	1,153,216	3,857,611
Total	50,297,960	81,036,973

b. Payments relating to other operating activities:

Item	*2025*	*2024*
Selling and distribution expenses	416,258,276	512,511,750
General and administrative expenses	99,690,432	105,557,429
Others	24,987,599	23,092,431
Total	540,936,307	641,161,610

(2) Cash relating to investing activities

a. Proceeds relating to significant investing activities:

Item	*2025*	*2024*
Recovery of fixed deposits	93,200,000	464,200,000
Disposal of subsidiaries	25,831,272	-
Total	119,031,272	464,200,000

b. Payments relating to significant investing activities:

Item	*2025*	*2024*
Investments in fixed deposits	60,200,000	288,650,000
Acquisition of fixed assets and construction in progress	21,805,284	74,604,013
Total	82,005,284	363,254,013

(3) Cash relating to financing activities

a. Proceeds relating to other financing activities:

Item	*2025*	*2024*
Repurchase of treasury shares(Note V.33)	99,855,332	178,084,318
Cancellation of restricted shares (Note V.33)	32,823,485	6,487,150
Cash paid for lease	20,472,317	26,235,103
Payment for acquisition of non-controlling interests	-	16,506,915
Total	153,151,134	227,313,486

b. Changes in liabilities arising from financing activities

	Balance at the beginning of the year	*Additions during the year*		*Decreases during the year*		*Balance at the end of the year*
		Cash	*Non-cash*	*Cash*	*Non-cash*	
Short-term loan	216,140,346	461,506,851	-	(433,053,481)	(3,918,928)	240,674,788
Long-term loan	50,637,203	65,811,218	-	-	(64,073,581)	52,374,840
Lease liabilities	27,542,829	-	3,581,426	(1,684,125)	(10,002,300)	19,437,830
Non-current liabilities due within one year	79,949,769	-	74,061,432	(78,570,291)	-	75,440,910
Other accounts payable - dividends payable	-	-	274,909,214	(274,909,214)	-	-
Other accounts payable - interest payable	-	-	18,097,903	(18,097,903)	-	-
Other accounts payable - payables for repurchase of treasury shares	70,704,426	-	99,855,332	(132,678,817)	-	37,880,941
Total	444,974,573	527,318,069	470,505,307	(938,993,831)	(77,994,809)	425,809,309

51 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

a. Reconciliation of net profit to cash flows from operating activities:

Item	*2025*	*2024*
Net profit	74,845,121	314,327,285
Add: Credit/asset impairment losses	27,202,053	5,646,665
Depreciation of fixed assets and investment property	312,046,003	302,028,852
Amortisation of intangible assets	17,763,167	18,740,240
Amortisation of long-term deferred expenses	22,177,502	21,658,422
Amortisation of productive biological assets	6,437,416	13,833,533
Depreciation of ROU assets	18,280,962	20,744,479
Profits from disposal of fixed assets, intangible assets, and other long-term assets	(307,134)	(132,116,926)
Financial expenses	15,325,664	32,778,256
Equity incentive reversal	-	(4,016,467)
Investment losses	933,716	4,420,872
Decrease/(increase) in deferred tax assets	6,312,445	(474,895)
Decrease in deferred tax liabilities	(730,271)	(1,375,564)
Decrease/(increase) in gross inventories	61,122,950	(140,130,935)
(Increase)/decrease in operating receivables	(32,106,931)	268,230,903
(Decrease) in operating payables	(173,479,204)	(326,553,653)
Net cash flows from operating activities	355,823,459	397,741,067

b. Significant investing and financing activities not requiring the use of cash:

Item	*2025*	*2024*
Payment of construction in progress and other long-term assets by bank acceptances	40,268,965	37,753,184

c. Change in cash and cash equivalents:

Item	*2025*	*2024*
Cash equivalents at the end of the year	1,839,128,089	1,717,727,551
Less: Cash equivalents at the beginning of the year	1,717,727,551	1,963,155,752
Net increase /(decrease) in cash and cash equivalents	121,400,538	(245,428,201)

(2) Details of cash and cash equivalents

Item	*2025*	*2024*
Cash at bank and on hand		
Including: Cash on hand	18,877	27,228
Bank deposits available on demand	1,839,109,212	1,717,700,323
Closing balance of cash and cash equivalents	1,839,128,089	1,717,727,551

52 Assets with restrictive ownership title or right of use

Item	*Opening balance*	*Balance at the end of the year*	*Reason for restriction*
Cash at bank and on hand	1,470,579	4,110,000	The Company deposits and Escrow account for migrant workers' wages etc.
Account receivable (i)	35,917,860	73,330,179	Short-term borrowings mortgage from Atrio
Fixed assets	32,467,803	34,165,994	Short-term borrowings from Hacienda
Total	69,856,242	111,606,173	

(i) As at 31 December 2025, the amount of accounts receivable with restricted ownership is EUR 8,904,156 , equivalent of RMB 73,330,179 hich refers to accounts receivable Atrio conducted for factoring from Banco de Sabadell, S.A. Etc. (31 December 2024: EUR 4,772,694, equivalent of RMB 35,917,860).

53 Leases

(1) As a lessee

Item	*2025*	*2024*
Short-term lease expenses for which the practical expedient has been applied	245,034	386,346
Total cash outflow for leases	21,124,354	26,621,449

The Group leases buildings and motor vehicles with the lease terms of 1 year or less, and all of these leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(2) As a lessor

Item	*2025*	*2024*
Lease income	6,638,031	6,054,835

The Group leased out some machineries in 2023 and 2024 with a lease term within 1 year. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The undiscounted lease receipts to be received by the Group after the balance sheet date are as follows:

Item	*2025*	*2024*
Within 1 year (inclusive)	5,217,303	5,872,890
Over 1 year but within 2 years (inclusive)	5,195,284	5,872,890
Over 2 years but within 3 years (inclusive)	1,376,147	5,850,872
Over 3 years but within 4 years (inclusive)	-	1,941,507
Total	11,788,734	19,538,159

VI. Research and development expenses

Presentation by nature

Item	*2025*	*2024*
Salaries	7,557,252	7,362,919
Diagnostic test fees	2,882,115	2,600,375
Consultancy fee	1,511,544	1,412,609
Material consumption	5,960,086	4,242,275
Others	3,531,822	3,920,065
Total	21,442,819	19,538,243
Including: research and development expenditures that are expensed	21,442,819	19,538,243

VII. Change of consolidation scope

1 Disposal of subsidiaries

Transactions or events resulting in loss of control over subsidiaries

Name of enterprise	Date of losing control	Consideration on the date of losing control	Shareholding being disposed on the date of losing control (%)	Disposal method on the date of losing control	Basis for determining date of losing control	Difference between consideration received and the related share of net assets in consolidated financial statements	Proportion of remaining shareholding on the date of losing control	Fair value of remaining equity interests on the date of losing control in consolidated financial statements
Roullet-Fransac	26 September 2025	EUR 3,309,500	100%	Equity transfer	Control transfer	RMB 1,041,400	-	-

The Group recognised a gain of RMB1,041,400 on disposal of Roullet-Fransac resulting in loss of control, which has been included in investment income of the consolidated financial statements.

2 Other reasons for change of consolidation scope

The Group deregistered and liquidated its subsidiary Tianjin Zhangyu Yixin Digital Technology Co., Ltd. on 20 August 2025. Following the completion of the liquidation and distribution of the remaining assets of Yixin Digital, the Group’s mon-controlling interests decreased by RMB 6,834,267 accordingly.

VIII. Interests in other entities

1 Interests in subsidiaries

(1) Composition of the Group

Name of the Subsidiary	*Principal place of business*	*Registered place*	*Business nature*	*Registered capital*	*Shareholding ratio (%) (or similar equity interest)*		*Acquisition method*
Hacienda y Viñedos Marqués del Atrio, S.L (“Hacienda”)	Navarre, Spain	Navarre, Spain	Marketing and sales	EUR2,000,000	90	-	Business combinations involving entities not under common control
Viña Indómita, S.A., Viña Dos Andes, S.A., and BodegasSantaAlicia SpA.. (“Chile Indomita Wine Group”)	Santiago, Chile	Santiago, Chile	Marketing and sales	CLP31,100,000,000	85	-	Acquired through establishment or investment
Kilikanoon Estate Pty Ltd. (“Australia Kilikanoon Estate”)	Adelaide, Australia	Adelaide, Australia	Marketing and sales	AUD6,420,000	99	-	Business combinations involving entities not under common control
Beijing Changyu Sales and Distribution Co., Ltd. (“Beijing Sales”)	Beijing, China	Beijing, China	Marketing and sales	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Kylin Packaging Co., Ltd. (“Kylin Packaging”)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB15,410,000	100	-	Acquired through establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd.(“Chateau Changyu”) (a)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	USD5,000,000	70	-	Acquired through establishment or investment
Changyu (Jingyang) Wine Co., Ltd. (“Jingyang Wine”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	RMB1,000,000	90	10	Acquired through establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. (“Sales Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB8,000,000	100	-	Acquired through establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. (“Shanghai Sales”)	Shanghai, China	Shanghai, China	Marketing and sales	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wines Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	90	10	Acquired through establishment or investment
Yantai Changyu Pioneer International Co., Ltd. (“Pioneer International”)	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	70	30	Acquired through establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. (“Hangzhou Changyu”)	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Marketing and sales	RMB500,000	-	100	Acquired through establishment or investment
Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”)	Yinchuan, Ningxia, China	Ningxia, China	Plating	RMB1,000,000	100	-	Acquired through establishment or investment

Name of the Subsidiary	*Principal place of business*	*Registered place*	*Business nature*	*Registered capital*	*Shareholding ratio (%) (or similar equity interest)*		*Acquisition method*
Huanren Changyu National Wines Sales Co., Ltd. ("National Wines")	Benxi, Liaoning, China	Benxi, Liaoning, China	Marketing and sales	RMB2,000,000	100	-	Acquired through establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. ("Golden Icewine Valley")	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	RMB64,687,300	100	-	Acquired through establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. ("Development Zone Trading")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	-	100	Acquired through establishment or investment
Beijing AFIP Meeting Center ("Meeting Center")	Miyun, Beijing, China	Miyun, Beijing, China	Services	RMB500,000	-	100	Acquired through establishment or investment
Beijing AFIP Tourism and Culture ("AFIP Tourism")	Miyun, Beijing, China	Miyun, Beijing, China	Tourism	RMB500,000	-	100	Acquired through establishment or investment
Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine")	Ningxia, China	Ningxia, China	Manufacturing	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Chateau Tinlot Co., Ltd. ("Chateau Tinlot")	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	RMB400,000,000	65	35	Acquired through establishment or investment
Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	RMB550,000,000	100	-	Acquired through establishment or investment
Ningxia Chateau Changyu Moser XV Co., Ltd. ("Chateau Ningxia")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	RMB2,000,000	100	-	Acquired through establishment or investment
Shaanxi Chateau Changyu Changge Co., Ltd. (" Chateau Changge ")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	RMB20,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre")	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB805,000,000	100	-	Acquired through establishment or investment
Xinjiang Changyu Sales Co., Ltd. ("Xinjiang Sales")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Marketing and sales	RMB10,000,000	-	100	Acquired through establishment or investment
Ningxia Changyu Trading Co., Ltd. ("Ningxia Trading")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Shaanxi Changyu Rena Wine Sales Co., Ltd. ("Shanxi Sales")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Marketing and sales	RMB3,000,000	-	100	Acquired through establishment or investment
Penglai Changyu Wine Sales Co., Ltd.("Penglai Sales")	Penglai, Shandong, China	Penglai, Shandong, China	Marketing and sales	RMB5,000,000	-	100	Acquired through establishment or investment
Laizhou Changyu Wine Sales Co., Ltd. ("Laizhou Sales")	Laizhou, Shandong, China	Laizhou, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Francs Champs Participations SAS ("Francs Champs")	Cognac, France	Cognac, France	Investment and trading	EUR32,000,000	100	-	Acquired through establishment or investment
Yantai Roullet Fransac Wine Sales Co., Ltd. ("Yantai Roullet Fransac")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Yantai Changyu Wine Sales Co., Ltd. ("Wine Sales Company")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	100	-	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Shaanxi Chateau Changyu Rena Tourism Co., Ltd. (“Chateau Tourism”)	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism	RMB1,000,000	-	100	Acquired through establishment or investment
Longkou Changyu Wine Sales Co., Ltd. (“Longkou Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Yantai Changyu Cultural Tourism Development Co., Ltd. (“Culture Development “)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB10,000,000	100	-	Acquired through establishment or investment
Beijing Changyu AFIP Agriculture development Co., Ltd. (“Agriculture Development”)	Miyun, Beijing, China	Miyun, Beijing, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. (“AFIP”) (b)	Beijing, China	Beijing, China	Manufacturing	RMB642,750,000	92	-	Acquired through establishment or investment
Yantai Changyu Wine Culture Museum Co., Ltd. (“Museum”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB500,000	-	100	Acquired through establishment or investment
Yantai Changyu Culture Tourism Production Sales Co., Ltd. (“Culture Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB5,000,000	-	100	Acquired through establishment or investment
Yantai Changyu International Window of the Wine City Co., Ltd. (“Window of the Wine City”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB60,000,000	-	100	Acquired through establishment or investment
Yantai KOYA Brandy Chateau Co., Ltd. (“Chateau KOYA”)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB10,000,000	100	-	Acquired through establishment or investment
Changyu (Shanghai) International Digital Marketing Center Limited (“Digital Marketing”)	Shanghai, China	Shanghai, China	Marketing and sales	RMB50,000,000	100	-	Acquired through establishment or investment
Shanghai Changyu Guoqu Digital Technology Co., Ltd. (“Shanghai Guoqu”)	Shanghai, China	Shanghai, China	Marketing and sales	RMB6,000,000	-	51	Acquired through establishment or investment
Shanghai Changyu Yixin Digital Technology Co., Ltd. (“Shanghai Yixin”)	Shanghai, China	Shanghai, China	Marketing and sales	RMB10,000,000	-	51	Acquired through establishment or investment
Yantai Creighton Catering Company Limited (“Creighton Catering”)	Yantai, Shandong, China	Yantai, Shandong, China	Services	RMB1,000,000	-	100	Acquired through establishment or investment
Weimeisi (Shanghai) Enterprise Development Co., Ltd (“Weimeisi Shanghai”)	Shanghai, China	Shanghai, China	Marketing and sales	RMB10,000,000	100	-	Acquired through establishment or investment
Ningxia Longyu Food Trading Co., Ltd. ("Ningxia Longyu")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Marketing and sales	RMB500,000	100	-	Acquired through establishment or investment
Beijing Changyu Trading Co., Ltd. ("Beijing Trading")	Miyun, Beijing, China	Miyun, Beijing, China	Marketing and sales	RMB500,000	100	-	Acquired through establishment or investment
Huanren Zhangyu Wine Ethnic Liquor Sales Co., Ltd. (“Huanren Sales”)	Benxi, Liaoning. China	Benxi, Liaoning. China	Marketing and sales	RMB2,000,000	100	-	Acquired through establishment or investment

Name of the Subsidiary	*Principal place of business*	*Registered place*	*Business nature*	*Registered capital*	*Shareholding ratio (%)*		*Acquisition method*
					(or similar equity interest)		
Shanghai Zhangyu Yixin Yida E-commerce Co., Ltd. ("Shanghai Yixin Yida")	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Services	RMB500,000	100	-	Acquired through establishment or investment

Reasons for the inconsistency between the proportion of shareholdings in a subsidiary and the proportion of voting rights:

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

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

(2) Material non-wholly owned subsidiaries

Name of the Subsidiary	*Proportion of ownership interest held by non-controlling interests*	*Comprehensive income attributable to non-controlling interests for the year*	*Dividend declared to non-controlling shareholders during the year*	*Balance of non-controlling interests at the end of the year*
AFIP	8.47%	-	-	56,409,393
IWCC	15.00%	1,986,915	883,855	57,789,439

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made for the fair value adjustment at the acquisition date and any differences in accounting policies:

	AFIP		*Chile Indomita Wine Group*	
	2025	*2024*	*2025*	*2024*
Current assets	264,880,703	256,982,569	239,483,768	237,880,401
Non-current assets	354,205,457	373,266,371	306,248,010	306,022,908
Total assets	619,086,160	630,248,940	545,731,778	543,903,309
Current liabilities	19,136,401	16,704,310	144,442,947	150,938,775
Non-current liabilities	3,645,340	3,708,917	8,468,264	7,497,696
Total liabilities	22,781,741	20,413,227	152,911,211	158,436,471
Operating income	67,106,362	81,045,348	227,567,761	222,156,497
Net (loss)/profit	(13,659,294)	(8,859,147)	7,780,198	11,847,093
Total comprehensive income	(13,659,294)	(8,859,147)	13,246,098	2,428,528
Cash flows from operating activities	168,621	12,596,851	12,958,085	19,487,568

IX. Risk 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 analyse 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.

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.

The Group's maximum credit risk exposure is the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet.

In order to minimise 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 recognised 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 at 31 December 2025, 37.5% of the Group trade receivables are due from top five customers (31 December 2024: 42.1%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

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 Company 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 Company'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 realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

Item	*2025 Contractual undiscounted cash flow*					*Carrying amount at balance sheet date*
	Within 1 year or on demand	*1 to 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	
Short-term loans	243,345,139	-	-	-	243,345,139	240,674,788
Accounts payable	321,932,168	-	-	-	321,932,168	321,932,168
Other payables	332,855,775	-	-	-	332,855,775	332,855,775
Long-term loans (including the portion due within one year)	68,651,364	26,399,241	28,552,669	-	123,603,274	117,827,899
Lease liability (including the portion due within one year)	11,147,721	4,221,591	10,387,294	12,439,306	38,195,912	29,425,681
Total	977,932,167	30,620,832	38,939,963	12,439,306	1,059,932,268	1,042,716,311

Item	*2024 Contractual undiscounted cash flow*					*Carrying amount at balance sheet date*
	Within 1 year or on demand	*1 to 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	
Short-term loans	219,471,784	-	-	-	219,471,784	216,140,346
Accounts payable	417,510,439	-	-	-	417,510,439	417,510,439
Other payables	398,149,521	-	-	-	398,149,521	398,149,521
Long-term loans (including the portion due within one year)	34,442,156	21,327,296	66,175,216	-	121,944,668	111,798,781
Lease liability (including the portion due within one year)	20,108,712	10,585,667	11,049,349	15,155,422	56,899,150	46,331,020
Total	1,089,682,612	31,912,963	77,224,565	15,155,422	1,213,975,562	1,189,930,107

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 at 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Item	*2025*		*2024*	
	Effective interest rate	*Amounts*	*Effective interest rate*	*Amounts*
Financial assets				
- Cash at bank	1.30% - 2.25%	45,650,000	1.70% - 2.25%	78,650,000
Financial liabilities				
- Short-term loans	5.34% - 5.85%	(92,510,252)	5.53% - 5.94%	(97,958,247)
- Long-term loans (including the portion due within one year)	2.80% - 4.65%	(4,259,657)	2.80% - 4.65%	(6,342,368)
- Lease liability (including the portion due within one year)	4.65%	(29,425,681)	4.65%	(46,331,020)
Total		(80,545,590)		(71,981,635)

Variable rate instruments:

Item	*2025*		*2024*	
	Effective interest rate	*Amounts*	*Effective interest rate*	*Amounts*
Financial assets				
- Cash at bank	0.01% - 0.55%	1,843,219,212	0.20% - 0.35%	1,718,853,538
Financial liabilities				
- Short-term loans	1Year LPR - 0.89%	(50,000,000	1Year LPR - 0.95%	(50,000,000)
- Short-term loans	BBSW + 1.5%	(13,364,220	BBSW+1.5%	(26,365,950)
- Short-term loans	2.20% - 3.90%	(84,800,316	3.41% - 4.65%	(41,816,149)
- Long-term loans (including the portion due within one year)	3.10% - 5.83%	(113,568,242	3.41% - 7.59%	(105,456,413)
Total		1,581,486,434		1,495,215,026

(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 at 31 December 2025, 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 981,498 (2024: RMB838,644), and net profit by RMB 981,498 (2023: RMB 838,644).

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 annualised impact on interest expense or income of such a change in interest rates.

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 31 December, the Group's exposure to main 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.

	2025		*2024*	
	Balance at foreign currency	*Balance at RMB equivalent*	*Balance at foreign currency*	*Balance at RMB equivalent*
Cash at bank and on hand				
- USD	832,131	5,848,885	906,574	6,516,817
- EUR	41,398	340,929	62,611	471,195
- HKD	2	1	2	1
Short-term loans				
- USD	13,125,000	92,510,252	13,375,000	97,958,247

(2) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		*Balance sheet date mid-spot rate*	
	2025	*2024*	*2025*	*2024*
USD	7.1429	7.1217	7.0288	7.1884
EUR	8.0965	7.7248	8.2355	7.5257
HKD	0.9162	0.9127	0.9032	0.9260

(3) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar, Euro dollar and HK dollar at 31 December 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:

	Equity	*Net profit*
31 December 2025		
USD	3,253,771	3,253,771
EUR	(12,543)	(12,543)
Total	3,241,228	3,241,228
31 December 2024		
USD	3,433,649	3,433,649
EUR	(17,200)	(17,200)
Total	3,416,449	3,416,449

A 5% weakening of the Renminbi against the US dollar, Euro dollar and HK dollar at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

X. 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 31 December 2025 and 31 December 2024.

XI. Related parties and related party transactions

1 Information about the parent of the Company

Company name	*Registered place*	*Business nature*	*Registered capital*	*Shareholding percentage (%)*	*Percentage of voting rights (%)*	*Ultimate controlling party of the Company*
Changyu Group	Yantai	Manufacturing	50,000,000	52.6%	52.6%	Jointly controlled by Yantai GuoFeng Investment Holding Ltd, ILLVA SARONNO HOLDING SPA, International Finance Corporation and Yantai Yuhua Investment and Development Company Limited.

The registered capital of the parent company did not change in 2025, while the parent company's shareholding percentage and proportion of voting rights changed from 51.4% to 52.6%.

2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VIII.1.

3 Information on other related parties

Name of other related parties	*Related party relationship*
Yantai Shenma Packaging Co., Ltd. (“Shenma Packaging”)	Controlled by the same parent company
Yantai Zhongya Zhibao Pharmaceutical Co., Ltd. (“Zhongya Zhibao”)	Information on the Group’s directors, supervisors and the senior management
Shanghai Yufeng Brand Management Co., Ltd.("Shanghai Yufeng”)	Associate of the Group
Taizhou Changyu Winery Wine Sales Co., Ltd.("Taizhou Changyu”)	Associate of the Group
Yantai Guolong Wine Industry Co., Ltd (“Yantai Guolong”)	Associate of the Group
Societe Civile Argricole Du Chateau De Mirefleurs (“Mirefleurs”)	Subsidiaries of the joint venture
Chateau De Liversan (“ Liversan”)	Subsidiaries of the joint venture
Yantai Changyu Wine Culture Museum ("Museum")	Non profit organizations associated with the company

4 Transactions with related parties

(1) Product procurement

Related parties	*Nature of transaction*	*2025*	*2024*
Shenma Packaging	Product procurement	55,481,477	67,118,462
Zhongya Zhibao	Product procurement	46,437	63,910
Mirefleurs	Product procurement	9,702,697	5,940,476
Liversan	Product procurement	8,216,340	2,997,312
Total		73,446,951	76,120,160

(2) Sales of goods

Related parties	*Nature of transaction*	*2025*	*2024*
Zhongya Zhibao	Sales of goods	5,458,840	4,977,296
Shanghai Yufeng	Sales of goods	2,472,563	1,747,006
Shenma Packaging	Sales of goods	120,679	119,317
Yantai Guolong	Sales of goods	-	13,221,519
Taizhou Changyu	Sales of goods	6,252,913	4,329,478
Total		14,304,995	24,394,616

(3) Purchase of fixed assets

Related parties of the Company	*Nature of transaction*	*2025*	*2024*
Shenma Packaging	Purchase of fixed assets	670,556	219,821
Total		670,556	219,821

(4) Leases

(a) As the lessor

Name of lessee	*Type of assets leased*	*Lease income recognised in 2025*	*Lease income recognised in 2024*
Shenma Packaging	Offices and plants	1,492,550	1,549,410
Zhongya Zhibao	Offices and plants	928,440	963,810
Museum	Offices	1,146,789	382,110
Total		3,567,779	2,895,330

(b) As the lessee

Name of lessor	*Type of assets leased*	*Lease expense recognised in 2025*	*Lease expense recognised in 2024*
Changyu Group	Office buildings	1,479,663	1,548,899
Changyu Group	Offices and plants	1,338,387	1,396,340
Changyu Group	Offices and plants	4,015,162	4,189,020
Changyu Group	Offices and commercial building	6,172,168	6,484,558
Total		13,005,380	13,618,817

(5) Remuneration of key management personnel

Item	*2025*	*2024*
Remuneration of key management personnel	7,054,185	10,298,399

(6) Other related party transactions

Related parties	*Nature of transaction*	*2025*	*2024*
Changyu Group	Trademarks	16,266,578	17,770,743

Pursuant to a royalty agreement dated 18 May 1997, starting from 18 September 1997, the Group may use certain trademarks of Changyu Group, which have been registered with the PRC Trademark Office. An annual royalty fee at 2% of the Group's annual sales is payable to Changyu Group. The license is effective until the expiry of the registration of the trademarks.

On 18 May 2019, the general meeting of shareholders approved the proposal of the amendment to the royalty agreement. Article 6.1 of the royalty agreement with Changyu Group was amended to: During the validity period of this contract, the Group pays Changyu Group royalty on an annual basis. The royalty is calculated based on 0.98% of the sales volume of the Group 's contract products using this trademark. The article 6.3 is amended to: The royalty paid to the Changyu Group by the Group shall not be used to promote this trademark and the contract products.

The Group incurred a trademark usage fee of RMB16,266,578 this year.

5 Receivables from and payables to related parties

Receivables from related parties

Item	*Related party*	*2025*		*2024*	
		Book value	*Provision for bad and doubtful debts*	*Book value*	*Provision for bad and doubtful debts*
Accounts receivable	Zhongya Zhibao	-	-	1,041,839	1,126
Accounts receivable	Museum	-	-	416,500	450
Prepayments	Mirefleurs	-	-	5,346,651	-
Prepayments	Shenma Packaging	-	-	112,579	-

Payables to related parties

Item	*Related party*	*2025*	*2024*
Accounts payable	Shenma Packaging	25,095,928	20,649,261
Accounts payable	Zhongya Zhibao	1,572,709	1,133,362
Accounts payable	Shanghai Yufeng	61,365	7,318
Accounts payable	Mirefleurs	744,426	-
Contract liabilities	Taizhou Changyu	-	5,927,230
Contract liabilities	Yantai Guolong	51,696	51,696
Contract liabilities	Shenma Packaging	11,835	11,835
Contract liabilities	Changyu Group	41,964	-
Other payables	Changyu Group	17,082,233	18,630,742
Other payables	Shenma Packaging	400,000	400,000
Other payables	Yantai Guolong	50,000	50,000

XII. Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

XIII. Share-based payments

1 Equity instruments

(1) Share options or other equity instruments outstanding at the end of the year

Type of grantees	*Granted during the year*		*Exercised during the year*		*Unlocked during the year*		*Forfeited during the year*	
	Quantity	*Amount*	*Quantity*	*Amount*	*Quantity*	*Amount*	*Quantity*	*Amount*
Some directors, the senior management, the middle management and core technical (operational) cadre	-	-	-	-	-	-	2,153,772	32,823,485

(2) Equity-settled share-based payments

Pursuant to the Proposal on the Company's 2023 Restricted Share Incentive Plan (Draft) and Relevant Summary and the Proposal on the Request for the Authorisation to the Board of Directors by the General Meetings of Shareholders to Handle Matters related to the Company's 2023 Restricted Share Incentive Plan passed by resolutions in the Group's 2022 General Meetings of Shareholders held on 26 May 2023 as well as the Proposal on the Adjustments to Matters related to 2023 Restricted Share Incentive Plan and the Proposal on the Granting of Restricted Shares to Incentive Objects under the 2023 Restricted Share Incentive Plan reviewed and passed in the 2023 first extraordinary Board meeting held on 26 June 2023, the Group determined to grant 6,850,000 restricted shares to 204 incentive objects at a grant price of RMB15.24 per share on 26 June 2023 (the grant date). A total of 203 incentive objects of the Group actually subscribed for 6,785,559 restricted shares at a grant price of RMB15.24 per share. The transaction increased the Company's registered capital by RMB6,785,559, increased the capital reserve by RMB96,626,360.

All restricted shares granted to incentive objects are subject to different restricted sales periods, which are respectively 12 months, 24 months and 36 months from the date of completion of the grant registration of the restricted shares granted to the incentive objects. The restricted shares granted to the incentive objects under the Restricted Share Incentive Plan shall not be transferred, pledged as collateral or to repay debts during the restricted sales periods. All restricted shares granted to incentive objects will be unlocked in three phases after 12 months from the grant date, with the proportion of unlocking in each phase being 30%, 30% and 40%, respectively, corresponding to unlocking dates of one year, two years and three years from the grant date. The actual unlocked shares shall be linked to the performance appraisal for each year.

When the Company's performance meets the corresponding criteria, the unlocking proportion of the above-mentioned restricted shares is determined based on the business performance of the incentive object's operation and the contribution value of the incentive object. The Company will repurchase the locked restricted shares at the granted price of the incentive objects if the unlocked criteria stipulated in this plan are not met, and the incentive object shall not unlock the restricted shares for the current period.

The Group convened the Second Meeting of the Remuneration Committee of the Board of Directors for 2024, the Fourth Extraordinary Board Meeting for 2024 and the Second Extraordinary Supervisory Committee Meeting for 2024 on 22 July 2024, at which the Proposal on Satisfaction of the Release of Lock-up Shares Granted under the Company’s 2023 Restricted Share Incentive Plan in the First Unlocking Period and the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted under the Company’s 2023 Restricted Share Incentive Plan and Adjustment of Repurchase Price were reviewed and approved. The Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted under the Company’s 2023 Restricted Share Incentive Plan and Adjustment of Repurchase Price was reviewed and approved according to the resolution of the Third Extraordinary General Meeting on 8 August 2024. 172 incentive participants held the first tranche of restricted shares eligible for unlocking in 2024, and the total number of restricted shares unlocked was 1,720,495. These unlocked shares were listed and traded on 6 August 2024. The transaction resulted in a decrease of RMB26,220,343 in treasury shares. Some incentive participants no longer met the conditions of the Company’s 2023 Restricted Share Incentive Plan as they have left the Company due to individual reasons or got job transfer, and 157,790 restricted shares that have been granted to them but not yet unlocked were repurchased and cancelled. 267,876 restricted shares that cannot be unlocked during the first unlocking period due to personal performance appraisal results were repurchased and cancelled. The number of restricted shares that have been repurchased and cancelled were 425,666 in total. The transaction resulted in a decrease of RMB425,666 in the Group’s share capital, a decrease of RMB6,061,484 in capital reserve, and a decrease of RMB 6,487,150 in treasury shares.

On 25 July 2025, the Group convened its 3rd meeting of the Compensation Committee, the 2nd meeting of the 10th Board of Directors, and the 1st meeting of the 9th Board of Supervisors for 2025. During these meetings, the following proposals were deliberated and approved, the Proposal on the Failure to Meet the Unlocking Conditions for the Second Unlocking Period under the Company’s 2023 Restricted Share Incentive Plan, and the Proposal on the Repurchase, Cancellation, and Price Adjustment of Certain Restricted Shares under the Company’s 2023 Restricted Share Incentive Plan. On 12 August 2025, the Group held its first extraordinary general meeting for 2025, during which the Proposal on the Repurchase, Cancellation, and Price Adjustment of Certain Restricted Shares under the Company’s 2023 Restricted Share Incentive Plan was deliberated and approved. The Group repurchased and cancelled 289,467 restricted shares that had been granted but not yet unlocked due to departure of incentive recipients or changes in their roles that rendered them no longer ineligible for the Company’s 2023 Restricted Share Incentive Plan. The Group also repurchased and cancelled 1,864,305 restricted shares that failed to unlock as recipients failed to meet individual performance targets during the second unlocking period. Consequently, a total of 2,153,772 restricted shared were repurchased and cancelled. The aforementioned repurchase and cancellation resulted in a decrease of RMB 2,153,772 in the Group’s share capital, a decrease of RMB 30,669,713 in capital reserve in 2025

As at 31 December 2025, the accumulated amount of equity-settled share-based payments recognised in the capital reserve amounted to RMB26,719,287.

XIV. Commitments and contingencies

1 Significant commitment

Capital commitments

Item	*2025*	*2024*
Long-term assets acquisition commitment	24,302,000	41,228,000
Total	24,302,000	41,228,000

2 Contingencies

The Group do not have any significant contingencies as at balance sheet date.

XV. Subsequent events

1 Distribution of dividends on ordinary shares approved after the balance sheet date

According to the proposal of the Board of Directors on 16 April 2026, the Company intends to distribute cash dividend totaling RMB164,310,032 to all shareholders of 657,240,128 capital shares for the year ended 31 December 2025 on the basis of RMB 2.5 (including tax) for every 10 shares. The proposal is subject to the approval by the Shareholders' meeting. This distribution of profit in cash has not been recognised as a liability at the balance sheet date.

XVI. Other significant items

1 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 organisation 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 2025, over 79% of revenue, more than 83% of profit and over 91% of non-current assets derived from China/are located in China. Therefore, the Group does not need to disclose additional segment report information.

XVII. Notes to the Company's financial statements

1 Receivables under financing

Item	*Note*	*2025*	*2024*
Bills receivable	(1)	49,858,915	13,110,297
Total		49,858,915	13,110,297

(1) The pledged bills receivable of the Company at the end of the year

As at 31 December 2025, there was no pledged bills receivable (31 December 2024: Nil).

(2) Outstanding derecognised endorsed bills that have not matured at the end of the year

Item	*Amount recognised at year end*
Bank acceptance bills	72,512,409
Total	72,512,409

As at 31 December 2025, derecognised bills endorsed by the Company to other parties which are not yet due at the end of the period is RMB 72,512,409 (31 December 2024: RMB 60,323,326). The notes are used for payment to suppliers. The Company believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise 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 Company would undertake limited liability for the notes.

2 Other receivables

	Note	*31 December 2025*	*31 December 2024*
Dividends receivable	(1)	20,000,000	130,000,000
Others	(2)	686,617,690	822,762,563
Total		706,617,690	952,762,563

(1) Dividends receivable

Item	*31 December 2025*	*31 December 2024*
Dividends to subsidiaries	20,000,000	130,000,000
Total	20,000,000	130,000,000

(2) Others

(a) Others by customer type:

Customer type	*31 December 2025*	*31 December 2024*
Amounts due from subsidiaries	606,611,486	615,371,507
Amounts due from related parties	88,172,813	207,391,056
Sub-total	694,784,299	822,762,563
Less: Provision for bad and doubtful debts	(8,166,609)	-
Total	686,617,690	822,762,563

(b) The ageing analysis is as follows:

Ageing	*2025*	*2024*
Within 1 year (inclusive)	417,489,585	822,658,091
Over 1 year but within 2 years (inclusive)	277,192,978	-
Over 2 years but within 3 years (inclusive)	-	-
Over 3 years	101,736	104,472
Sub-total	694,784,299	822,762,563
Less: Provision for bad and doubtful debts	(8,166,609)	-
Total	686,617,690	822,762,563

The ageing is counted starting from the date.

(c) Movements of provisions for bad and doubtful debts

As at 31 December 2025, Other provision for bad and doubtful debts amounted to RMB 8,166,609 (31 December 2024: Nil).

As at 31 December 2025, the Company has no other receivables written off (31 December 2024: Nil).

(d) Others categorised by nature

Nature of other receivables	*2025*	*2024*
Amounts due from subsidiaries	606,611,486	615,371,507
Compensation receivable for the disposal of a vineyard	81,666,088	200,666,088
Others	6,506,725	6,724,968
Sub-total	694,784,299	822,762,563
Less: Provision for bad and doubtful debts	(8,166,609)	-
Total	686,617,690	822,762,563

(e) Five largest others-by debtor at the end of the year

Debtor	*Nature of the receivable*	*Balance at the end of the year*	*Ageing*	*Percentage of ending balance of others (%)*	*Ending balance of provision for bad and doubtful debts*
Hacienda	Amounts due from subsidiaries	142,100,399	Within 1 year and 1-2 years	20.5%	-
Sales Company	Amounts due from subsidiaries	63,279,604	Within 1 year	9.1%	-
Company I	Compensation receivable for the disposal of a vineyard	81,666,088	1-2 years	11.8%	8,166,609
Kilikanoon Australia	Amounts due from subsidiaries	53,098,070	Within 1 year and 1-2 years	7.6%	-
Chateau Changge	Amounts due from subsidiaries	30,947,513	Within 1 year	4.5%	-
Total		371,091,674		53.5%	8,166,609

3 Long-term equity investments

(1) Long-term equity investments by category:

Item	*2025*			*2024*		
	Book value	*Provision for impairment*	*Carrying amount*	*Book value*	*Provision for impairment*	*Carrying amount*
Investments in subsidiaries	7,737,521,508	(97,669,546)	7,639,851,962	7,737,521,508	(48,288,589)	7,689,232,919
Total	7,737,521,508	(97,669,546)	7,639,851,962	7,737,521,508	(48,288,589)	7,689,232,919

(2) Investments in subsidiaries:

Subsidiary	*Balance at the beginning of the year*	*Additions during the year*	*Decrease during the year*	*Balance at the end of the year*	*Balance of provision for impairment at the end of the year*
Kylin Packaging	23,553,931	-	-	23,553,931	-
Chateau Changyu	29,281,772	-	-	29,281,772	-
Pioneer International	4,464,714	-	-	4,464,714	-
Ningxia Growing	36,573,247	-	-	36,573,247	-
National Wines	2,000,000	-	-	2,000,000	-
Golden Icewine Valley	85,638,472	-	-	85,638,472	-
Chateau Beijing	588,648,215	-	-	588,648,215	-
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	-
Chateau Ningxia	453,760,284	-	-	453,760,284	-
Chateau Tinlot	212,039,586	-	-	212,039,586	-
Chateau Shihezi	812,311,899	-	-	812,311,899	-
Chateau Changan	804,205,930	-	-	804,205,930	49,380,957
R&D Centre	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	-
Hacienda	233,142,269	-	-	233,142,269	11,225,459
Chile Indomita Wine Group	274,248,114	-	-	274,248,114	-
Australia Kilikanoon Estate	131,159,177	-	-	131,159,177	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	-
Culture Development	92,649,560	-	-	92,649,560	-
Development Zone Trading	837,605	-	-	837,605	-
Penglai sales	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 the Wine City	470,134	-	-	470,134	-
AFIP Tourism	162,952	-	-	162,952	-
Meeting Center	102,210	-	-	102,210	-
Ningxia Trading	162,952	-	-	162,952	-
Creighton Catering	102,210	-	-	102,210	-
Total	7,737,521,508	-	-	7,737,521,508	97,669,546

For information about the subsidiaries of the Company, refer to Note VIII.

4 Operating income and operating costs

Item	*2025*		*2024*	
	Income	*Cost*	*Income*	*Cost*
Principal activities	479,686,072	418,859,723	557,517,562	494,323,439
Other operating activities	5,327,691	2,778,616	4,561,209	2,555,898
Total	485,013,763	421,638,339	562,078,771	496,879,337
Including: Revenue from contracts with customers	479,686,072	418,859,723	557,517,562	494,323,439
Rent income	5,327,691	2,778,616	4,561,209	2,555,898

Disaggregation of revenue from contracts with customers:

Type of contract	*2025*	*2024*
By type of goods or services		
- Liquor	479,686,072	557,517,562
By timing of transferring goods or services		
- Revenue recognised at a point in time	479,686,072	557,517,562

5 Investment income

Item	*2025*	*2024*
Income from long-term equity investments accounted for using cost method	314,258,098	368,167,007
Total	314,258,098	368,167,007

6 Transactions with related parties

(1) Product procurement

Related parties	*Nature of transaction*	*2025*	*2024*
Subsidiary of the parent company	Product procurement	170,332,744	214,788,248
Other related parties of the Company	Product procurement	25,068,903	36,256,009
Total		195,401,647	251,044,257

(2) Sales of goods

Related parties	*Nature of transaction*	*2025*	*2024*
Subsidiary of the parent company	Sales of goods	515,192,619	590,568,772
Other related parties of the Company	Sales of goods	3,654,837	3,626,159
Total		518,847,456	594,194,931

(3) Guarantee

The Company as the guarantor

Guarantee holder	*Currency*	*Amount of guarantee*	*Inception date of guarantee*	*Maturity date of guarantee*	*Guarantee expired (Y/N)*
Australia Kilikanoon Estate	AUD	5,850,000	1 September 2023	2 March 2026	N

(4) Leases

(a) As the lessor

Name of lessee	*Type of assets leased*	*Lease income recognised in 2025*	*Lease income recognised in 2024*
Other related parties of the Company	Offices and plants	2,420,990	2,513,220
Subsidiary of the parent company	Offices buildings	82,569	85,714
Total		2,503,559	2,598,934

(b) As the lessee

Name of lessor	*Type of assets leased*	*Lease expense recognised in 2025*	*Lease expense recognised in 2024*
Other related parties of the Company	Office buildings	1,338,387	1,396,340
Total	Office buildings	1,338,387	1,396,340

7 Receivables from and payables to related parties

Receivables from related parties

Item	*Related party*	*2025*		*2024*	
		Book value	*Provision for bad and doubtful debts*	*Book value*	*Provision for bad and doubtful debts*
Accounts receivables	Other related parties of the Company	-	-	227,042	245
Prepayments	Other related parties of the Company	-	-	5,344,237	-
Other receivables	Subsidiary of the parent company	626,611,486	-	745,371,507	-
Other non-current assets	Subsidiary of the parent company	1,812,430,000	-	1,864,430,000	-

Payables to related parties

Item	*Related party*	*2025*	*2024*
Accounts payable	Other related parties of the Company	4,247,251	5,528,108
Other payables	Subsidiary of the parent company	483,448,133	441,845,995
Other payables	Other related parties of the Company	400,000	400,000

XVIII. Extraordinary gains and losses in 2025

	Item	*Amount*
(1)	Profit and loss from disposal of non-current assets	1,348,534
(2)	Government grants recognised through profit or loss (except for those which are closely related to the company's normal operations, which the company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the company)	35,137,675
(3)	Other non-operating income and expenses besides items above	4,751,888
	Sub-total	41,238,097
(4)	Tax effect	(4,473,472)
(5)	Effect on non-controlling interests after taxation	(4,601,496)
	Total	32,163,129

Note: Extraordinary gain and loss items (1) to (3) listed above are presented in the amount before taxation.

XIX. Return on net assets and earnings per share

1 Calculation of earnings per share

(1) Basic earnings per share

For calculation of the basic earnings per share, please refer to Note V.49.

(2) Basic earnings per share excluding extraordinary gain and loss

Basic earnings per share excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2025	*2024*
Consolidated net profit attributable to ordinary shareholders of the Company	71,291,303	305,210,999
Extraordinary gains and losses attributable to ordinary shareholders of the Company	32,163,129	174,145,642
Consolidated net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	39,128,174	131,065,357
Weighted average number of ordinary shares outstanding	662,765,035	684,370,832
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.06	0.19

(3) Diluted earnings per share

For calculation of the diluted earnings per share, please refer to Note V.49.

(4) Diluted earnings per share excluding extraordinary gains and losses

Diluted earnings per share excluding extraordinary gains and losses is calculated by dividing consolidated net profit excluding extraordinary gains and losses attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted):

	2025	*2024*
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	71,291,303	305,210,999
Extraordinary gains and losses attributable to ordinary shareholders of the Company	32,163,129	174,145,642
Consolidated net profit excluding extraordinary gains and losses attributable to the Company's ordinary equity shareholders (diluted)	39,128,174	131,065,357
Weighted average number of ordinary shares outstanding (diluted)	662,765,035	684,370,832
Diluted earnings per share excluding extraordinary gains and losses (RMB/share)	0.06	0.19

2 Calculation of weighted average return on net assets

(1) Weighted average return on net assets

Weighted average return on net assets is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

	2025	*2024*
Consolidated net profit attributable to ordinary shareholders of the Company	71,291,303	305,210,999
Weighted average amount of consolidated net assets	10,497,191,719	10,773,554,817
Weighted average return on net assets	0.68%	2.83%

Calculation of weighted average amount of consolidated net assets is as follows:

	2025	*2024*
Consolidated net assets at the beginning of the year	10,619,208,419	10,841,500,988
Effect of consolidated net profit attributable to ordinary shareholders of the Company	47,338,283	140,140,353
Effects of Restricted Share Incentive Plan	-	9,251,615
Acquisition of non-controlling interests	-	(715,809)
Effect of shares repurchased (Note V.33)	(35,963,946)	(14,840,361)
Effect of cash dividends (Note V.36)	(133,391,037)	(201,781,969)
Weighted average amount of consolidated net assets	10,497,191,719	10,773,554,817

(2) Weighted average return on net assets excluding extraordinary gain and loss

Weighted average return on net assets excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

	2025	*2024*
Consolidated net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	39,128,174	131,065,357
Weighted average amount of consolidated net assets	10,497,191,719	10,773,554,817
Weighted average return on net assets excluding extraordinary gain and loss	0.37%	1.22%

Yantai Changyu Pioneer Wine Co., Ltd.

Board of Directors

April 18, 2026