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烟台北方安德利果汁股份有限公司

Yantai North Andre Juice Co., Ltd.*

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

(Stock code : 02218)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2026**

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the “**Board**”) of Yantai North Andre Juice Co., Ltd.* (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2026, with the comparatives of the corresponding period in 2025, as follows:



烟台北方安德利果汁股份有限公司
Yantai North Andre Juice Co., Ltd.*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock code : 002218)

Consolidated Balance Sheet -unaudited

As at 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

	Note	V	As at 30 June 2026	As at 31 December 2025
Assets				
Current assets:				
Cash at bank and on hand	V.1		739,283,182.71	409,073,825.25
Financial assets held for trading	V.2		110,063,769.04	86,881,269.04
Bills receivable	V.3		3,425,180.00	12,973,620.00
Accounts receivable	V.4		291,782,406.28	274,409,213.85
Prepayments	V.5		8,452,065.58	3,792,391.68
Other receivables	V.6		48,078,610.78	968,942.37
Inventories	V.7		653,708,377.24	1,086,369,429.04
Other current assets	V.8		19,612,061.52	28,028,570.09
Total current assets			1,874,405,653.15	1,902,497,261.32
Non-current assets:				
Other non-current financial assets	V.9		30,458,641.85	30,458,641.85
Fixed Assets	V.10		871,903,472.41	890,054,802.73
Construction in progress	V.11		33,601,756.65	5,320,745.67
Intangible assets	V.12		96,591,552.62	98,157,452.70
Development expenditure	V.13		1,911,674.69	1,729,152.68
Goodwill	V.14		5,586,976.43	5,586,976.43
Long-term deferred expenses	V.15		2,100,000.00	2,400,000.00
Deferred income tax assets	V.16		—	—
Other non-current assets	V.17		17,904,475.52	—
Total non-current assets			1,060,058,550.17	1,033,707,772.06
Total assets			2,934,464,203.32	2,936,205,033.38

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

Consolidated Balance Sheet-unaudited (continued)

As at 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

	Note V	As at 30 June 2026	As at 31 December 2025
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable	V.18	64,798,699.86	110,950,717.18
Contract liabilities	V.19	3,710,938.00	3,701,182.80
Employee benefits payable	V.20	12,119,168.83	18,826,307.42
Taxes payable	V.21	12,647,307.86	13,349,023.47
Other payables	V.22	125,691,054.49	4,070,779.00
Including : Interest payable		—	—
Dividends payable		102,801,755.00	2,545,355.00
Other current liabilities	V.23	482,018.26	258,939.35
Total current liabilities		219,449,187.30	151,156,949.22
Non-current liabilities:			
Long-term payables	V.24	1,785,205.50	1,766,689.00
Deferred income	V.25	7,122,500.00	3,558,500.00
Total non-current liabilities		8,907,705.50	5,325,189.00
Total liabilities		228,356,892.80	156,482,138.22
Shareholders' equity:			
Share capital	V.26	334,188,000.00	334,188,000.00
Capital reserve	V.27	39,489.00	—
Less: treasury shares	V.28	96,661,094.67	—
Surplus reserve	V.29	5,774,749.75	5,774,749.75
Retained earnings	V.30	2,462,766,166.44	2,439,760,145.41
Total equity attributable to shareholders of the Company		2,706,107,310.52	2,779,722,895.16
Non-controlling interests		—	—
Total shareholders' equity		2,706,107,310.52	2,779,722,895.16
Total liabilities and shareholders' equity		2,934,464,203.32	2,936,205,033.38

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

Legal Representative: Zhang Hui

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

Company Balance Sheet-unaudited

As at 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

	Note XV	As at 30 June 2026	As at 31 December 2025
Assets			
Current assets:			
Cash at bank and on hand		695,586,471.82	392,141,116.76
Financial assets held for trading		110,063,769.04	86,881,269.04
Bills receivable	XV.1	3,425,180.00	12,973,620.00
Accounts receivable	XV.2	280,141,651.89	212,291,539.10
Prepayments		2,398,833.65	3,022,108.34
Other receivables	XV.3	226,157,399.48	273,496,625.22
Including : Interest receivable		–	–
Dividends receivable		25,699,658.48	25,699,658.48
Inventories		55,101,907.24	124,704,901.33
Other current assets		15,610,057.79	18,750,537.30
Total current assets		1,388,485,270.91	1,124,261,717.09
Non-current assets:			
Long-term equity investments	XV.4	628,942,158.14	628,942,158.14
Other non-current financial assets		30,000,000.00	30,000,000.00
Fixed assets		154,152,719.77	157,434,093.83
Intangible assets		23,103,098.39	23,579,727.35
Development expenditure		1,911,674.69	1,729,152.68
Long-term deferred expenses		2,100,000.00	2,400,000.00
Other non-current assets		17,527.00	–
Total non-current assets		840,227,177.99	844,085,132.00
Total assets		2,228,712,448.90	1,968,346,849.09

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

Company Balance Sheet-unaudited (continued)

As at 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

	Note XV	As at 30 June 2026	As at 31 December 2025
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable		76,435,163.02	104,123,599.02
Contract liabilities		1,268,598.62	1,690,172.53
Employee benefits payable		1,369,358.42	3,429,682.54
Taxes payable		712,296.02	726,054.13
Other payables		1,216,872,843.21	737,433,274.73
Including : Interest payable		—	—
Dividends payable		102,801,755.00	2,545,355.00
Other current liabilities		164,917.82	30,880.17
Total current liabilities		1,296,823,177.11	847,433,663.12
Non-current liabilities:			
Deferred income		5,118,500.00	2,058,500.00
Total non-current liabilities		5,118,500.00	2,058,500.00
Total liabilities		1,301,941,677.11	849,492,163.12
Shareholders' equity:			
Share capital		334,188,000.00	334,188,000.00
Capital reserve		39,489.00	—
Less: treasury shares		96,661,094.67	—
Surplus reserve		5,774,749.75	5,774,749.75
Retained earnings		683,429,627.71	778,891,936.22
Total shareholders' equity		926,770,771.79	1,118,854,685.97
Total liabilities and shareholders' equity		2,228,712,448.90	1,968,346,849.09

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

Legal Representative: Zhang Hui

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

Consolidated Income Statement-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Operating income	V.31	716,301,520.05	948,076,076.72
Less: Operating costs	V.31	542,575,871.90	721,171,549.75
Taxes and surcharges	V.32	8,196,967.34	7,969,549.90
Selling and distribution expenses	V.33	2,345,366.40	2,986,187.03
General and administrative expenses	V.34	25,096,634.06	20,076,452.95
Research and development expenses	V.35	3,320,292.84	3,286,764.75
Financial expenses	V.36	12,383,038.43	-6,118,474.28
Including: Interest expenses		18,537.45	18,516.50
Interest income		1,246,143.32	2,253,641.45
Add: Other income	V.37	1,828,146.11	190,168.65
Investment income ("-" for loss)	V.38	3,069,891.85	3,903,884.71
Profits arising from changes in fair value ("-" for loss)	V.39	2,282,500.00	-
Credit losses ("-" for loss)	V.40	-5,270,469.26	-1,524,835.76
Impairment losses ("-" for loss)	V.41	-320,456.34	-60,679.54
Gains/(losses) from asset disposals ("-" for loss)	V.42	-2,281.12	-
II. Operating profit ("-" for loss)		123,970,680.32	201,212,584.68
Add: Non-operating income	V.43	2,312.39	700.08
Less: Non-operating expenses	V.44	6,981.83	23,372.90
III. Profit before taxation ("-" for total loss)		123,966,010.88	201,189,911.86
Less: Income tax expenses	V.45	703,589.85	88,888.82
IV. Net profit ("-" for net loss)		123,262,421.03	201,101,023.04
Classified by continuity of operations ("-" for net loss)			
Net profit from continuing operations ("-" for net loss)		123,262,421.03	201,101,023.04
Classified by ownership of the equity ("-" for net loss)			
Attributable to shareholders of the Company ("-" for net loss)		123,262,421.03	201,101,023.04
V. Net amount after tax of other comprehensive income		-	-
VI. Total comprehensive income		123,262,421.03	201,101,023.04
Attributable to shareholders of the Company		123,262,421.03	201,101,023.04
VII. Earnings per share:			
Basic earnings per share		0.37	0.58
Diluted earnings per share		0.37	0.58

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

Legal Representative: Zhang Hui

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

Company Income Statement-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note XV	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Operating income	XV.5	492,815,140.64	503,791,051.75
Less: Operating costs	XV.5	465,027,847.42	462,602,392.06
Taxes and surcharges		2,644,609.54	2,437,819.12
Selling and distribution expenses		1,961,653.31	2,125,921.05
General and administrative expenses		10,659,870.31	7,496,268.54
Research and development expenses		1,509,347.19	1,601,180.45
Financial expenses		9,946,731.52	-5,476,266.93
Including: Interest expenses		-	-
Interest income		1,242,153.94	2,243,746.57
Add: Other income		39,572.00	110,158.88
Investment income ("-" for loss)	XV.6	2,979,669.62	3,817,619.10
Profits arising from changes in fair value ("-" for loss)		2,282,500.00	-
Credit losses ("-" for loss)		-1,100,952.52	956,435.89
Impairment losses ("-" for loss)		-	-60,679.54
Gains/(losses) from asset disposals ("-" for loss)		-2,281.12	-
II. Operating profit("-" for loss)		5,263,589.33	37,827,271.79
Add: Non-operating income		-	-
Less: Non-operating expenses		-	-
III. Profit before taxation("-" for total loss)		5,263,589.33	37,827,271.79
Less: Income tax expenses		469,497.84	-
IV. Net profit ("-" for net loss)		4,794,091.49	37,827,271.79
V. Total comprehensive income		4,794,091.49	37,827,271.79

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

Legal Representative: Zhang Hui

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

Consolidated Cash Flow Statement-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		774,395,977.96	972,919,171.77
Refund of taxes and surcharges		53,450,086.95	80,170,515.89
Proceeds received relating to other operating activities	V.47	30,201,278.14	4,864,041.60
Sub-total of cash inflows		858,047,343.05	1,057,953,729.26
Payments for goods and services		229,802,908.05	196,050,292.95
Payments to and for employees		46,262,190.75	43,988,581.15
Payments of various taxes		31,699,222.25	18,009,488.26
Payments for other operating activities	V.47	12,023,543.74	8,275,472.38
Sub-total of cash outflows		319,787,864.79	266,323,834.74
Net cash flows from operating activities		538,259,478.26	791,629,894.52
II. Cash flows from investing activities:			
Proceeds from disposal of investments		1,031,690,000.00	1,096,200,000.00
Investment returns received		3,069,891.85	4,937,962.49
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		33.01	—
Sub-total of cash inflows		1,034,759,924.86	1,101,137,962.49
Payments for acquisition of fixed assets, intangible assets and other long-term assets		47,841,273.11	33,082,711.57
Payments for acquisition of investments		1,052,590,000.00	1,056,200,000.00
Cash paid relating to other investing activities	V.47	45,000,000.00	—
Sub-total of cash outflows		1,145,431,273.11	1,089,282,711.57
Net cash flows from investing activities		-110,671,348.25	11,855,250.92

Consolidated Cash Flow Statement-unaudited (continued)*For the six-month period ended 30 June 2026**(Expressed in Renminbi Yuan unless otherwise indicated)*

Items	Note V	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
III. Cash flows from financing activities:			
Cash received from capital contributions		39,489.00	—
Sub-total of cash inflows		39,489.00	—
Payments for other financing activities	V.47	96,661,094.67	79,649,178.00
		<u>96,661,094.67</u>	<u>79,649,178.00</u>
Sub-total of cash outflows		<u>96,661,094.67</u>	<u>79,649,178.00</u>
Net cash outflow from financing activities		<u>-96,621,605.67</u>	<u>-79,649,178.00</u>
IV. Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>-757,166.88</u>	<u>-1,179,711.16</u>
V. Net (decrease)/increase in cash and cash equivalents		330,209,357.46	722,656,256.28
Add: Cash and cash equivalents at the beginning of the year		<u>409,073,825.25</u>	<u>236,454,035.09</u>
VI. Cash and cash equivalents at the end of the year		<u>739,283,182.71</u>	<u>959,110,291.37</u>

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

Legal Representative: Zhang HuiChief Financial Officer: Wang Yan HuiChief Accountant: Li Lei

Company Cash Flow Statement-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Note XV	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		436,780,062.34	620,878,622.72
Refund of taxes and surcharges		47,613,044.78	70,837,394.01
Proceeds received relating to other operating activities		478,746,819.25	485,055,714.31
		<u>963,139,926.37</u>	<u>1,176,771,731.04</u>
Sub-total of cash inflows			
Payments for goods and services		470,557,392.63	412,847,600.34
Payments to and for employees		13,582,307.65	12,539,786.88
Payments of various taxes		3,114,905.53	2,480,913.39
Payments for other operating activities		13,041,356.56	6,880,386.27
		<u>500,295,962.37</u>	<u>434,748,686.88</u>
Sub-total of cash outflows			
Net cash flows from operating activities		<u>462,843,964.00</u>	<u>742,023,044.16</u>
II. Cash flows from investing activities:			
Proceeds from disposal of investments		1,009,290,000.00	1,073,900,000.00
Investment returns received		2,979,669.62	4,851,696.88
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		33.01	—
		<u>1,012,269,702.63</u>	<u>1,078,751,696.88</u>
Sub-total of cash inflows			
Payments for acquisition of fixed assets, intangible assets and other long-term assets		53,765.39	9,548,375.58
Payments for acquisition of investments		1,030,190,000.00	1,033,900,000.00
		<u>1,083,955,765.39</u>	<u>1,043,448,375.58</u>
Cash paid relating to other investing activities		45,000,000.00	—
Sub-total of cash outflows		<u>1,075,243,765.39</u>	<u>1,043,448,375.58</u>
Net cash flows from investing activities		<u>-62,974,062.76</u>	<u>35,303,321.30</u>

Company Cash Flow Statement-unaudited (continued)*For the six-month period ended 30 June 2026**(Expressed in Renminbi Yuan unless otherwise indicated)*

Items	Note XV	For the six-month period ended 30 June 2026	For the six-month period ended 30 June 2025
III. Cash flows from financing activities:			
Cash received from capital contributions		39,489.00	—
Sub-total of cash inflows		39,489.00	—
Payments for other financing activities		96,661,094.67	79,649,178.00
		<u>96,661,094.67</u>	<u>79,649,178.00</u>
Sub-total of cash outflows		<u>96,661,094.67</u>	<u>79,649,178.00</u>
Net cash outflow from financing activities		<u>-96,621,605.67</u>	<u>-79,649,178.00</u>
IV. Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>197,059.49</u>	<u>-977,053.74</u>
V. Net (decrease)/increase in cash and cash equivalents		<u>303,445,355.06</u>	<u>696,700,133.72</u>
Add: Cash and cash equivalents at the beginning of the year		<u>392,141,116.76</u>	<u>189,944,192.63</u>
VI. Cash and cash equivalents at the end of the year		<u>695,586,471.82</u>	<u>886,644,326.35</u>

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

Legal Representative: Zhang Hui Chief Financial Officer: Wang Yan HuiChief Accountant: Li Lei

Consolidated Statement of Changes in Shareholders' Equity-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	For the six-month period ended 30 June 2026					Total owners' equity
	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	
I. Closing balance as at 31 December 2025	334,188,000.00	-	-	5,774,749.75	2,439,760,145.41	2,779,722,895.16
II. Opening balance as at 1 January 2026	334,188,000.00	-	-	5,774,749.75	2,439,760,145.41	2,779,722,895.16
III. Increases/decreases in 2026						
("·" for decreases)	-	39,489.00	96,661,094.67	-	23,006,021.03	-73,615,584.64
a) Total comprehensive income	-	-	-	-	123,262,421.03	123,262,421.03
b) Owner's contributions to and withdrawals of capital	-	-	96,661,094.67	-	-	-96,661,094.67
i. Others	-	-	96,661,094.67	-	-	-96,661,094.67
c) Profits distribution	-	-	-	-	-100,256,400.00	-100,256,400.00
i. Appropriation of surplus reserve	-	-	-	-	-	-
ii. Distribution to owners	-	-	-	-	-100,256,400.00	-100,256,400.00
d) Others	-	39,489.00	-	-	-	39,489.00
IV. Closing balance as at 30 June 2026	334,188,000.00	39,489.00	96,661,094.67	5,774,749.75	2,462,766,166.44	2,706,107,310.52

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

Consolidated Statement of Changes in Shareholders' Equity-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Share capital	For the six-month period ended 30 June 2025			Total owners' equity
		Less: Treasury stock	Surplus reserve	Retained earnings	
I. Closing balance as at 31 December 2024	349,000,000.00	67,779,330.82	139,817,902.01	2,224,726,971.12	2,645,765,542.31
II. Opening balance as at 1 January 2025	<u>349,000,000.00</u>	<u>67,779,330.82</u>	<u>139,817,902.01</u>	<u>2,224,726,971.12</u>	<u>2,645,765,542.31</u>
III. Increases/decreases in 2025 ("-" for decreases)	<u>-7,800,000.00</u>	<u>11,869,847.18</u>	<u>-59,979,330.82</u>	<u>115,801,023.04</u>	<u>36,151,845.04</u>
a) Total comprehensive income	-	-	-	201,101,023.04	201,101,023.04
b) Owner's contributions to and withdrawals of capital	-7,800,000.00	11,869,847.18	-59,979,330.82	-	-79,649,178.00
i. Others	-7,800,000.00	11,869,847.18	-59,979,330.82	-	-79,649,178.00
c) Profits distribution	-	-	-	-85,300,000.00	-85,300,000.00
i. Appropriation of surplus reserve	-	-	-	-	-
ii. Distribution to owners	-	-	-	-85,300,000.00	-85,300,000.00
d) Others	-	-	-	-	-
IV. Closing balance as at 30 June 2025	<u>341,200,000.00</u>	<u>79,649,178.00</u>	<u>79,838,571.19</u>	<u>2,340,527,994.16</u>	<u>2,681,917,387.35</u>

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

Legal Representative: Zhang Hui

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

Company Statement of Changes in Shareholders' Equity-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	For the six-month period ended 30 June 2026					Total owners' equity
	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	
I. Closing balance as at 31 December 2025	334,188,000.00	-	-	5,774,749.75	778,891,936.22	1,118,854,685.97
II. Opening balance as at 1 January 2026	334,188,000.00	-	-	5,774,749.75	778,891,936.22	1,118,854,685.97
III. Increases/decreases in 2026						
("·" for decreases)	-	39,489.00	96,661,094.67	-	-95,462,308.51	-192,083,914.18
a) Total comprehensive income	-	-	-	-	4,794,091.49	4,794,091.49
b) Owner's contributions to and withdrawals of capital	-	-	96,661,094.67	-	-	-96,661,094.67
i. Others	-	-	96,661,094.67	-	-	-96,661,094.67
c) Profits distribution	-	-	-	-	-100,256,400.00	-100,256,400.00
i. Appropriation of surplus reserve	-	-	-	-	-	-
ii. Distribution to owners	-	-	-	-	-100,256,400.00	-100,256,400.00
d) Others	-	39,489.00	-	-	-	39,489.00
IV. Closing balance as at 30 June 2026	334,188,000.00	39,489.00	96,661,094.67	5,774,749.75	683,429,627.71	926,770,771.79

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

Company Statement of Changes in Shareholders' Equity-unaudited

For the six-month period ended 30 June 2026

(Expressed in Renminbi Yuan unless otherwise indicated)

Items	Share capital	For the six-month period ended 30 June 2025			Total owners' equity
		Less: Treasury stock	Surplus reserve	Retained earnings	
I. Closing balance as at 31 December 2024	349,000,000.00	67,779,330.82	166,060,599.86	830,269,086.92	1,277,550,355.96
II. Opening balance as at 1 January 2025	<u>349,000,000.00</u>	<u>67,779,330.82</u>	<u>166,060,599.86</u>	<u>830,269,086.92</u>	<u>1,277,550,355.96</u>
III. Increases/decreases in 2025 ("-" for decreases)	<u>-7,800,000.00</u>	<u>11,869,847.18</u>	<u>-59,979,330.82</u>	<u>-47,472,728.21</u>	<u>-127,121,906.21</u>
a) Total comprehensive income	-	-	-	37,827,271.79	37,827,271.79
b) Owner's contributions to and withdrawals of capital	-7,800,000.00	11,869,847.18	-59,979,330.82	-	-79,649,178.00
i. Others	-7,800,000.00	11,869,847.18	-59,979,330.82	-	-79,649,178.00
c) Profits distribution	-	-	-	-85,300,000.00	-85,300,000.00
i. Appropriation of surplus reserve	-	-	-	-	-
ii. Distribution to owners	-	-	-	-85,300,000.00	-85,300,000.00
d) Others	-	-	-	-	-
IV. Closing balance as at 30 June 2025	<u><u>341,200,000.00</u></u>	<u><u>79,649,178.00</u></u>	<u><u>106,081,269.04</u></u>	<u><u>782,796,358.71</u></u>	<u><u>1,150,428,449.75</u></u>

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

Legal Representative: Zhang Hui

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

Notes to the Financial Statements for the six-month period ended 30 June 2026

I Company status

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

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

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

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

After years of bonus share distribution, placing of new shares, conversion of share capital, issuance of new shares and repurchasing of shares, as at 30 June 2026, the Company had a total share capital of 334,188,000.00 shares with a registered capital of RMB334,188,000.00. The actual controllers are Wang An and Wang Meng, father and daughter.

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

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

The financial statements and its notes were approved for presentation by the 11th meeting of the ninth Board of Directors of the Company on 24 August 2026.

II Basis for preparing financial statements

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

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

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

III Significant accounting policies, accounting estimates

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

1. Specific accounting policies, accounting estimates

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the Company’s financial position on 30 June 2026, operating results, cash flows and other relevant information during the Reporting Period.

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

The Company adopts 12 months as an operating cycle.

4. Functional currency

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

III Significant accounting policies, accounting estimates (continued)

5. The determination method and selection basis of importance standards

Items	Importance standards
Significant accounts receivable with single provision for bad debt reserves	More than RMB5,000,000.00 (inclusive)
Significant accounts receivable write-offs	More than RMB5,000,000.00 (inclusive)
Significant advance payments with age over 1 year	More than RMB5,000,000.00 (inclusive)
Significant construction in progress	More than RMB5,000,000.00 (inclusive)
Significant accounts payable with age over 1 year	More than RMB5,000,000.00 (inclusive)
Significant advances from customers aged over one year	More than RMB5,000,000.00 (inclusive)
Significant contract liabilities with age over 1 year	More than RMB5,000,000.00 (inclusive)
Significant other payables with age over 1 year	More than RMB5,000,000.00 (inclusive)

6. Accounting for business combinations under the same control and under different controls

(1) Business combinations involving entities under common control

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

Business consolidation achieved step by step through multiple transactions under common control

Assets and liabilities of the Company acquired in a business combination are measured at the carrying value of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the carrying value of the investment held before the merger plus the carrying value of the newly paid consideration at the date of the merger and the carrying value of the net assets acquired in the merger is adjusted by adjusting the share premium in the capital reserve or, if the share premium in the capital reserve is insufficient to offset, by adjusting the retained earnings. For long-term equity investments held by the Company prior to the acquisition of control of the acquiree, changes in profit or loss, other comprehensive income and other owner's equity are recognized between the date of acquisition of the original equity and the date on which the Company and the acquiree are ultimately under common control and the combination date, respectively, shall be charged against the opening retained earnings or current profit or loss of the comparative statement period.

III Significant accounting policies, accounting estimates (continued)

6. Accounting for business combinations under the same control and under different controls (continued)

(2) Business combinations involving entities not under common control

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

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

Business consolidation achieved step by step through multiple transactions not under common control

The cost of combination in the sum of the consideration transferred at the acquisition date and the fair value of any previously held equity interest in the acquiree at the acquisition date. The equity held by the Company before the combination date shall be remeasured according to the fair value at date, and the difference between the fair value and the carrying value shall be included in the current investment income. However, if the equity in the acquiree already held before the acquisition date involves other comprehensive income or other changes in owners' equity, these are converted into income for the current period of the acquisition date, except for other comprehensive income arising from the remeasurement of the net liability or asset of a defined benefit plan by the investee and other comprehensive income related to nontransactional equity instruments originally designated to be measured at fair value and changes in which are recognized in other comprehensive income.

(3) Related expenses incurred for consolidation

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

III Significant accounting policies, accounting estimates (continued)

7. The criterion of control and the preparation method of consolidated financial statements

(1) The criterion of control

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

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

(2) Methods of preparing consolidated financial statements

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

7. The criterion of control and the preparation method of consolidated financial statements (continued)

(3) Purchase of minority interests in subsidiaries

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

(4) Accounting treatment for loss of control over a subsidiary

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

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

III Significant accounting policies, accounting estimates (continued)

8. Classification of joint arrangements and accounting for joint operations

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

(1) Joint operations

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

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

- A. Recognizing assets held separately and jointly held assets in proportion to their share;
- B. Recognition of liabilities that are assumed individually and of liabilities that are shared in proportion to their share;
- C. Recognition of revenue arising from the disposal of their share of joint operating outputs;
- D. Revenue from the disposal of outputs from joint operations is recognized at its share;
- E. Recognize expenses incurred separately and recognize expenses incurred in joint operations in proportion to their share.

(2) Joint ventures

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

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

III Significant accounting policies, accounting estimates (continued)

9. Criteria for determining cash and cash equivalents

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

10. Foreign currency transactions and translation of foreign currency statements

(1) Foreign currency transaction

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

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

(2) Translation of foreign currency financial statements

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments

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

(1) Recognition and derecognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

Based on the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company classifies the financial assets into the following three categories: Financial assets measured in amortized cost. Financial assets at fair value through other comprehensive income. Financial assets at fair value through profit or loss.

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(2) Classification and measurement of financial assets (continued)

Financial assets measured in amortized cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(2) Classification and measurement of financial assets (continued)

Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(3) Classification and measurement of financial liabilities

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

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

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

Financial liabilities at amortized cost

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

The distinction between financial liabilities and equity instruments

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

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(3) Classification and measurement of financial liabilities (continued)

The distinction between financial liabilities and equity instruments (continued)

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

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

(5) Fair value of financial instruments

The method for determining the fair value of financial assets and financial liabilities is set out in Note III-(XII).

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(6) Impairment of financial assets

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

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

Determination of ECL

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(6) Impairment of financial assets (continued)

Determination of ECL (continued)

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

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

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

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

Bills receivable and Accounts receivable

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

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

A. Bills receivable

- Bills receivable portfolio 1: Bank acceptance
- Bills receivable portfolio 2: Trade acceptance

B. Accounts receivable

- Accounts receivable portfolio 1: Consolidated Related Parties
- Accounts receivable portfolio 2: Portfolio of amounts due from customers

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(6) Impairment of financial assets (continued)

Bills receivable and Accounts receivable (continued)

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

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

Other receivables

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

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

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

Debt investment, other debt investment

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(6) Impairment of financial assets (continued)

Assessment of a significant increase in credit risk

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(6) Impairment of financial assets (continued)

Financial assets with credit impairment

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

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

Presentation of reserves for expected credit losses

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

III Significant accounting policies, accounting estimates (continued)

11. Financial instruments (continued)

(6) Impairment of financial assets (continued)

Write-down of financial assets

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

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

(7) Transfer of financial assets

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

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

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

(8) Offset of financial assets and financial liabilities

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

III Significant accounting policies, accounting estimates (continued)

12. Fair value measurement

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

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

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

13. Inventory

(1) Classification of inventories

Inventories of the Company includes raw materials, work-in-process, finished goods.

(2) Valuation method of inventories

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

(3) The basis for determining the net realizable value of inventories and the method for drawing down the provision for falling prices of inventories

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

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

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

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

(4) Inventory count system

The Company maintains a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables of the Company are written off in full when taken into use.

Circulating packaging materials are written off in full upon initial use.

III Significant accounting policies, accounting estimates (continued)

14. Long-term equity investment

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and profit or loss recognition

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

14. Long-term equity investment (continued)

(2) Subsequent measurement and profit or loss recognition (continued)

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

14. Long-term equity investment (continued)

(3) Criteria for common control and significant impact

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

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

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

(4) Equity Investments Held for Sale

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

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

(5) Impairment test method and impairment reserve calculation method

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

III Significant accounting policies, accounting estimates (continued)

15. Fixed assets

(1) Recognition of fixed assets

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

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

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

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

(2) Depreciation of fixed assets

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

15. Fixed assets (continued)

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

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

- (5) Disposal of fixed assets

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

16. Construction in progress

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

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

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

17. Borrowing costs

- (1) Principles for recognition of capitalization of borrowing costs

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

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

III Significant accounting policies, accounting estimates (continued)

17. Borrowing costs (continued)

- (2) Period in which borrowing costs are capitalized

Capitalization of borrowing costs ceases when the acquisition, construction or production of an asset that meets the conditions for capitalization reaches its intended use or sale. Borrowing costs incurred after an asset that meets capitalization criteria reaches its intended usable or saleable state are recognized as expenses in the period occurred and included in the current period profit or loss.

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

- (3) The method for calculating the capitalization rate and amount of borrowing costs

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

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

18. Intangible assets

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

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

The amortization methods for intangible assets with finite useful lives are as follows.

III Significant accounting policies, accounting estimates (continued)

18. Intangible assets (continued)

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

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

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

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

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

19. Research and development expenditure

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

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

20. Impairment of assets

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

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

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

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

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

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

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

21. long-term unamortized expenses

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

III Significant accounting policies, accounting estimates (continued)

22 Employee benefits

(1) The scope of employee benefits

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

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

(2) Short-term employee benefits

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

(3) Post-employment benefits

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

Defined contribution plans

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

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

III Significant accounting policies, accounting estimates (continued)

22 Employee benefits (continued)

(3) Post-employment benefits (continued)

Defined benefit plans

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

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

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

(4) Termination benefits

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

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

III Significant accounting policies, accounting estimates (continued)

22 Employee benefits (continued)

(5) Other long-term employee benefits

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

23. Provisions

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

24. Revenue

(1) General principles for revenue recognition

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

24. Revenue (continued)

(1) General principles for revenue recognition (continued)

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

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

(2) Specific method of revenue recognition

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

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

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

III Significant accounting policies, accounting estimates (continued)

25. Contract cost

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

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

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

26. Government grants

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

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

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

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

27. Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

III Significant accounting policies, accounting estimates (continued)

27. Deferred income tax assets and deferred income tax liabilities (continued)

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

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

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

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

28. Lease

- (1) Recognition of lease

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

- (2) Accounting for the Company as lessee

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

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

III Significant accounting policies, accounting estimates (continued)

28. Lease (continued)

(2) Accounting for the Company as lessee (continued)

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

Short-term leases

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

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

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

Low-value assets leases

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

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

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

Lease Modifications

When a lease is modified and the following conditions are met simultaneously, the Company accounts for the modification as a separate lease:

- ① The modification expands the scope of the lease by adding the right to use one or more additional leased assets;
- ② The increase in consideration is equivalent to the adjusted separate price of the expanded portion based on the contract circumstances.

III Significant accounting policies, accounting estimates (continued)

28. Lease (continued)

(2) Accounting for the Company as lessee (continued)

Lease Modifications (continued)

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

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

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

(3) Accounting for the Company as Lessor

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

Finance Leases

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

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

Operating Leases

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

III Significant accounting policies, accounting estimates (continued)

28. Lease (continued)

(3) Accounting for the Company as Lessor (continued)

Lease Modifications

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

A modification to a finance lease is accounted for as a separate lease by the Company if the modification meets both of the following conditions:

- ① The modification expands the scope of the lease by adding one or more underlying assets;
- ② The additional consideration is commensurate with the standalone price (adjusted for contract-specific factors) of the incremental rights to use the added assets. If a finance lease modification does not qualify as a separate lease, the Company accounts for the modified lease as follows:
 - ① If the modified lease would have been classified as an operating lease had the modification been effective at the lease commencement date, the Company accounts for the modified lease as a new operating lease from the effective date of the modification, using the net investment in the original lease as the carrying amount of the leased asset;
 - ② If the modified lease would still be classified as a finance lease had the modification been effective at the lease commencement date, the Company accounts for the modification in accordance with the provisions of Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments regarding contract modifications or re-negotiations.

29. Right-of-use assets

(1) Recognition criteria for right-of-use assets

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

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

III Significant accounting policies, accounting estimates (continued)

29. Right-of-use assets (continued)

(2) Depreciation Method for Right-of-Use Assets

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

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

30. Repurchase of shares of the Company

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

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

31. Changes in significant accounting policies and accounting estimates

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

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

IV Tax

1. Major taxes and tax rates of the Company

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

Note:

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

IV Tax (continued)

2. Preferential tax policies and basis

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

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

V Notes to key items in the consolidated financial statements

1. Cash at bank and on hand

Items	Closing balance	Opening balance
Cash on hand	96.64	96.64
Deposits with banks	739,283,086.07	409,073,728.61
Total	739,283,182.71	409,073,825.25
Of which: total amount deposited abroad	18,613,173.44	5,717,677.82

As at the end of the period, the Company had no funds mortgage, pledged or frozen, or funds stored overseas and restricted in fund repatriation.

2. Financial assets held for trading

Items	Closing balance	Opening balance
Subtotal of financial assets classified as at fair value through profit or loss	110,063,769.04	86,881,269.04
of which: Open-ended net value-based product	110,063,769.04	86,881,269.04
Total	110,063,769.04	86,881,269.04

3. Bills receivable

Categories of bills	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Bank's acceptance bill	3,425,180.00	—	3,425,180.00	12,973,620.00	—	12,973,620.00
Total	3,425,180.00	—	3,425,180.00	12,973,620.00	—	12,973,620.00

- (1) As at the end of the period, the Company had no pledged notes receivable.
- (2) As at the end of the period, the Company had no notes receivable that had been endorsed or discounted but not yet matured.
- (3) As at the end of the period, the Company had no bills receivable transferred to accounts receivable due to non-performance by the issuers.
- (4) No bills receivable were actually written off during the period.

V Notes to key items in the consolidated financial statements (continued)

4. Accounts receivables

(1) Disclosure of trade receivables by age (calculated based on invoice date)

Aging	Closing balance	Opening balance
Within 1 year		
of which: within 6 months	316,545,876.74	298,167,850.76
6 months to 1 year	3,782,305.57	30,786.14
Subtotal within 1 year:	320,328,182.31	298,198,636.90
1 to 2 years	–	1,932,852.45
2 to 3 years	4,035.79	–
Subtotal	320,332,218.10	300,131,489.35
Less: Provision for bad debts	28,549,811.82	25,722,275.50
Total	291,782,406.28	274,409,213.85

(2) Classified disclosure by bad debt provision accrual method

Type	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Bad-debt provision	Expected credit loss rate (%)	
Accounts receivable for which ECLs are accrued individually	1,753,118.85	0.55	1,753,118.85	100.00	–
Accounts receivable with expected credit losses by portfolio	318,579,099.25	99.45	26,796,692.97	8.41	291,782,406.28
Where:					
Portfolio of amounts due from customers	<u>318,579,099.25</u>	<u>99.45</u>	<u>26,796,692.97</u>	<u>8.41</u>	<u>291,782,406.28</u>
Total	<u>320,332,218.10</u>	<u>100.00</u>	<u>28,549,811.82</u>	<u>8.91</u>	<u>291,782,406.28</u>

V Notes to key items in the consolidated financial statements (continued)

4. Accounts receivables (continued)

(2) Classified disclosure by bad debt provision accrual method (continued)

Type	Book balance		Opening balance		Book value
	Amount	Percentage (%)	Bad-debt provision	Expected credit loss rate (%)	
Accounts receivable for which ECLs are accrued individually	1,809,206.09	0.60	1,809,206.09	100.00	-
Accounts receivable with expected credit losses by portfolio	298,322,283.26	99.40	23,913,069.41	8.02	274,409,213.85
Where:					
Portfolio of amounts due from customers	298,322,283.26	99.40	23,913,069.41	8.02	274,409,213.85
Total	300,131,489.35	100.00	25,722,275.50	8.57	274,409,213.85

Accounts receivable for which ECLs are accrued individually

Customer Name	Closing balance			Basis of withdrawal
	Book balance	Bad-debt provision	Expected credit loss rate (%)	
Customer A	1,753,118.85	1,753,118.85	100.00	The customer has gone bankrupt and undergone restructuring
Total	1,753,118.85	1,753,118.85	100.00	/

(Continued)

Customer Name	Opening balance		Basis of withdrawal
	Book balance	Bad-debt provision	
Customer A	1,809,206.09	1,809,206.09	The customer has gone bankrupt and undergone restructuring
Total	1,809,206.09	1,809,206.09	/

V Notes to key items in the consolidated financial statements (continued)

4. Accounts receivables (continued)

(2) Classified disclosure by bad debt provision accrual method (continued)

Accounts receivable with expected credit losses by portfolio

Portfolio assessment item: Portfolio of amounts due from customers

Type	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Expected credit loss rate (%)	Book balance	Bad-debt provision	Expected credit loss rate (%)
Not past due	288,081,781.86	17,284,906.91	6.00	280,109,819.20	16,806,589.15	6.00
Within 30 days overdue	25,828,544.25	5,165,708.85	20.00	13,632,021.75	2,726,404.35	20.00
31 to 60 days overdue	806,739.82	484,043.89	60.00	500,916.00	300,549.60	60.00
More than 61 days overdue	3,862,033.32	3,862,033.32	100.00	4,079,526.31	4,079,526.31	100.00
Total	318,579,099.25	26,796,692.97	8.41	298,322,283.26	23,913,069.41	8.02

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

Items

Opening balance
Accrued in the current period
recovered or return in the current period
Written off in the current period
Others

Closing balance

Bad-debt provision amount

25,722,275.50
4,042,059.58
1,214,523.26
—
—
28,549,811.82

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

V Notes to key items in the consolidated financial statements (continued)

4. Accounts receivables (continued)

(5) Top five accounts receivable of ending balance by debtor for the period.

As at the end of the period, the total amount of top five accounts receivable of ending balance by debtor is RMB162,963,975.47, and 50.87% of the total closing balance of accounts receivable. The total amount of the closing balance of bad-debt provision is RMB9,777,838.52.

Name	Ending Balance of Accounts Receivable	Ending Balance of Contract Assets	Ending Balance of Total Accounts Receivable and Contract Assets	Percentage of Total Accounts Receivable and Contract Assets (%)	Ending Balance of Bad Debt Provisions and Contract Assets Impairment
Customer B	68,875,051.89	–	68,875,051.89	21.50	4,132,503.11
Customer C	31,883,500.00	–	31,883,500.00	9.95	1,913,010.00
Customer D	28,890,866.84	–	28,890,866.84	9.02	1,733,452.01
Customer E	18,929,696.74	–	18,929,696.74	5.91	1,135,781.80
Customer F	14,384,860.00	–	14,384,860.00	4.49	863,091.60
Total	162,963,975.47	–	162,963,975.47	50.87	9,777,838.52

5. Advance payment

(1) Prepayments are presented by age

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	8,449,444.78	99.97	3,765,292.59	99.29
1-2 years	2,620.80	0.03	27,099.09	0.71
Total	8,452,065.58	100.00	3,792,391.68	100.00

V Notes to key items in the consolidated financial statements (continued)

5. Advance payment (continued)

(2) Top five prepayments of ending balance by prepayment object for the period.

As at the end of the period, the total amount of top five prepayments of ending balance by prepayment object is RMB6,847,308.62, and 81.01% of the closing balance of total prepayments.

Name	Closing balance of prepayments	Percentage of total closing balance of prepayments (%)
Yongji Minsheng Natural Gas Co., Ltd.	3,155,362.64	37.33
Dalian Zhongce Packaging Products Co., Ltd.	1,799,300.62	21.29
Yantai Taihu Shanghai Boiler Installation Co., Ltd.	933,600.00	11.05
State Grid Shanxi Electric Power Co., Ltd., Yuncheng Power Supply Branch	801,449.36	9.48
Jinan Qiannuo Machinery Co., Ltd.	157,596.00	1.86
Total	6,847,308.62	81.01

6. Other receivables

Items	Closing balance	Opening balance
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	48,078,610.78	968,942.37
Total	48,078,610.78	968,942.37

V Notes to key items in the consolidated financial statements (continued)

6. Other receivables (continued)

(1) Other receivables

① Disclosure by age

Aging	Closing balance	Opening balance
Within 1 year	50,405,135.03	749,135.11
1-2 years	103,500.00	111,626.69
2-3 years	125,728.12	121,000.00
3-4 years	—	100,000.00
4-5 years	—	—
More than 5 years	1,300.00	1,300.00
Subtotal	50,635,663.15	1,083,061.80
Less: bad-debt provision	2,557,052.37	114,119.43
Total	48,078,610.78	968,942.37

② Breakdown by nature of amounts

Type	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Deposits, petty cash, cash pledge	49,933,984.31	2,521,034.22	47,412,950.09	460,090.39	77,514.52	382,575.87
others	701,678.84	36,018.15	665,660.69	622,971.41	36,604.91	586,366.50
Total	50,635,663.15	2,557,052.37	48,078,610.78	1,083,061.80	114,119.43	968,942.37

V Notes to key items in the consolidated financial statements (continued)

6. Other receivables (continued)

(1) Other receivables (continued)

③ Provision for bad debts of other receivables

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

Type	Book balance	Rate of expected credit loss in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts by portfolio				
Deposits, petty cash, cash pledge	49,933,984.31	5.05	2,521,034.22	47,412,950.09
others	<u>701,678.84</u>	<u>5.13</u>	<u>36,018.15</u>	<u>665,660.69</u>
Total	<u>50,635,663.15</u>	<u>5.05</u>	<u>2,557,052.37</u>	<u>48,078,610.78</u>

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

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

Type	Book balance	Rate of expected credit loss in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts by portfolio				
Deposits, petty cash, cash pledge	460,090.39	16.85	77,514.52	382,575.87
others	<u>622,971.41</u>	<u>5.88</u>	<u>36,604.91</u>	<u>586,366.50</u>
Total	<u>1,083,061.80</u>	<u>10.54</u>	<u>114,119.43</u>	<u>968,942.37</u>

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

V Notes to key items in the consolidated financial statements (continued)

6. Other receivables (continued)

(1) Other receivables (continued)

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

	Stage one Expected credit loss in the next 12 months	Stage two Expected credit loss over the whole duration (No credit impairment)	Stage three Expected credit loss over the whole duration (Credit impairment occurred)	Total
Bad-debt provision				
Opening balance	114,119.43	-	-	114,119.43
Opening balance of current period				
-Transferred to Stage 2	-	-	-	-
-Transferred to Stage 3	-	-	-	-
-Return in Stage 2	-	-	-	-
-Return in Stage 1	-	-	-	-
Provision in current period	2,443,519.70	-	-	2,443,519.70
Return in current period	586.76	-	-	586.76
Transfer in current period	-	-	-	-
Write off in current period	-	-	-	-
Other changes	-	-	-	-
Closing balance	<u>2,557,052.37</u>	<u>-</u>	<u>-</u>	<u>2,557,052.37</u>

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

⑥ Top five debtors of other receivables by ending balance at period end.

Name of organization	Nature of money	Ending balance of other receivables	Aging	Percentage of other receivables ending balance (%)	Bad-debt provision closing balance
Ningbo Everstrong Technology Co., Ltd.	Deposit	45,000,000.00	Within 1 year	88.87	2,250,000.00
Jiangsu JD Information Technology Co., Ltd.	Deposit	4,000,000.00	Within 1 year	7.90	200,000.00
Shaanxi Haisheng Fruit Industry Development Co., Ltd	Deposit	400,000.00	Within 1 year	0.79	20,000.00
Tianjin Wahaha Hongzhen Food, Beverage and Trading Co., Ltd.	Deposit	200,000.00	Within 1 year	0.39	15,000.00
Jinmailang Beverage Co., Ltd. Longyao Branch	Deposit	100,000.00	and 1-2 years 2-3 years	0.20	20,000.00
Total		<u>49,700,000.00</u>		<u>98.15</u>	<u>2,505,000.00</u>

V Notes to key items in the consolidated financial statements (continued)

7. Inventory

(1) Inventory classification

Categories of inventories	Closing Balance			Book balance reserve/Provision for depreciation of contract performance cost		
	Book balance	reserve/Provision for depreciation of contract performance cost	Book value	Book balance	Book value	Book value
Raw materials	49,380,406.01	-	49,380,406.01	33,718,008.56	-	33,718,008.56
work-in-process	37,130,497.77	-	37,130,497.77	-	-	-
Finished goods	567,951,289.16	753,815.70	567,197,473.46	1,053,084,779.84	433,359.36	1,052,651,420.48
Total	654,462,192.94	753,815.70	653,708,377.24	1,086,802,788.40	433,359.36	1,086,369,429.04

(2) Provision for depreciation of inventories and provision for depreciation of contract performance cost

Items	Opening balance	Increase in current period		Decrease in current period		Closing Balance
		Provision	Others	Switch back or Resell	Others	
Finished goods	433,359.36	414,010.82	-	93,554.48	-	753,815.70
Total	433,359.36	414,010.82	-	93,554.48	-	753,815.70

8. Other current assets

Items	Closing Balance	Opening balance
Input VAT recoverable	19,612,061.52	28,028,570.09
Total	19,612,061.52	28,028,570.09

9. Other non-current financial assets

Categories	Closing Balance	Opening balance
Equity instrument investment	30,458,641.85	30,458,641.85
Total	30,458,641.85	30,458,641.85

V Notes to key items in the consolidated financial statements (continued)

10. Fixed assets

Items	Closing Balance	Opening balance
Fixed assets	871,903,472.41	890,054,802.73
Disposal of fixed assets	—	—
Total	871,903,472.41	890,054,802.73

(1) Fixed assets

① Fixed assets

Items	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Total
I. Original book value					
1. Opening balance	642,778,519.59	1,142,023,258.24	13,506,077.85	29,401,240.39	1,827,709,096.07
2. Increase in current period	204,673.90	1,427,028.64	162,862.53	437,888.16	2,232,453.23
(1) Purchases	204,673.90	551,922.27	162,862.53	437,888.16	1,357,346.86
(2) Transfer-in of construction in progress	—	875,106.37	—	—	875,106.37
3. Decrease in current period	455,460.99	32,212.50	—	88,993.13	576,666.62
(1) Disposal or retirement	—	32,212.50	—	88,993.13	121,205.63
(2) Translation of foreign currency financial statement	455,460.99	—	—	—	455,460.99
4. Closing balance	642,527,732.50	1,143,418,074.38	13,668,940.38	29,750,135.42	1,829,364,882.68
II. Accumulated depreciation					
1. Opening balance	211,173,732.65	650,558,640.97	8,552,772.93	22,706,827.18	892,991,973.73
2. Increase in current period	6,845,396.66	12,097,498.38	469,704.65	617,682.04	20,030,281.73
(1) Provision for current period	6,845,396.66	12,097,498.38	469,704.65	617,682.04	20,030,281.73
3. Decrease in current period	117,056.10	26,014.88	—	80,093.82	223,164.80
(1) Disposal or retirement	—	26,014.88	—	80,093.82	106,108.70
(2) Translation of foreign currency financial statement	117,056.10	—	—	—	117,056.10
4. Closing balance	217,902,073.21	662,630,124.47	9,022,477.58	23,244,415.40	912,799,090.66
III. Impairment allowance					
1. Opening balance	22,052,390.44	22,489,144.08	—	120,785.09	44,662,319.61
2. Increase in current period	—	—	—	—	—
(1) Provision for current period	—	—	—	—	—
3. Decrease in current period	—	—	—	—	—
(1) Disposal or retirement	—	—	—	—	—
4. Closing balance	22,052,390.44	22,489,144.08	—	120,785.09	44,662,319.61
IV. Book value					
1. Closing carrying amount	402,573,268.85	458,298,805.83	4,646,462.80	6,384,934.93	871,903,472.41
2. Opening book value	409,552,396.50	468,973,473.19	4,953,304.92	6,573,628.12	890,054,802.73

V Notes to key items in the consolidated financial statements (continued)

10. Fixed assets (continued)

(1) Fixed assets (continued)

② Temporarily idle fixed assets

Items	Original value	Accumulated depreciation	Provision for impairment	Book value	Note
Housings and buildings	<u>2,015,336.95</u>	<u>1,268,175.01</u>	<u>—</u>	<u>747,161.94</u>	<u>—</u>
Total	<u><u>2,015,336.95</u></u>	<u><u>1,268,175.01</u></u>	<u><u>—</u></u>	<u><u>747,161.94</u></u>	<u><u>—</u></u>

③ Fixed assets leased out under operating leases

Items	Book value
Housings and buildings	<u>15,942,328.39</u>
Total	<u><u>15,942,328.39</u></u>

④ The company has no fixed assets without a certificate of title.

11. Construction in progress

Items	Closing balance	Opening balance
Construction in process	<u><u>33,601,756.65</u></u>	<u>5,320,745.67</u>
Construction materials held for capital construction projects	<u>—</u>	<u>—</u>
Total	<u><u>33,601,756.65</u></u>	<u><u>5,320,745.67</u></u>

(1) Construction in process

① Details of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Impairment allowance	Book value	Book balance	Impairment allowance	Book value
Devices to be installed	<u>33,601,756.65</u>	<u>—</u>	<u>33,601,756.65</u>	<u>5,320,745.67</u>	<u>—</u>	<u>5,320,745.67</u>
Total	<u><u>33,601,756.65</u></u>	<u><u>—</u></u>	<u><u>33,601,756.65</u></u>	<u><u>5,320,745.67</u></u>	<u><u>—</u></u>	<u><u>5,320,745.67</u></u>

② The Company has no significant construction in progress projects in the current period.

V Notes to key items in the consolidated financial statements (continued)

12. Intangible assets

(1) Intangible assets

Items	Land use right	Total
I. Original book value		
1. Opening balance	135,637,691.94	135,637,691.94
2. Increase in current period	—	—
(1) Purchases	—	—
3. Decrease in current period	—	—
(1) Disposals	—	—
4. Closing balance	135,637,691.94	135,637,691.94
II. Accumulated amortization		
1. Opening balance	37,480,239.24	37,480,239.24
2. Increase in current period	1,565,900.08	1,565,900.08
(1) Provision for current period	1,565,900.08	1,565,900.08
3. Decrease in current period	—	—
(1) Disposals	—	—
4. Closing balance	39,046,139.32	39,046,139.32
III. Impairment allowance		
1. Opening balance	—	—
2. Increase in current period	—	—
3. Decrease in current period	—	—
4. Closing balance	—	—
IV. Book value		
1. Closing carrying amount	96,591,552.62	96,591,552.62
2. Opening book value	<u>98,157,452.70</u>	<u>98,157,452.70</u>

(2) The Company has no land use right without a certificate of title.

V Notes to key items in the consolidated financial statements (continued)

13. Development expenditures

Items	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Internal development expenditure	Other increase	Recognized as intangible assets	Record current profit and loss	
The 14th five-year national project of accurate storage, transportation, and processing after harvest	1,042,780.38	82,738.37	-	-	-	1,125,538.75
Rural revitalization - Integrated innovation and demonstration of key technologies for improving quality and efficiency of Yantai apples	686,372.30	99,763.64	-	-	-	786,135.94
Total	1,729,152.68	182,522.01	-	-	-	1,911,674.69

Note: Development expenditure refers to the fund expense for national-level projects. Government grants received for the project are accounted for in deferred income – grants related to income. After project acceptance, the development expenditure is offset against deferred income – grants related to income, and the difference is recognized in profit or loss.

14. Goodwill

(1) Original carrying amount of goodwill

The name of the investee or the event forming goodwill	Opening balance	Increase in current period		Decrease in current period Disposals	Closing balance
		Formation of business combination			
Anyue Andre Lemon Industry Technology Co., Ltd.*	3,066,598.32	-	-	-	3,066,598.32
Yongji Andre Juice Co., Ltd.	4,566,292.71	-	-	-	4,566,292.71
Yantai Longkou Andre Juice Co., Ltd.	1,020,683.72	-	-	-	1,020,683.72
Total	8,653,574.75	-	-	-	8,653,574.75

Note: On 29 April 2014, the Company entered into an agreement with Yantai Anlin Fruit Industry Co., Ltd. and paid an acquisition cost of RMB52,120,000.00 to acquire the interest in Anyue Andre Lemon Industry Technology Co., Ltd.* The excess of the acquisition cost over the proportionate share of the fair value of the identifiable assets and liabilities of Anyue Andre Lemon Industry Technology Co., Ltd.* was recognized as goodwill relating to Anyue Andre Lemon Industry Technology Co., Ltd.*

* For identification purpose only.

V Notes to key items in the consolidated financial statements (continued)

14. Goodwill (continued)

(1) Original carrying amount of goodwill (continued)

On 26 April 2011, the Company entered into an agreement with AGRANA Juice Holding GmbH of Austria and paid an acquisition cost of RMB56,201,585.00 to acquire the interest in Yongji Andre Juice Co., Ltd. The excess of the acquisition cost over the proportionate share of the fair value of the identifiable assets and liabilities of Yongji Andre Juice Co., Ltd. was recognized as goodwill relating to Yongji Andre Juice Co., Ltd.

On 13 September 2002, the Company entered into an agreement with Yantai Jiacheng Trading Co., Ltd. and paid an acquisition cost of RMB32,035,810.00 to acquire the interest in Yantai Longkou Andre Juice Co., Ltd. The excess of the acquisition cost over the proportionate share of the fair value of the identifiable assets and liabilities of Yantai Longkou Andre Juice Co., Ltd. was recognized as goodwill relating to Yantai Longkou Andre Juice Co., Ltd.

(2) Provision for impairment of goodwill

The name of the investee or the event forming goodwill	Opening balance	Increase in current period Provision	Decrease in current period Disposals	Closing balance
Anyue Andre Lemon Industry Technology Co., Ltd.*	3,066,598.32	—	—	3,066,598.32
Total	<u>3,066,598.32</u>	<u>—</u>	<u>—</u>	<u>3,066,598.32</u>

(3) Relevant information in respect of the cash-generating units or combinations of cash-generating units to which goodwill is allocated

The cash-generating units are consistent with those identified for goodwill impairment tests at the acquisition date and in prior years, with no changes having occurred.

(4) The specific method for determining the recoverable amount

The Company determines the recoverable amount of the cash-generating units (“CGUs”) to which goodwill is allocated as the higher of the fair value less costs of disposal of the assets and the present value of the estimated future cash flows of the assets. In estimating the fair value less costs of disposal of the relevant CGUs containing goodwill, the Company determines such amount by estimating the fair value of the assets under assessment and then deducting the costs of disposal. Based on the characteristics of the CGUs, the Company adopts the cost approach to estimate the fair value of the relevant CGUs containing goodwill. In estimating the present value of the estimated future cash flows of the relevant CGUs containing goodwill, the Company estimates cash flows for the next five years based on the financial budgets approved by the management. A cash flow growth rate of 0% is adopted for subsequent years, which will not exceed the long-term average growth rate of the business to which the CGUs relate. The aforesaid financial budgets are prepared by the Company’s management based on historical performance and its expectations of market development. The pretax discount rate used in calculating the present value of future cash flows reflects the risks specific to the relevant assets.

V Notes to key items in the consolidated financial statements (continued)

15. Long-term deferred expenses

Items	Opening balance	Increase in current period	Decrease in current period Amortization for the current period	Other decreases	Closing balance
Management fees of a partnership enterprise	2,400,000.00	—	300,000.00	—	2,100,000.00
Total	2,400,000.00	—	300,000.00	—	2,100,000.00

16. Deferred income tax assets and deferred income tax liability

- (1) Details of deductible temporary differences and deductible loss for unrecognized deferred income tax assets

Items	Closing balance	Opening balance
Deductible temporary differences	31,860,679.89	26,269,754.29
Deductible loss	7,403,706.01	7,016,346.29
Total	39,264,385.90	33,286,100.58

- (2) Expiration of deductible tax losses for unrecognized deferred tax assets

Year	Closing balance	Opening balance
2026	1,803,830.81	1,803,830.81
2027	200,213.05	200,213.05
2028	3,467,235.54	3,467,235.54
2029	123,769.60	123,769.60
2030	924,701.62	1,421,297.29
2031	883,955.39	—
Total	7,403,706.01	7,016,346.29

V Notes to key items in the consolidated financial statements (continued)

17. Other non-current assets

Items	Closing balance		Book value	Opening balance		Book value
	Book balance	Depreciation reserve		Book balance	Depreciation reserve	
Advance payment for equipment and construction	<u>17,904,475.52</u>	-	<u>17,904,475.52</u>	-	-	-
Total	<u>17,904,475.52</u>	<u>-</u>	<u>17,904,475.52</u>	<u>-</u>	<u>-</u>	<u>-</u>

18. Accounts payable

(1) Disclosure by nature of payable

Items	Closing balance	Opening balance
Payables for materials and others	53,193,088.84	75,887,111.15
Payables for construction and equipment	<u>11,605,611.02</u>	<u>35,063,606.03</u>
Total	<u>64,798,699.86</u>	<u>110,950,717.18</u>

(2) Disclosure by age (calculated based on invoice date)

Items	Closing balance	Opening balance
Within 1 year	56,459,092.64	97,655,400.93
More than 1 years	<u>8,339,607.22</u>	<u>13,295,316.25</u>
Total	<u>64,798,699.86</u>	<u>110,950,717.18</u>

The Company has no material accounts payable with an aging period exceeding one year.

19. Contract liabilities

Items	Closing balance	Opening balance
Payments received in advance	<u>3,710,938.00</u>	<u>3,701,182.80</u>
Total	<u>3,710,938.00</u>	<u>3,701,182.80</u>

The Company has no material contract liabilities with an aging period exceeding one year.

V Notes to key items in the consolidated financial statements (continued)

20. Employee benefits payable

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term employee benefits	18,826,307.42	35,392,493.29	42,099,631.88	12,119,168.83
Post-employment benefits – defined contribution plans	–	4,138,757.84	4,138,757.84	–
Total	18,826,307.42	39,531,251.13	46,238,389.72	12,119,168.83

(1) Short-term employee benefits

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and subsidies	11,494,801.25	29,003,387.67	35,282,194.21	5,215,994.71
Staff welfare	7,264,149.30	3,542,555.77	3,940,241.49	6,866,463.58
Social security contributions	–	2,124,023.62	2,123,729.62	294.00
Among them: 1. Social Security Medical Insurance Contributions	–	1,871,951.15	1,871,657.15	294.00
2. Work Injury Compensation Insurance Contributions	–	193,990.68	193,990.68	–
3. Maternity Insurance Contributions	–	58,081.79	58,081.79	–
Housing fund	–	561,152.50	561,152.50	–
Labour union funds and staff education funds	67,356.87	161,373.73	192,314.06	36,416.54
Total	18,826,307.42	35,392,493.29	42,099,631.88	12,119,168.83

(2) Defined contribution plans

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Post-employment benefits	–	4,138,757.84	4,138,757.84	–
Among them: Mandatory Pension Insurance Contributions	–	3,975,250.55	3,975,250.55	–
Unemployment Insurance Contributions	–	163,507.29	163,507.29	–
Total	–	4,138,757.84	4,138,757.84	–

V Notes to key items in the consolidated financial statements (continued)

20. Employee benefits payable (continued)

(3) Other notes on Employee benefits payable

- ① There are no overdue balances included in the Company's Employee benefits payable as at the end of the period.
- ② In accordance with the relevant provisions of the People's Republic of China, the Company makes contributions to pension retirement schemes organised by local governments for its employees. The Company is required to pay pension contributions at specified percentages or fixed amounts calculated based on employees' remuneration. Relevant local government authorities are responsible for paying all retirement pensions to the Company's retired employees. Save for the annual contributions mentioned above, the Company has no material further obligations to make pension payments under such schemes.
- ③ During the relevant periods (January to June 2026, the year ended 2025 and the year ended 2024), the Company has not forfeited any employees' pension contributions to reduce its current payment liabilities. The Company is not entitled to utilise the pension insurance contributions paid on behalf of its employees.

21. Taxes payable

Tax items

	Closing balance	Opening balance
Value-added tax	7,232,697.25	3,001,768.87
Property tax	712,460.67	680,728.27
Land use tax	729,750.22	729,750.22
City Construction and Maintenance Tax, Education Fee Surcharge and Local Education Surcharge	886,520.20	395,958.17
Tariff	2,792,263.79	8,196,633.50
Others	293,615.73	344,184.44
Total	12,647,307.86	13,349,023.47

V Notes to key items in the consolidated financial statements (continued)

22. Other accounts payable

Items	Closing balance	Opening balance
Interest payable	—	—
Dividends payable	102,801,755.00	2,545,355.00
Other payable	22,889,299.49	1,525,424.00
Total	125,691,054.49	4,070,779.00

(1) Dividends payable

Items	Closing balance	Opening balance
Ordinary dividends	102,801,755.00	2,545,355.00
Total	102,801,755.00	2,545,355.00

(2) Other payable (by nature of payables)

Items	Closing balance	Opening balance
Deposits and margin	1,055,550.00	945,260.00
Others	21,833,749.49	580,164.00
Total	22,889,299.49	1,525,424.00

The Company has no material other payables with an aging period exceeding one year.

23. Other current liabilities

Items	Closing balance	Opening balance
Output tax to be transferred	482,018.26	258,939.35
Total	482,018.26	258,939.35

V Notes to key items in the consolidated financial statements (continued)

24. Long-term payables

Items	Closing balance	Opening balance
Long-term payables	1,785,205.50	1,766,689.00
Special payables	—	—
Total	1,785,205.50	1,766,689.00

(1) Long-term payables (by nature of payables)

Items	Closing balance	Opening balance
Payable for plant ownership and land use rights	1,155,365.50	1,136,849.00
Special funds for counterpart aid from Jiangsu and Shaanxi	629,840.00	629,840.00
Subtotal	1,785,205.50	1,766,689.00
Less: Long-term payables due within one year	—	—
Total	1,785,205.50	1,766,689.00

25. Deferred income

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance	Cause of formation
government grants	3,558,500.00	3,564,000.00	—	7,122,500.00	/
Total	3,558,500.00	3,564,000.00	—	7,122,500.00	/

The government grants included in deferred earnings are detailed in Note VIII. Government grants.

26. Share Capital (Unit: 10,000 shares)

Items	Opening balance	Issue a new share	Give out shares	Current Period Change Conversion of provident fund into shares	Increase (+) Decrease (-) Others	Subtotal	Closing balance
Total number of shares	33,418.80	—	—	—	—	—	33,418.80
Total	33,418.80	—	—	—	—	—	33,418.80

V Notes to key items in the consolidated financial statements (continued)

27. Capital reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital reserve	—	39,489.00	—	39,489.00
Total	—	39,489.00	—	39,489.00

28. Treasury stock

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Reduce the registered capital from repurchase	—	96,661,094.67	—	96,661,094.67
Total	—	96,661,094.67	—	96,661,094.67

- (1) The Company held its 2025 Annual General Meeting on 12 May 2026, at which the resolution titled “Proposal to the Annual General Meeting for the Grant of a General Mandate to the Board of Directors to repurchase not more than 10% of the total issued H Shares of the Company” was duly considered and approved.
- (2) The Company conducted 7 repurchases of H Shares during the period from 26 May 2026 to 30 June 2026. A total of 6,300,000 H Shares were repurchased in aggregate, representing approximately 9.90% of the total issued H Shares and approximately 1.89% of the total issued share capital of the Company. The total amount paid was HK\$110,711,495.88 (equivalent to RMB96,661,094.67) (including brokerage and other fees).

29. Surplus reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Legal earned surplus reserve	5,774,749.75	—	—	5,774,749.75
Total	5,774,749.75	—	—	5,774,749.75

V Notes to key items in the consolidated financial statements (continued)

30. Retained earnings

Items	Current amount incurred	Prior period occurrence	Withdrawal or distribution ratio
Undistributed profit at end of prior period before adjustment	2,439,760,145.41	2,224,726,971.12	—
Adjust the total undistributed profit at the beginning of the period (increase+, decrease-)	—	—	—
Adjusted opening undistributed profit	2,439,760,145.41	2,224,726,971.12	
Plus: net profit attributable to owners of the parent in the current period	123,262,421.03	330,345,077.62	—
Less: draw down statutory surplus reserve	—	3,769,205.48	10%
common stock dividend payable	100,256,400.00	85,300,000.00	
other less	—	26,242,697.85	
Undistributed profit at end of period	<u>2,462,766,166.44</u>	<u>2,439,760,145.41</u>	<u> </u>

31. Operating income and operating costs

(1) Operating income and operating costs

Items	Current amount incurred		Prior period occurrence	
	Income	Cost	Income	Cost
Principal businesses	714,104,719.22	541,701,489.58	945,656,545.30	720,397,516.93
Other businesses	<u>2,196,800.83</u>	<u>874,382.32</u>	<u>2,419,531.42</u>	<u>774,032.82</u>
Total	<u>716,301,520.05</u>	<u>542,575,871.90</u>	<u>948,076,076.72</u>	<u>721,171,549.75</u>

V Notes to key items in the consolidated financial statements (continued)

31. Operating income and operating costs (continued)

(2) Breakdown of operating income and operating costs

Principal Business Analyse:	Operating income	Operating cost
Analysed by industry (or product type)		
Fruit juice and Essence	692,893,167.49	533,356,481.63
Pomace	21,211,551.73	8,345,007.95
Others	2,196,800.83	874,382.32
Analysed by region		
America	200,379,688.62	—
Asia	370,869,587.81	—
Africa	33,685,621.01	—
Europe	66,952,441.89	—
Oceania	44,414,180.72	—
Analysed by time of commodity transfer		
Recognized at a point in time	716,301,520.05	542,575,871.90
Recognized over a period of time	—	—
Total	<u>716,301,520.05</u>	<u>542,575,871.90</u>

Note: The company conducts cost accounting according to product varieties and categories, and does not apportion or estimate costs by customer, sales model and operating region, so the data of operating costs by operating region is not listed.

32. Taxes and surcharges

Items	Current amount incurred	Prior period occurrence
Urban maintenance and construction tax	2,105,072.63	2,234,179.21
Surcharge for Education	1,813,135.11	1,809,456.22
Property tax	1,931,107.42	1,850,018.65
Land use tax	1,668,571.87	1,645,250.79
Others	679,080.31	430,645.03
Total	<u>8,196,967.34</u>	<u>7,969,549.90</u>

The payment criteria of taxes and surcharges are detailed in Note IV, Taxes.

V Notes to key items in the consolidated financial statements (continued)

33. Selling and distribution expenses

Items	Current amount incurred	Prior period occurrence
Payroll and welfare	1,225,901.92	1,173,560.40
Sales commission	778,857.52	1,013,668.32
Others	340,606.96	798,958.31
Total	<u>2,345,366.40</u>	<u>2,986,187.03</u>

34. General and administrative expenses

Items	Current amount incurred	Prior period occurrence
Payroll and welfare	16,236,410.61	12,431,680.49
Depreciation and amortization charges	4,066,026.60	3,781,602.89
Consulting and service fees	1,110,045.92	1,224,500.63
Audit fees	943,396.23	943,396.23
of which: Annual audit fees	943,396.23	943,396.23
Office and travel expenses	1,213,021.34	1,097,936.53
Others	1,527,733.36	597,336.18
Total	<u>25,096,634.06</u>	<u>20,076,452.95</u>

35. Research and development expenses

Items	Current amount incurred	Prior period occurrence
Employee compensation	2,457,121.38	2,393,901.18
Depreciation and amortization	298,246.26	253,303.60
Experimental materials and inspection fee	395,006.68	479,111.11
Others	169,918.52	160,448.86
Total	<u>3,320,292.84</u>	<u>3,286,764.75</u>

V Notes to key items in the consolidated financial statements (continued)

36. Financial expenses

Items	Current amount incurred	Prior period occurrence
Interest expense	18,537.45	18,516.50
Less: interest income	1,246,143.32	2,253,641.45
Exchange gain or loss	13,492,670.76	-4,066,869.76
Bank charges and others	117,973.54	183,520.43
Total	12,383,038.43	-6,118,474.28

37. Other income

Items	Current amount incurred	Prior period occurrence
Subsidy for the Juice Processing Capacity Upgrade Project	1,700,000.00	—
Incentive Grant for Enterprise Upgrading into the Unified Statistical Reporting System	80,000.00	—
Industrial Statistical Subsidy Funds	5,500.00	2,650.00
Agricultural Brand Development Subsidy issued by the Bureau of Agriculture	—	2,000.00
Condolence Allowance from the Federation of Trade Unions	—	2,000.00
Fuxian County Development and Reform Incentive Funds	—	72,000.00
Refund of personal income tax handling fee	42,646.11	111,518.65
Total	1,828,146.11	190,168.65

Specific information on government subsidy are detailed in Note VIII. Government Subsidies.

V Notes to key items in the consolidated financial statements (continued)

38. Investment income

Items	Current amount incurred	Prior period occurrence
Investment gain from disposal of financial asset hold for trading (Note1)	<u>3,069,891.85</u>	<u>3,903,884.71</u>
Total	<u><u>3,069,891.85</u></u>	<u><u>3,903,884.71</u></u>

Note 1: Details of Investment gain from disposal of financial asset hold for trading are as follows:

Items	Current amount incurred	Prior period occurrence
Others	<u>3,069,891.85</u>	<u>3,903,884.71</u>
Total	<u><u>3,069,891.85</u></u>	<u><u>3,903,884.71</u></u>

39. The change of income fair value

Source of gains arising from changes in fair value	Current amount incurred	Prior period occurrence
financial asset hold for trading (Note1)	<u>2,282,500.00</u>	<u>—</u>
Total	<u><u>2,282,500.00</u></u>	<u><u>—</u></u>

Note 1: Details of the change of income fair value of financial asset hold for trading are as follows:

Items	Current amount incurred	Prior period occurrence
Others	<u>2,282,500.00</u>	<u>—</u>
Total	<u><u>2,282,500.00</u></u>	<u><u>—</u></u>

V Notes to key items in the consolidated financial statements (continued)

40. Credit impairment loss

Items	Current amount incurred	Prior period occurrence
Bad debt losses of account receivable	-2,827,536.32	-1,512,752.29
Bad debt losses of other receivables	-2,442,932.94	-12,083.47
Total	-5,270,469.26	-1,524,835.76

41. Asset impairment loss

Items	Current amount incurred	Prior period occurrence
Loss on depreciation of inventories	-320,456.34	-60,679.54
Total	-320,456.34	-60,679.54

42. Proceeds from disposal of assets

Items	Current amount incurred	Prior period occurrence
Gains or losses on disposal of fixed assets (Losses are filled in with “-”)	-2,281.12	—
Total	-2,281.12	—

43. Non-operating income

Items	Current amount incurred	Prior period occurrence	Amount recognized in non-recurring profit or loss for the period
Others	2,312.39	700.08	2,312.39
Total	2,312.39	700.08	2,312.39

V Notes to key items in the consolidated financial statements (continued)

44. Non-operating expenses

Items	Current amount incurred	Prior period occurrence	Amount recognized in non-recurring profit or loss for the period
Donations	—	10,000.00	—
Loss on damage and write-off of non-current assets	6,981.83	13,368.37	6,981.83
Others	—	4.53	—
Total	<u>6,981.83</u>	<u>23,372.90</u>	<u>6,981.83</u>

45. Income tax expense

(1) Income tax expense statement

Items	Current amount incurred	Prior period occurrence
Current income tax	703,589.85	88,888.82
Deferred income tax expense	—	—
Total	<u>703,589.85</u>	<u>88,888.82</u>

V Notes to key items in the consolidated financial statements (continued)

45. Income tax expense (continued)

(2) The relationship between income tax expense and profit before tax is presented below

Items	Current amount incurred	Prior period occurrence
Total profit	123,966,010.88	201,189,911.86
Income tax expense calculated at the statutory (or applicable) tax rate (profit before tax* 25%)	30,991,502.72	50,297,477.97
The effect of applying different tax rates to subsidiaries	-3,517,488.66	-2,656,917.18
Effect of adjustments to prior period income taxes	-	-
Share of result of joint ventures and associates accounted for using the equity method	-	-
Impact of non-taxable income (to be completed with "-")	-24,603,699.30	-47,285,111.63
Non-deductible costs, expenses and losses	46,140.03	129,818.49
Effect of changes in tax rates on the opening balance of deferred income tax	-	-
Impact of the use of deductible losses and deductible temporary differences from deferred income tax assets not recognized in prior periods (Indicated with "-")	-	-
Tax effects of unrecognized deductible temporary differences and unused tax losses	-2,212,864.94	-396,378.83
Extra deductions for R&D expenses (Indicated with "-")	-	-
Others	-	-
Income tax expense	<u>703,589.85</u>	<u>88,888.82</u>

46. Disposal of assets

For the six months ended 30 June 2026, the Company had no disposals of property, plant and equipment. "Gains/(losses) from asset disposals" of -2,281.12 yuan disclosed in the consolidated Income Statement includes the net gain of -2,281.12 yuan arising from the disposal of a batch of machinery and equipment, office and other equipment pending replacement in accordance with the standard for fixed assets. (For the six months ended 30 June 2025: The Company had no gain on disposal of assets) Please refer to "Gains/(losses) from asset disposals" as presented in the Company's consolidated Income Statement.

47. Notes to the statement of cash flows

(1) Cash received relating to other operating activities

Items	Current amount incurred	Prior period occurrence
Other operating income	2,196,800.83	2,419,531.42
Government subsidy	5,961,500.00	190,168.65
Current accounts and others	22,042,977.31	2,254,341.53
Total	<u>30,201,278.14</u>	<u>4,864,041.60</u>

V Notes to key items in the consolidated financial statements (continued)

47. Notes to the statement of cash flows (continued)

(2) Cash paid relating to other operating activities

Items	Current amount incurred	Prior period occurrence
General and administrative expenses	4,794,196.85	3,863,169.57
Selling and distribution expenses	1,119,464.48	1,812,626.63
Research and development expenses	564,925.20	639,559.97
Other business costs	874,382.32	460,679.72
Current accounts and others	4,670,574.89	1,499,436.49
	<u>12,023,543.74</u>	<u>8,275,472.38</u>
Total	<u>12,023,543.74</u>	<u>8,275,472.38</u>

(3) Cash paid relating to other investing activities

Items	Current amount incurred	Prior period occurrence
Deposit for acquisition of equity interests	45,000,000.00	—
Total	<u>45,000,000.00</u>	<u>—</u>

(4) Cash paid relating to other financing activities

Items	Current amount incurred	Prior period occurrence
Share repurchase	96,661,094.67	79,649,178.00
Total	<u>96,661,094.67</u>	<u>79,649,178.00</u>

V Notes to key items in the consolidated financial statements (continued)

48. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Supplementary information	Current amount incurred	Prior period occurrence
1. Reconciliation of net profit to cash flows from operating activities:		
Net profits	123,262,421.03	201,101,023.04
Plus: provision for impairment of assets	320,456.34	60,679.54
credit impairment loss	5,270,469.26	1,524,835.76
amortization of intangible assets	1,565,900.08	1,565,900.08
depreciation of fixed assets	20,030,281.73	20,075,826.48
amortization of long-term prepaid expenses	300,000.00	—
loss on disposal of fixed assets, intangible assets and other long-term assets (Revenue is filled with “-”)	2,281.12	—
loss from retirement of fixed assets (gains are filled with “-”)	6,981.83	13,368.37
loss on changes in fair value (gains are filled with “-”)	-2,282,500.00	—
finance expenses (revenue is filled with “-”)	775,704.33	-1,161,194.66
investment losses (gains are filled with “-”)	-3,069,891.85	-3,903,884.71
decrease in inventories (increase is indicated by “-”)	431,907,236.10	611,663,680.89
decrease in operating receivables (increase is indicated by “-”)	-11,448,055.43	-29,868,163.04
increase in operating payables (decrease is indicated by “-”)	-28,381,806.28	-9,442,177.23
others	—	—
Net cash flows from operating activities	538,259,478.26	791,629,894.52
2. Significant non-cash investing and financing activities		
Conversion of debt into capital	—	—
Convertible corporate bonds due within one year	—	—
Right-of-use asset increased in current period	—	—
3. Net changes in cash and cash equivalents		
Closing balance of cash	739,283,182.71	959,110,291.37
Less: opening balance of cash	409,073,825.25	236,454,035.09
Plus: ending balance of cash equivalents	—	—
Less: opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	330,209,357.46	722,656,256.28

V Notes to key items in the consolidated financial statements (continued)

48. Supplementary information to the statement of cash flows (continued)

(2) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	739,283,182.71	409,073,825.25
Of which: cash on hand	96.64	96.64
bank deposits available for payment at any time	739,283,086.07	409,073,728.61
Other monetary funds available for payment at any time	—	—
II. Cash equivalents	—	—
Of which: Bond investments maturing within three months	—	—
III. Balance of cash and cash equivalents at the end of the period	739,283,182.71	409,073,825.25
Of which: Restricted cash and cash equivalents held by the parent company or subsidiaries within the group	—	—
	<u> </u>	<u> </u>

49. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Items	Closing foreign currency balance	Translation rate	Closing translation of RMB balance
Cash at bank and on hand			
Of which: USD	7,464,598.77	6.8109	50,840,635.76
Euro	0.04	7.7671	0.31
Hong Kong dollar	3,179,841.70	0.8686	2,762,010.50
Accounts receivable			
Of which: USD	18,895,821.22	6.8109	128,697,548.75
Advance payment			
Of which: USD	6,105.92	6.8109	41,586.81
Other receivables			
Of which: USD	14,710.70	6.8109	100,193.11
Accounts payable			
Of which: USD	1,224,951.01	6.8109	8,343,018.83
Other accounts payable			
Of which: USD	2,594,457.83	6.8109	17,670,592.83
Hong Kong dollar	97,288.00	0.8686	84,504.36
	<u> </u>	<u> </u>	<u> </u>

V Notes to key items in the consolidated financial statements (continued)

50. Lease

(1) Disclosure as lessor

Operating lease

Items	Current amount incurred	Prior period occurrence
Lease income	774,229.69	743,878.01
Among them: income related to variable lease payments not included in lease payments	—	—

VI Changes in the Scope of Consolidation

1. Yantai Fushan District Andeli Fruit Juice Co., Ltd. was newly incorporated in February 2026 and is a wholly-owned (100%) subsidiary of Yantai North Andre Juice Co., Ltd., and registered capital: RMB20,000,000, Business Scope: Licensed Business Items: Beverage production; food sales. (For items subject to approval in accordance with law, business operations may only commence upon approval by the competent authorities; the specific business activities shall be subject to the approval documents or permits issued by relevant authorities.) General Business Items: Fruit cultivation; import and export of goods; primary processing of edible agricultural products. (Except for items subject to statutory approval, the Company may independently carry out business operations in accordance with the law relying on its business licence.)
2. Luochuan Andre Juice Co., Ltd. was established in March 2026. Its shareholder is Yantai North Andre Juice Co., Ltd., which holds 100% of its shares, and registered capital: RMB20,000,000. Business Scope: General Business Items: Fruit cultivation; import and export of goods; primary processing of edible agricultural products. (Except for businesses requiring statutory approval, the company may conduct independent business operations lawfully by virtue of its business licence.) Licensed Business Items: Beverage production; food sales. (For businesses subject to statutory approval, operations can only be launched upon approval from the competent authorities; the specific business scope shall be subject to the official approval outcome.)

VII Interests in other entities

1. Equity in subsidiaries

(1) Composition of enterprise groups

Name of subsidiary	Registered capital	Principal business place	Place of registration	Business nature	Shareholding (%)		Method of obtaining
					Direct	Indirect	
Baishui Andre Juice Co., Ltd.	USD17,125,000	Shaanxi province, China	Shaanxi province, China	Production and sale of concentrated fruit juice	74.44	25.56	Acquisition of establishment
Yantai Longkou Andre Juice Co., Ltd.	USD22,860,000	Shandong province, China	Shandong province, China	Production and sale of concentrated fruit juice	39.66	60.34	Acquisition of establishment
Xuzhou Andre Juice Co., Ltd.	USD11,600,000	Jiangsu province, China	Jiangsu province, China	Production and sale of concentrated fruit juice	64.66	35.34	Acquisition of establishment
Andre Juice Co., Ltd.	USD50,000	British Virgin Islands	British Virgin Islands	Investment holding	100.00	–	Acquisition of establishment
North Andre Juice(USA).Inc.	USD1,900,000	United States of America	United States of America	Concentrated fruit juice sales	–	100.00	Acquisition of establishment
Dalian Andre Juice Co., Ltd.*	RMB143,000,000	Liaoning province, China	Liaoning province, China	Production and sale of concentrated fruit juice	83.22	16.78	Acquisition of establishment
Yongji Andre Juice Co., Ltd.	USD24,750,000	Shanxi province, China	Shanxi province, China	Production and sale of concentrated fruit juice	74.99	25.01	Acquisition by consolidation under non-uniform control
Anyue Andre Lemon Industry Technology Co., Ltd.*	RMB50,000,000	Sichuan province, China	Sichuan province, China	Production and sale of concentrated fruit juice	–	100.00	Acquisition by consolidation under non-uniform control
Liquan Andre Juice Co., Ltd.*	RMB100,000,000	Shaanxi province, China	Shaanxi province, China	Production and sale of concentrated fruit juice	–	100.00	Acquisition by consolidation under non-uniform control
Yantai Andre Drinking Water Co., Ltd.	USD5,000,000	Shandong province, China	Shandong province, China	Beverage production and sales	65.00	35.00	Acquisition of establishment
Aksu Andre Fruit Juice Fruit Juice Co., Ltd.*	RMB80,000,000	Xinjiang Uygur Autonomous Region, China	Xinjiang Uygur Autonomous Region, China	Production and sale of concentrated fruit juice	87.50	12.50	Acquisition of establishment
Yan'an Andre Juice Co., Ltd.*	RMB60,000,000	Shaanxi province, China	Shaanxi province, China	Production and sale of concentrated fruit juice	83.30	16.70	Acquisition of establishment
Yantai Fushan District Andeli Fruit Juice Co., Ltd.*	RMB20,000,000	Shandong province, China	Shandong province, China	Production and sale of concentrated fruit juice	100.00	–	Acquisition of establishment
Luochuan Andre Juice Co., Ltd.*	RMB20,000,000	Shaanxi province, China	Shaanxi province, China	Production and sale of concentrated fruit juice	–	100.00	Acquisition of establishment

* For identification purpose only.

VIII Government grants

1. Government grants recognized by other receivables

As at 30 June 2026, the Company has no outstanding government grants payments.

2. Government grants included in deferred income

Classification	Opening balance	Increase in current period	Decrease in current period	Closing balance
Government grants related to assets	2,600,000.00	–	–	2,600,000.00
Government grants related to earnings	958,500.00	3,564,000.00	–	4,522,500.00
Total	3,558,500.00	3,564,000.00	–	7,122,500.00

- (1) Government grants recognized as deferred income are subsequently measured using the net method.

Categories	Opening balance	Additional Subsidy amount for the current period	Amount transferred to reverse related costs in the current period	Other changes	Closing balance	Items for amount transferred to offset relevant cost and expense in current period
Government grants related to assets:						
Provincial modern agriculture						
Industrial park – Apple deep processing industrial park	1,100,000.00	–	–	–	1,100,000.00	–
Project for the Cultivation of a 100-Billion Yield Advantageous and Characteristic Lemon Industry Linked to Rural Revitalisation						
Funding	1,500,000.00	–	–	–	1,500,000.00	–
Subtotal	2,600,000.00				2,600,000.00	–
Government grants related to earnings:						
Development and application of key technologies for deep processing of representative fruits in North China	–	3,564,000.00	–	–	3,564,000.00	–
Rural Revitalization Technological Innovation Boost Action	490,500.00	–	–	–	490,500.00	–
Subsidy for the 2023 National Key Research and Development Program	468,000.00	–	–	–	468,000.00	–
Subtotal	958,500.00	3,564,000.00	–	–	4,522,500.00	–
Total	3,558,500.00	3,564,000.00	–	–	7,122,500.00	–

VIII Government grants (continued)

3. Government grants included in current profit and loss by the total amount method

Categories	Current amount incurred	Prior period occurrence	Accounting subjects
Government grants related to earnings:			
Subsidy for the Juice Processing Capacity Upgrade Project	1,700,000.00	—	Other income
Partial Subsidy on CIF Freight Arising from Export of Specified Goods	612,000.00	—	Operating costs
Incentive Grant for Enterprise Upgrading into the Unified Statistical Reporting System	80,000.00	—	Other income
Fuxian County Development and Reform Incentive Funds	—	72,000.00	Other income
Condolence Allowance from the Federation of Trade Unions	—	2,000.00	Other income
Industrial Statistical Subsidy Funds	5,500.00	2,650.00	Other income
Agricultural Brand Development Subsidy issued by the Bureau of Agriculture	—	2,000.00	Other income
Total	<u>2,397,500.00</u>	<u>78,650.00</u>	

IX Disclosure of risks associated with financial instruments

The Company's major financial instruments include cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current assets, financial assets held for trading, other non-current financial assets, accounts payable, other payable and long-term payable. Details of each financial instrument have been disclosed in the relevant notes. The risks associated with these financial instruments and the Company's risk management policies to mitigate these risks are described below, the management of the Company manages and monitors these exposures to ensure that the above risks are controlled within the limits.

IX Disclosure of risks associated with financial instruments (continued)

1. Risk management objectives and policies

Major risks arising from the Company's financial instruments mainly including credit risk, liquidity risk and market risk. (Including foreign-exchange risk, interest-rate risk and commodity-price risk)

The Company's risk management objective is to achieve an appropriate balance between risk and return, minimize the adverse impact of risks on the Company's operating results and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company's fundamental risk management strategy is to identify and analyse various risks faced by the Company, set appropriate risk tolerance levels and implement risk management, as well as monitor all risks in a timely and reliable manner to contain risks within the specified limits.

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines and overseeing the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates related risks through close cooperation with other business units of the Company. The Company's internal audit department conducts regular audit on the risk management control and procedures and reports the audit results to the Company's audit Committee.

The Company diversified its exposure to financial instruments through an appropriate mix of diversified investments and businesses and reduced its exposure to a single industry, specific region or specific counter-party by developing appropriate risk management policies.

(1) Credit risk

Credit risk is the risk that the Company will incur financial losses as a result of a counter party's failure to meet its contractual obligations.

The Company manages credit risk on a portfolio category basis. Credit risk primarily arises from bank deposits, notes receivable, accounts receivable, other receivables, long-term receivables, and debt investments.

The monetary funds held by the Company are mainly deposited in financial institutions such as state owned holding banks and other large and medium-sized commercial banks. The management believes that these commercial banks have high reputation and asset status, do not have significant credit risk.

IX Disclosure of risks associated with financial instruments (continued)

1. Risk management objectives and policies (continued)

(1) Credit risk (continued)

For notes receivable, accounts receivable, other receivables, and long-term receivables, the Company has established relevant policies to control credit risk exposure. The Company assesses the customer's credit worthiness and sets a corresponding credit period based on the customer's financial position, credit history and other factors such as current market conditions. The Company regularly reviews customer credit history as part of its credit risk management procedures, for customers with poor credit records, the Company applies written reminders, shortens the credit period or cancels the credit period to ensure that the Company's overall credit risk remains within manageable parameters.

The Company's accounts receivable counter-parties span multiple industries and regions. The Company conducts ongoing credit assessments of their financial standing and purchases credit guarantee insurance where appropriate.

The Company's maximum credit risk exposure is represented by the carrying amount of each financial asset recognized in the balance sheet. The Company has not provided any additional guarantees that would result in credit risk exposure beyond these amounts.

As at 30 June 2026, accounts receivables due from the company's top five customers accounted for 50.87% of the company's total accounts receivables (2025: 64.47%). Amounts due from the top five counterparties included within other receivables represented 98.15% of the company's total other receivables (2025: 34.62%).

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will experience a shortage of funds when it meets its obligation to settle by delivering cash or other financial assets.

When managing liquidity risk, the Company's subsidiary entities are responsible for their own cash management activities, including short-term investments of cash surpluses and arranging loans to meet anticipated cash requirements (subject to approval from the Company's Board of Directors if borrowing amounts exceed certain pre-set authorization thresholds). In addition, the Company may also negotiate with suppliers for a reduction of certain debt amounts, or dispose of long-overdue accounts receivable to obtain funds in advance so as to ease the cash flow pressure of the Company. The Company's policy is to regularly monitor the short-term and long-term liquidity requirements and compliance with borrowing agreements to ensure that adequate cash reserves and marketable securities are maintained and sufficient reserves are pledged by major financial institutions to meet the short-term and longer-term liquidity requirements.

IX Disclosure of risks associated with financial instruments (continued)

1. Risk management objectives and policies (continued)

(2) Liquidity risk (continued)

As at the end of the period, the Company's financial liabilities and off-balance-sheet guarantee items are presented as follows based on the remaining contractual terms using undiscounted contractual cash flows:

Items	Immediate repayment	Within 1 month	Closing balance			More than 5 years	Total
			1-3 months	3 months-1 year	1-5 years		
Non-derivative financial liabilities:							
Accounts payable	64,798,699.86	-	-	-	-	-	64,798,699.86
Other payable	22,889,299.49	-	-	-	-	-	22,889,299.49
Long-term payable	629,840.00	-	-	-	-	1,155,365.50	1,785,205.50
Subtotal, non-derivative financial liabilities	88,317,839.35	-	-	-	-	1,155,365.50	89,473,204.85

As at the end of last year, the Company's financial liabilities and off-balance-sheet guarantee items are presented as follows based on the remaining contractual terms using undiscounted contractual cash flows:

Items	Immediate repayment	Within 1 month	Opening balance			More than 5 years	Total
			1-3 months	3 months-1 year	1-5 years		
Non-derivative financial liabilities:							
Accounts payable	110,950,717.18	-	-	-	-	-	110,950,717.18
Other payable	1,525,424.00	-	-	-	-	-	1,525,424.00
Long-term payable	629,840.00	-	-	-	-	1,136,849.00	1,766,689.00
Subtotal, non-derivative financial liabilities	113,105,981.18	-	-	-	-	1,136,849.00	114,242,830.18

The amounts of financial liabilities disclosed in the above table are undiscounted contractual cash flows and may differ from the carrying amounts in the balance sheet.

IX Disclosure of risks associated with financial instruments (continued)

1. Risk management objectives and policies (continued)

(3) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including interest rate risk, exchange rate risk and other price risks.

Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. This risk may arise from financial instruments denominated in a foreign currency other than the functional currency.

The principal operations of the Company are located in the PRC and the principal operations are settled in RMB. However, foreign currency assets and liabilities recognized by the Company and future foreign currency transactions in which the currencies of valuation of foreign currency assets and liabilities and foreign currency transactions are mainly USD and HKD remain subject to exchange rate risk.

As at the end of the period, the amounts of foreign currency financial assets and foreign currency financial liabilities held by the Company translated into RMB are as follows:

Items	Foreign currency financial liabilities		Foreign currency financial assets	
	Closing balance	Opening balance	Closing balance	Opening balance
USD	26,013,611.66	6,945,580.77	179,679,964.43	357,148,515.89
Euro	-	-	0.31	0.33
Hong Kong dollar	84,504.36	-	2,762,010.50	4,051,541.13
Total	<u>26,098,116.02</u>	<u>6,945,580.77</u>	<u>182,441,975.24</u>	<u>361,200,057.35</u>

The Company closely monitors the impact of exchange rate fluctuations on the Company's exchange rate risk. The Company continuously monitors the scale of the Company's foreign currency transactions and foreign currency assets and liabilities to minimize the exposure to foreign exchange risk; To this end, the Company will sign forward settlement and sale contracts to avoid exchange rate risk.

As at the end of the reporting period, in respect of the Company's foreign currency-denominated cash and cash equivalents, assuming a 5% appreciation or depreciation of RMB against foreign currencies (primarily US dollars, Hong Kong dollars and Euros) while all other factors remain constant, the shareholders' equity and net profit of the Company would increase or decrease by approximately RMB7,817,192.96 (for the year ended 31 December 2025: approximately RMB17,702,388.48).

IX Disclosure of risks associated with financial instruments (continued)

2. Capital management

The Company's capital management policy aims to ensure its ability to continue operating, thereby providing returns to shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to minimize capital costs.

To maintain or adjust its capital structure, the Company may adjust its financing methods, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or dispose of assets to reduce debt.

The Company monitors its capital structure based on the debt-to-asset ratio (total liabilities divided by total assets). As of the end of the reporting period, the Company's debt-to-asset ratio was 7.78% (5.33% at the end of the prior year).

X Fair value

Based on the lowest of the three levels for each significant input used in the fair value measurement, fair value is classified into three levels:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date (Unadjusted).

Level 2: Directly (i.e., price) or indirectly (i.e., derived from price) using observable input values other than market quotations for assets or liabilities in level 1.

Level 3: Assets or liabilities use any input values that are not based on observable market data (unobservable input).

1. Items and amounts measured at fair value

Assets and liabilities measured at fair value at the end of the period are listed as follows according to the above three levels:

Items	Final fair value			Total
	Level 1	Level 2	Level 3	
I Ongoing fair value measurement				
(I) Financial assets held for trading				
1. Investment in debt instruments	-	-	110,063,769.04	110,063,769.04
2. Investment in equity instruments	-	-	30,458,641.85	30,458,641.85
3. Subtotal of financial assets designated at fair value through profit or loss	-	-	-	-
4. Others	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets of ongoing fair value measurement	<u>-</u>	<u>-</u>	<u>140,522,410.89</u>	<u>140,522,410.89</u>

X Fair value (continued)

1. Items and amounts measured at fair value (continued)

During the year, there were no transfers between Level 1 and Level 2, or into or out of Level 3, in the fair value measurement of the Company's financial assets and liabilities.

For financial instruments traded in active markets, the Company determines their fair value based on the quoted prices in their active markets. For financial instruments not traded in active markets, the Company employs valuation techniques to determine their fair value. The valuation models used primarily include discounted cash flow models and market comparable company models. Key inputs to the valuation techniques mainly consist of risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of liquidity.

2. Items and amounts whose fair value is disclosed but not measured at fair value

The Company's financial assets and financial liabilities measured at amortized cost mainly include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable, other payable, long-term payable, etc.

XI Related parties and related party transactions

1. The parent company of the Company

Name of the parent company	Place of registration	Business nature	Registered capital (ten thousand yuan)	Shareholding percentage of the Parent Company in the Company (%)	Voting rights percentage held by the Parent Company in the Company (%)
Shandong Andre Group Co., Ltd.	Yantai City, Shandong Province	Investment and Assets Management	RMB400 million	14.55	14.55

The ultimate controlling parties of the Company are: Wang An and Wang Meng, father and daughter.

2. The Company's subsidiaries

Details of subsidiaries are provided in Note VII-1.

XI Related parties and related party transactions (continued)

3. Other related party information of the Company

Other related party names	Relationship between other related parties and the Company
President Enterprises (China) Investment Co., Ltd. and its subsidiaries	Enterprises that have a significant impact on the Company (i)
Guangzhou President Enterprises Co., Ltd.	Enterprises holding more than 5% of the Company's shares. Subsidiaries of President Enterprise Co., Ltd. (i)
Chengdu President Enterprise Food Co., Ltd.	Enterprises holding more than 5% of the Company's shares. Subsidiaries of President Enterprise Co., Ltd. (i)
DSM Firmenich Pectin (Yantai) Co., LTD.	Entities that had a related party relationship during the past 12 months (ii)
Yantai Xing'an Investment Centre (Limited Partnership)	The director of the Company services as the executive of the Company
Donghua Fruit Industry Co., Ltd.	Controlling shareholder. Enterprises under the same ultimate control
China Pingan Investment Holdings Limited	Controlling shareholder. Enterprises under the same ultimate control
Yantai Andre Holiday Hotel Plaza Limited	Enterprises under the same ultimate control
Yantai Andre Construction and Installation Engineering Co., Ltd.	Enterprises under the same ultimate control
Yantai Andre Yangma Island Andre Holiday Co., Ltd.	Enterprises under the same ultimate control
Yantai Kunlong Spring Resort Ltd.	Enterprises under the same ultimate control
Yantai Andre Property Management Co., Ltd.	Enterprises under the same ultimate control
Yantai Andre Real Estate Development Co., Ltd.	Enterprises under the same ultimate control
Yantai Yitong Biology Heat Co., Ltd. and its subsidiaries	Enterprises under the same ultimate control
Yantai Hengli Concrete Co., Ltd.	An enterprise over which the company exercises significant influence
Directors, managers, chief financial officer and company secretary	Key management personnel

XI Related parties and related party transactions (continued)

3. Other related party information of the Company (continued)

- (i) President Enterprises (China) Investment Co., Ltd. exerts effective voting rights through its subsidiaries Chengdu President Enterprise Food Co., Ltd. and Guangzhou President Enterprises Co., Ltd. at the general meeting of shareholders of the Company and its representatives on the board of directors of the Company, which has a significant impact on the Company.
- (ii) Mr. Wang An and Mr. Zhang Hui, Executive Director of the Company, previously served as directors of DSM Firmenich Pectin (Yantai) Co., Ltd. They ceased to hold such directorships with effect from 25 March 2025. Accordingly, DSM Firmenich Pectin (Yantai) Co., Ltd. has ceased to be a related party as defined under “the Listing Rules of the Shanghai Stock Exchange” with effect from 25 March 2026.

4. Related party transaction

(1) Related purchases and sales

① Related party transactions of purchasing goods and receiving services

Related party	Related party transactions	Current amount incurred	Prior period occurrence
Yantai Yitong Biology Heat Co., Ltd. and its subsidiaries	Purchases of energy	1,185,041.60	2,380,846.53
Yantai Yitong Biology Heat Co., Ltd. and its subsidiaries	Receipt of services	14,055.47	36,230.09
Yantai Andre Construction and Installation Engineering Co., Ltd.	Receipt of services	–	44,271.30
Yantai Andre Holiday Hotel Plaza Limited	Receipt of services	105,799.52	193,111.20
Yantai Kunlong Spring Resort Ltd.	Receipt of services	254,178.87	561,160.42
Yantai Andre Real Estate Development Co., Ltd.	Receipt of services	29,633.03	–

Note: The prices for the Company’s related party transactions involving purchases of goods and receipt of services are determined based on market prices.

XI Related parties and related party transactions (continued)

4. Related party transaction (continued)

(1) Related purchases and sales

② Related party transactions of selling goods and providing services

Related party	Related party transactions	Current amount incurred	Prior period occurrence
Uni-President China Holdings Ltd. and its subsidiaries	Sales of goods	11,606,001.30	15,300,129.19
Ton Yi (China) Investment Co., Ltd. and its subsidiaries	Sales of goods	3,706,585.37	8,477,549.29
DSM Firmenich Pectin (Yantai) Co., Ltd.	Sales of goods	14,178,643.19	28,509,574.68
DSM Firmenich Pectin (Yantai) Co., Ltd.	Provision of services	246,012.00	246,012.00
Yantai Yitong Biological Energy Co., Ltd. and its subsidiaries	Sales of goods	40,991.15	–
Yantai Andre Real Estate Development Co., Ltd.	Provision of services	136,227.47	35,152.00
Yantai Andre Real Estate Development Co., Ltd.	Sales of goods	16,247.79	–
Yantai Andre Construction and Installation Engineering Co., Ltd.	Sales of goods	849.56	–
Yantai Andre Construction and Installation Engineering Co., Ltd.	Provision of services	–	101,075.47
Yantai Kunlong Spring Resort Ltd.	Sales of goods	315,026.47	61,808.85
Yantai Andre Holiday Hotel Plaza Limited	Sales of goods	16,778.76	438.05
Yantai Xing'an Investment Centre (Limited Partnership)	Provision of services	105,456.00	–
Yantai Andre Property Management Co., Ltd.	Sales of goods	47,044.25	–
Yantai Andre Yangma Island Andre Holiday Co., Ltd.	Sales of goods	7,008.85	–
Yantai Hengli Concrete Co., Ltd.	Sales of goods	849.56	–

Note: 1. The prices for the Company's related party transactions involving sales of goods and rendering of services are determined based on market prices.

2. Mr. Wang An and Mr. Zhang Hui, Executive director of the Company, ceased to act as directors of DSM Firmenich Pectin (Yantai) Co., Ltd. on 26 March 2025. Pursuant to "the Listing Rules of the Shanghai Stock Exchange", they are still regarded as related parties for 12 months following the aforesaid event, i.e., for the period from 26 March 2025 to 25 March 2026. Accordingly, all categories of related party transaction data disclosed for the current reporting period represent the transaction amounts with DSM Firmenich Pectin (Yantai) Co., Ltd. for the period from 1 January 2026 to 25 March 2026.

XI Related parties and related party transactions (continued)

4. Related party transaction (continued)

(2) Related lease conditions

- ① The Company acts as a lessor

Name of lessee	Types of leased assets	Lease income recognised in the current period	Lease income recognised in prior period
DSM Firmenich Pectin (Yantai) Co., Ltd.	House lease	369,018.00	369,018.00
Yantai Andre Real Estate Development Co., Ltd.	House lease	209,342.68	52,728.00
Yantai Andre Construction and Installation Engineering Co., Ltd.	House lease	–	156,614.68
Yantai Xing'an Investment Centre (Limited Partnership)	House lease	158,184.00	–

(3) Remuneration of key management personnel

Items	Current amount incurred	Prior period occurrence
Remuneration of key management personnel	2,667,738.09	2,375,527.99

XI Related parties and related party transactions (continued)

5. Receivables and payables from related parties

(1) Amounts due from related parties of the Company

Items	Related party	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivables	DSM Firmenich Pectin (Yantai) Co., Ltd.	-	-	2,189,888.80	143,273.18
	Uni-President China Holdings Ltd. and its subsidiaries	6,432,679.27	385,960.76	1,605,436.45	98,999.19
	Yantai Kunlong Spring Resort Ltd.	346,140.00	20,768.40	-	-
		<u>6,432,679.27</u>	<u>385,960.76</u>	<u>1,605,436.45</u>	<u>98,999.19</u>

(2) The Company's payables to related parties

Items	Related party	Closing balance	Opening balance
Accounts payable	Yantai Yitong Biological Energy Co., Ltd. and its subsidiaries	534,942.36	3,443,703.86
	Yantai Andre Construction and Installation Engineering Co., Ltd.	55,996.00	238,966.00
		<u>534,942.36</u>	<u>3,443,703.86</u>

XII Commitments and contingencies

1. Significant commitments

- (1) Foreign investment contracts and related financial expenditures that have not yet been performed or fully performed

Yantai Andre Drinking Water Co., Ltd., was established on 13 November 2020 with the joint contribution of the Company and its subsidiaries, Andre Juice Co., Ltd. (hereinafter referred to as “BVI Andre”), Yantai Xinweishun Packing Co., Ltd. and Yantai Rongze Carton Factory. The registered capital of the Company is USD5 million, of which USD2.5 million is subscribed by the Company, accounting for 50.00% of the registered capital; BVI Andre, subscribed USD1.75 million, accounting for 35.00% of the registered capital; Yantai Xinweishun Packing Co., Ltd. subscribed USD0.5 million, accounting for 10.00% of the registered capital; Yantai Rongze Carton Factory subscribed USD0.25 million, accounting for 5.00% of the registered capital. On 28 September 2023, Yantai Xinweishun Packing Co., Ltd. and Yantai Rongze Carton Factory withdrew and transferred the subscription shares to the Company. After the change, the subscribed capital of the Company was changed to USD3.25 million accounting for 65% of the registered capital. As at 30 June 2026, except for the paid in capital contribution of BVI Andre, the contribution of other shareholders has not been made yet, so the Company is required to fulfill its obligation to contribute USD3.25 million to Yantai Andre Drinking Water Co., Ltd.

Save for the above commitments, as at 30 June 2026, the Company had no other significant commitments that should be disclosed but not disclosed.

2. Contingencies

As at 30 June 2026, the Company had no material contingencies required to be disclosed.

XIII Significant contingencies existing at the balance sheet date

The Company convened the 10th meeting of the 9th Board of Directors on 15 June 2026, at which “the Proposal on Signing the Framework Equity Transfer Agreement” was reviewed and approved. The Company entered into “the Framework Equity Transfer Agreement” with Ningbo Everstrong Technology Co., Ltd. and its shareholders, namely JIANGQIHE, QIANG YUAN and Ningbo Yuanluzai Technology Partnership (Limited Partnership). The Company intends to acquire part of the equity interests in Ningbo Everstrong Technology Co., Ltd. using internal funds or self-raised funds, and will engage in communications and negotiations with other shareholders of the target company. Obtaining control of Ningbo Everstrong Technology Co., Ltd. is a prerequisite for this transaction.

Ningbo Everstrong Technology Co., Ltd. is a high-tech enterprise specialising in the research and development, production and sale of interconnection materials for integrated circuit electronic information. It operates a production base located in the integrated circuit industrial cluster in Beilun District, Ningbo City, with an annual production capacity of 10 million square metres of high-speed high-frequency and BT substrate interconnection materials for electronic information. The total consideration for this transaction is initially estimated to range from RMB600 million to RMB800 million. The final transaction consideration will be determined by all transaction parties through negotiation and set out in the formal acquisition agreement, based on the valuation report issued by a qualified asset appraisal institution. This transaction is initially expected not to constitute a major asset restructuring nor a connected transaction.

Pursuant to the terms of “the Framework Equity Transfer Agreement”, the Company shall pay an acquisition deposit of RMB45 million into the joint escrow bank account of all transaction parties within 2 days after the signing of the agreement. The Company’s original core business is the processing and sale of concentrated fruit juice, and it has no relevant operational experience, professional talent, proprietary technologies or customer resources in the integrated circuit interconnection materials industry. Should the transaction proceed in subsequent stages, the Company will face risks arising from business integration and management synergy. The transaction will be funded by internal and self-raised funds, which will impose certain pressure on the Company’s short-term cash flows.

As at the date of approval of this report, the transaction is still in progress, and its long-term impact on the Company’s operations will depend on the progress and implementation of specific follow-up cooperation projects.

Except for the above matters, the Company has no other events after the reporting period.

XIV Description of other important matters

1. Remuneration of directors

Name	Directors' Allowances		Basic wages, allowances and benefits		Retirement benefit		Total	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Executive Director								
Wang An	50,000.00	43,333.30	-	-	-	-	50,000.00	43,333.30
Zhang Hui	50,000.00	10,000.00	314,544.46	275,633.34	33,540.54	8,594.94	398,085.00	294,228.28
Wang Meng	50,000.00	43,333.30	111,503.70	109,983.36	-	-	161,503.70	153,316.66
Wang Yanhui	50,000.00	43,333.30	138,399.98	124,566.66	29,673.42	8,594.94	218,073.40	176,494.90
Non-executive director								
Liu Tsung-Yi	60,000.00	43,333.30	-	-	-	-	60,000.00	43,333.30
Zhang Wei	60,000.00	43,333.30	-	-	-	-	60,000.00	43,333.30
Independent non-executive								
Li Yao	-	33,333.30	-	-	-	-	-	33,333.30
Gong Fan	60,000.00	43,333.30	-	-	-	-	60,000.00	43,333.30
Wang Yan	60,000.00	43,333.30	-	-	-	-	60,000.00	43,333.30
Wang Changqing	60,000.00	10,000.00	-	-	-	-	60,000.00	10,000.00
Total	<u>500,000.00</u>	<u>356,666.40</u>	<u>564,448.14</u>	<u>510,183.36</u>	<u>63,213.96</u>	<u>17,189.88</u>	<u>1,127,662.10</u>	<u>884,039.64</u>

Note: Mr. Li Yao ceased to serve as Independent Non-executive Director upon expiration of his term on 16 May 2025. Mr. Wang Changqing was elected as Independent Non-executive Director commencing from 16 May 2025.

XIV Description of other important matters (continued)

2. Highest-paid individuals of the Company

The five highest paid persons of the Company this year include 5 directors. Their remuneration has been reflected in the remuneration of directors.

For the six months ended 30 June 2026, the Company did not pay or should pay the two individuals with the highest emoluments any amount to compensate them for losing the position of any manager of other subsidiaries in the Company.

For the six months ended 30 June 2026, the Company has no amount of money that has been paid or should be paid to the two individuals with the highest emoluments in order to promote them to join or when they join the Company.

3. Capital commitment

Items	Current Period	Prior Period
Contracts for the purchase of fixed assets that have been signed and are being or are about to be performed	<u><u>3,037,518.82</u></u>	<u><u>12,876,860.00</u></u>

XV Notes to major items in the financial statements of the parent company

1. Bills receivable

Categories of bills	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Bank acceptance bills	3,425,180.00	-	3,425,180.00	12,973,620.00	-	12,973,620.00
Commercial acceptance bills	-	-	-	-	-	-
Total	<u><u>3,425,180.00</u></u>	<u><u>-</u></u>	<u><u>3,425,180.00</u></u>	<u><u>12,973,620.00</u></u>	<u><u>-</u></u>	<u><u>12,973,620.00</u></u>

- (1) As at the end of the period, the Company had no pledged notes receivable.
- (2) As at the end of the period, the Company had no notes receivable that had been endorsed or discounted but not yet matured.
- (3) As at the end of the period, the Company had no bills receivable transferred to accounts receivable due to non-performance by the issuers.
- (4) No bills receivable were actually written off during the period.

XV Notes to major items in the financial statements of the parent company (continued)

2. Accounts receivable

- (1) Disclosure of trade receivables by age (calculated based on invoice date)

Aging	Closing balance	Opening balance
within 1 year		
of which: within 6 months	267,084,807.03	170,825,217.04
6 months to 1 year	27,250,066.91	56,776,901.50
Subtotal within 1 year	294,334,873.94	227,602,118.54
1-2 year	—	4,033.54
2-3 years	4,035.79	—
Subtotal	294,338,909.73	227,606,152.08
Less: bad-debt provision	14,197,257.84	15,314,612.98
Total	280,141,651.89	212,291,539.10

- (2) Classified disclosure by bad-debt provision accrual method

Type	Book balance		Closing balance		Book value
	Amount	Percentage (%)	Bad-debt provision	Expected Credit Loss Rate (%)	
Accounts receivable for which ECLs are accrued individually	—	—	—	—	—
Accounts receivable with expected credit losses by portfolio	294,338,909.73	100.00	14,197,257.84	4.82	280,141,651.89
Where:					
Related parties within the consolidation scope	154,978,258.51	52.65	—	—	154,978,258.51
Portfolio of amounts due from customers	139,360,651.22	47.35	14,197,257.84	10.19	125,163,393.38
Total	294,338,909.73	100.00	14,197,257.84	4.82	280,141,651.89

XV Notes to major items in the financial statements of the parent company (continued)

2. Accounts receivable (continued)

(2) Classified disclosure by bad-debt provision accrual method (continued)

Continued:

Type	Book balance		Opening balance Bad-debt provision		Book value
	Amount	Percentage(%)	Amount	Expected Credit Loss Rate (%)	
Accounts receivable for which ECLs are accrued individually	-	-	-	-	-
Accounts receivable with expected credit losses by portfolio	227,606,152.08	100.00	15,314,612.98	6.73	212,291,539.10
Where:					
Related parties within the consolidation scope	56,776,901.50	24.95	-	-	56,776,901.50
Portfolio of amounts due from customers	<u>170,829,250.58</u>	<u>75.05</u>	<u>15,314,612.98</u>	<u>8.96</u>	<u>155,514,637.60</u>
Total	<u>227,606,152.08</u>	<u>100.00</u>	<u>15,314,612.98</u>	<u>6.73</u>	<u>212,291,539.10</u>

As at the end of the period, there were no accounts receivable for which bad debt provisions were recognized on an individual basis.

As at the end of the last year, there were no accounts receivable for which bad debt provisions were recognized on an individual basis.

Accounts receivable with expected credit losses by portfolio

Collectively assessed items: Trade receivables portfolio

Type	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Expected Credit Loss Rate (%)	Book balance	Bad-debt provision	Expected Credit Loss Rate (%)
Not past due	119,575,954.72	7,174,557.28	6.00	158,713,144.77	9,522,788.69	6.00
Within 30 days overdue	15,952,494.92	3,190,498.98	20.00	7,657,368.90	1,531,473.79	20.00
31 - 60 days overdue	-	-	60.00	495,966.00	297,579.60	60.00
More than 61 days overdue	<u>3,832,201.58</u>	<u>3,832,201.58</u>	<u>100.00</u>	<u>3,962,770.91</u>	<u>3,962,770.91</u>	<u>100.00</u>
Total	<u>139,360,651.22</u>	<u>14,197,257.84</u>	<u>10.19</u>	<u>170,829,250.58</u>	<u>15,314,612.98</u>	<u>8.96</u>

XV Notes to major items in the financial statements of the parent company (continued)

2. Accounts receivable (continued)

- (3) Provision for bad debts withdrawn, recovered or reversed in the current period

Items	Amount of provision for bad debts withdrawn
Opening balance	15,314,612.98
Provision in current period	—
Recovery or reversal in current period	1,117,355.14
Write off in current period	—
Closing balance	14,197,257.84

- (4) There is no actual write-off of accounts receivable in the current period
- (5) Details of the top five debtors of accounts receivables and contract assets as at the end of the period

The combined amount of the top five accounts receivable balances at the end of the period, categorized by debtor, is RMB243,807,629.63, accounting for 82.83% of the total accounts receivable balance. The total provision for bad debts related to these accounts at the end of the period is RMB6,827,258.27.

XV Notes to major items in the financial statements of the parent company (continued)

3. Other receivables

Items	Closing balance	Opening balance
Dividends receivable	25,699,658.48	25,699,658.48
Other receivable	200,457,741.00	247,796,966.74
Total	226,157,399.48	273,496,625.22

(1) Dividends receivable

Investee	Closing balance	Opening balance
Andre Juice Co., Ltd.	25,699,658.48	25,699,658.48
Total	25,699,658.48	25,699,658.48

Material dividends receivable with ageing exceeding one year at the end of the reporting period

Investee	Closing balance	Age	Reason for non-recovery	Impairment assessment and reasons
Andre Juice Co., Ltd.	25,699,658.48	Over 3 years	Dividends have not yet been paid by the investees	No impairment recognised. The subsidiary is able to distribute dividends at any time upon request.

(2) Other receivables

① Disclosure of other receivables by age

Aging	Closing balance	Opening balance
With in 1 year	202,642,039.64	247,662,957.72
1-2 years	1,500.00	1,500.00
2-3 years	100,000.00	100,000.00
3-4 years	—	100,000.00
4-5 years	—	—
More 5 years	—	—
Subtotal	202,743,539.64	247,864,457.72
Less: bad-debt provision	2,285,798.64	67,490.98
Total	200,457,741.00	247,796,966.74

XV Notes to major items in the financial statements of the parent company (continued)

3. Other receivables (continued)

(2) Other receivables (continued)

② Breakdown by nature of amounts

Items	Closing balance			Opening balance		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Consolidated subsidiaries	157,329,066.81	-	157,329,066.81	247,516,138.06	-	247,516,138.06
Deposits, petty cash, cash pledge	45,262,087.00	2,278,111.85	42,983,975.15	231,500.00	61,650.00	169,850.00
Others	152,385.83	7,686.79	144,699.04	116,819.66	5,840.98	110,978.68
Total	202,743,539.64	2,285,798.64	200,457,741.00	247,864,457.72	67,490.98	247,796,966.74

③ The situation of provision for bad debts

As at the end of the period, the provision for bad debts is in the stage one

Type	Book balance	Expected Credit Loss Rate in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts on a portfolio	202,743,539.64	1.13	2,285,798.64	200,457,741.00
Consolidated subsidiaries	157,329,066.81	-	-	157,329,066.81
Deposits, petty cash, cash pledge	45,262,087.00	5.03	2,278,111.85	42,983,975.15
Others	152,385.83	5.04	7,686.79	144,699.04
Total	202,743,539.64	1.13	2,285,798.64	200,457,741.00

As at the end of the period, the Company had no other receivables in stage two or stage three.

XV Notes to major items in the financial statements of the parent company (continued)

3. Other receivables (continued)

(2) Other receivables (continued)

③ The situation of provision for bad debts (continued)

As at the end of the last year, the provision for bad debts is in the stage one

Type	Book balance	Expected Credit Loss Rate in the next 12 months (%)	Bad-debt provision	Book value
Provision for bad debts on a portfolio	247,864,457.72	0.03	67,490.98	247,796,966.74
Consolidated subsidiaries	247,516,138.06	–	–	247,516,138.06
Deposits, petty cash, cash pledge	231,500.00	26.63	61,650.00	169,850.00
Others	116,819.66	5.00	5,840.98	110,978.68
Total	<u>247,864,457.72</u>	<u>0.03</u>	<u>67,490.98</u>	<u>247,796,966.74</u>

As at the end of the last year, the Company has no other receivables in the stage two or stage three.

④ Provision for bad debts of other receivables during the period

Bad-debt provision	Stage one Expected credit loss in the next 12 months	Stage two Expected credit loss over the whole duration (No credit impairment)	Stage three Expected credit loss over the whole duration (Credit impairment occurred)	Total
Opening balance	67,490.98	–	–	67,490.98
Opening balance of current period				
Transferred to Stage 2	–	–	–	–
Transferred to Stage 3	–	–	–	–
Return in Stage 2	–	–	–	–
Return in Stage 1	–	–	–	–
Provision in current period	2,218,307.66	–	–	2,218,307.66
Return in current period	–	–	–	–
Transfer in current period	–	–	–	–
Write off in current period	–	–	–	–
Other changes	–	–	–	–
Closing balance	<u>2,285,798.64</u>	<u>–</u>	<u>–</u>	<u>2,285,798.64</u>

XV Notes to major items in the financial statements of the parent company (continued)

3. Other receivables (continued)

(2) Other receivables (continued)

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

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

Name of organization	Nature of money	Other receivables Closing balance	Aging	Percentage of other receivables ending balance (%)	Bad-debt provision closing balance
Anyue Andre Lemon Industry Technology Co., Ltd.	Receivables from subsidiaries	62,047,797.52	Within 1 year	30.60	-
Ningbo Everstrong Technology Co., Ltd.	Deposit	45,000,000.00	Within 1 year	22.20	2,250,000.00
Yan'an Andre Fruit Juice Co., Ltd.,	Receivables from subsidiaries	34,092,243.65	Within 1 year	16.82	-
Yantai Fushan District Andeli Fruit Juice Co., Ltd.	Receivables from subsidiaries	31,445,695.34	Within 1 year	15.51	-
Luochuan Andre Juice Co., Ltd.	Receivables from subsidiaries	21,728,947.83	Within 1 year	10.72	-
Total		<u>194,314,684.34</u>		<u>95.85</u>	<u>2,250,000.00</u>

4. Long-term equity investment

Items	Book balance	Closing balance Impairment allowance	Book value	Book balance	Opening balance Impairment allowance	Book value
Investment in subsidiaries	<u>628,942,158.14</u>	-	<u>628,942,158.14</u>	<u>628,942,158.14</u>	-	<u>628,942,158.14</u>
Total	<u>628,942,158.14</u>	-	<u>628,942,158.14</u>	<u>628,942,158.14</u>	-	<u>628,942,158.14</u>

XV Notes to major items in the financial statements of the parent company (continued)

4. Long-term equity investment (continued)

(1) Investment in subsidiaries

Investee	Opening balance (book value)	Opening balance of impairment allowances	Additional investment	Movement during the period		Others	Closing balance (book value)	Closing balance of impairment allowance
				Disposal of investment	Provision for impairment			
Baishui Andre Juice Co., Ltd.	110,630,130.07	-	-	-	-	-	110,630,130.07	-
Yantai Longkou Andre Juice Co., Ltd.	80,622,695.55	-	-	-	-	-	80,622,695.55	-
Xuzhou Andre Juice Co., Ltd.	58,645,418.00	-	-	-	-	-	58,645,418.00	-
Andre Juice Co., Ltd.	8.00	-	-	-	-	-	8.00	-
Dalian Andre Juice Co., Ltd.	119,000,000.00	-	-	-	-	-	119,000,000.00	-
Yongji Andre Juice Co., Ltd.	140,043,906.52	-	-	-	-	-	140,043,906.52	-
Aksu Andre Juice Co., Ltd.	70,000,000.00	-	-	-	-	-	70,000,000.00	-
Yan'an Andre Juice Co., Ltd.	50,000,000.00	-	-	-	-	-	50,000,000.00	-
Total	628,942,158.14	-	-	-	-	-	628,942,158.14	-

5. Operating income and operating costs

(1) Operating income and operating costs

Items	Current amount incurred		Prior period occurred	
	Income	Cost	Income	Cost
Principal businesses	487,714,133.89	460,995,050.22	499,102,564.15	459,169,672.76
Other businesses	5,101,006.75	4,032,797.20	4,688,487.60	3,432,719.30
Total	492,815,140.64	465,027,847.42	503,791,051.75	462,602,392.06

XV Notes to major items in the financial statements of the parent company (continued)

5. Operating income and operating costs (continued)

(2) Breakdown of operating income and operating costs

Principal Business Analyse:	Income	Cost
Analysed by industry (or product type)		
Fruit juice and Essence	487,334,515.84	460,805,586.01
Pomace	379,618.05	189,464.21
Others	5,101,006.75	4,032,797.20
Analysed by region		
America	165,592,223.74	—
Asia	209,810,274.88	—
Africa	26,447,375.90	—
Europe	65,940,210.62	—
Oceania	25,025,055.50	—
Analysed by time of commodity transfer		
Recognized at a point in time	492,815,140.64	465,027,847.42
Recognized over a period of time	—	—
Total	492,815,140.64	465,027,847.42

Note: The company conducts cost accounting according to product varieties and categories, and does not apportion or estimate costs by customer, sales model and operating region, so the data of operating costs by operating region is not listed.

6. Investment income

Items	Current amount incurred	Prior period occurrence
Investment income from disposal of financial assets held for trading	2,979,669.62	3,817,619.10
Total	2,979,669.62	3,817,619.10

XVI Supplementary information

1. Statement of Non-recurring Profit or Loss for the Period

Items	Current amount incurred	Note
Profit or loss on disposal of non-current assets, including the reversal of previously recognized impairment allowances	-9,262.95	
Government grants recognized in current period profit or loss, excluding those grants that are closely related to the Company's normal business operations, comply with national policy regulations, are granted based on defined criteria, and have a sustained impact on the Company's profit or loss	2,397,500.00	
Profit or loss on changes in fair value arising from the holding of trading financial assets and trading financial liabilities, and investment income from the disposal of trading financial assets, trading financial liabilities, debt investments and other debt investments, other than effective hedging business in relation to the normal operations of the Company	5,352,391.85	
Other non-operating income and expenses other than those mentioned above	2,312.39	
Other items of profit and losses that meet the definition of Non-recurring Profit or Loss	—	
Total non-recurring profit or loss	7,742,941.29	
Less: income tax impact of non-recurring profit or loss	—	
Net non-recurring profit or loss	7,742,941.29	
Less: Net effect attributable to non-controlling interests (after tax)	—	
Non-recurring profit or loss attributable to ordinary equity holders of the Company	7,742,941.29	

2. Return on net assets and earnings per share

Profit for the Reporting Period	Weighted mean Return on net assets	Earnings per share	
	(%)	Basic earnings per share	Dilute earnings per share
Net profit attributable to ordinary equity holders of the Company	4.33	0.37	0.37
Net profit attributable to ordinary equity holders of the Company excluding non-recurring profit or loss	4.05	0.35	0.35

MAJOR FINANCIAL INFORMATION AND INDICATORS

1. Major financial information

	Jan – Jun 2026 <i>RMB</i>	Jan – Jun 2025 <i>RMB</i>	Change (%)
Operating income	716,301,520.05	948,076,076.72	(24.45)
Total profit	123,966,010.88	201,189,911.86	(38.38)
Net profit attributable to equity shareholders of the Company	123,262,421.03	201,101,023.04	(38.71)
Net profit attributable to equity shareholders of the Company after deduction of extraordinary gain/loss	115,519,479.74	197,141,161.15	(41.40)
Net cash flows from operating activities	538,259,478.26	791,629,894.52	(32.01)

	Amount at the end of the period <i>RMB</i>	Amount at the end of the previous year <i>RMB</i>	Percentage changes in amount at the end of the period as compared to that at the end of the previous year (%)
Net assets attributable to equity shareholders of the Company	2,706,107,310.52	2,779,722,895.16	(2.65)
Total assets	2,934,464,203.32	2,936,205,033.38	(0.06)

2. Major financial indicators

	Jan – Jun 2026	Jan – Jun 2025	Change (%)
Basic earnings per share (RMB/share)	0.37	0.58	(36.21)
Diluted earnings per share (RMB/share)	0.37	0.58	(36.21)
Basic earnings per share after deduction of extraordinary gain or loss (RMB/share)	0.35	0.57	(38.60)
Weighted average earnings on net assets (%)	4.33	7.38	(3.05)
Weighted average earnings on net assets after deduction of extraordinary gain or loss (%)	4.05	7.23	(3.18)

3. Extraordinary gain or loss items and amounts

	Jan-Jun 2026 <i>RMB</i>
Gains or losses on disposal of non-current assets, including the write-off of the asset impairment provision	(9,262.95)
Government grant recognised in profit or loss other than those closely related to the Company's normal operations, granted under the State's policies and according to certain standards, and had continuous influence on the Company's profit or loss	2,397,500.00
Profit and loss of fair value changes arising from financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities other than the effective hedging business related to the Company's normal business operations	5,352,391.85
Other non-operating income and expenses other than the above	2,312.39
Less: Income tax impact	—
Non-controlling interest impact (after tax)	—
Total	7,742,941.29

MANAGEMENT DISCUSSION AND ANALYSIS

Major Operating Performance

For the six months ended 30 June 2026, the Group's operating income was approximately RMB716,301,520 as compared to approximately RMB948,076,077 for the corresponding period in 2025, representing a decrease of approximately RMB231,774,557 or 24%. The Group's operating income was principally derived from the production and sale of apple juice concentrate, pear juice concentrate, apple essence, feedstuff and related products. The decrease in operating income was mainly attributable to the decrease in sales volume and selling price of juice concentrates during the reporting period.

For the six months ended 30 June 2026, the Group's gross profit was approximately RMB173,725,648 and the gross profit margin was approximately 24%. For the corresponding period in 2025, the Group's gross profit was approximately RMB226,904,527 and the gross profit margin was approximately 24%. Compared with corresponding period last year, the gross profit margin during the reporting period remained steady. The decrease in total gross profit was mainly due to the decrease in sales volume of juice concentrates during the reporting period.

For the six months ended 30 June 2026, the Group's net profit attributable to the owners of the parent company was approximately RMB123,262,421, representing a decrease of approximately RMB77,838,602 or 39% as compared to approximately RMB201,101,023 for the corresponding period in 2025. The net profit decreased mainly because on one hand, both sales volume and selling price of juice concentrates decreased to varying degrees; and on the other hand, the decrease in exchange gain caused by the appreciation of RMB during the reporting period.

Analysis on Principal Businesses

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

Item	Jan – Jun 2026 RMB	Jan – Jun 2025 RMB	Change (%)
Operating income	716,301,520.05	948,076,076.72	(24.45)
Operating cost	542,575,871.90	721,171,549.75	(24.76)
Selling and distribution expenses	2,345,366.40	2,986,187.03	(21.46)
General and administrative expenses	25,096,634.06	20,076,452.95	25.01
Financial expenses	12,383,038.43	(6,118,474.28)	302.39
Research and development expenses	3,320,292.84	3,286,764.75	1.02
Other income	1,828,146.11	190,168.65	861.33
Profit from change in fair value	2,282,500.00	–	N/A
Credit impairment loss	(5,270,469.26)	(1,524,835.76)	245.64
Assets impairment loss	(320,456.34)	(60,679.54)	428.11
Net cash flow from operating activities	538,259,478.26	791,629,894.52	(32.01)
Net cash flow from investing activities	(110,671,348.25)	11,855,250.92	(1,033.52)
Net cash flow from financing activities	(96,621,605.67)	(79,649,178.00)	(21.31)

Reasons for changes:

Operating income: mainly attributable to the decrease of sales volume and selling price of juice concentrates to varying degrees during the reporting period

Operating cost: mainly due to the decrease in sales volume of juice concentrates during the reporting period

Selling and distribution expenses: mainly attributable to the decrease in payment of commission to customers caused by the decrease in sales volume of juice concentrates during the reporting period

General and administrative expenses: mainly due to the expenses incurred for the 30th anniversary celebration of the Group during the reporting period

Financial expenses: mainly due to the decrease in exchange gain recognised during the reporting period caused by the appreciation of RMB

Research and development expenses: mainly due to the increase in research and development expenditure by the Company during the reporting period

Other income : mainly due to the increase in government grant received during the reporting period

Profit from change in fair value: mainly attributable to increase in income from the purchase of forward foreign exchange settlement and sale contracts during the reporting period

Credit impairment loss: mainly due to the provision of credit impairment loss caused by the payment of equity acquisition earnest money at the end of the reporting period

Assets impairment loss: mainly attributable to the provision for impairment of inventories of cloudy orange juice products produced by Anyue Andre Lemon Industry Technology Co., Ltd., a subsidiary of the Company, during the reporting period

Net cash flow from operating activities: mainly due to the decrease of sales volume and selling price of juice concentrates to varying degrees during the reporting period

Net cash flow from investing activities: mainly due to the participation in the auction for certain factory equipment of a company engaged in similar industry under bankruptcy liquidation and payment for an equity acquisition earnest money of RMB45 million to Ningbo Everstrong Technology Co., Ltd.* pursuant to the framework agreement on equity transfer during the reporting period

Net cash flow from financing activities: mainly attributable to the increase in payment for repurchase of H shares by the Company during the reporting period

* For identification purpose only.

2. Analysis on assets and liabilities

Name of Items	Amount at the end of the period RMB	Percentage of the amount at the end of the period over total asset (%)	Amount at the end of the prior year RMB	Percentage of the amount at the end of the prior year over total asset (%)	Percentage changes in amount at the end of the period as compared to that at the end of the prior year (%)	Description
Cash and bank balance	739,283,182.71	25.19	409,073,825.25	13.93	80.72	1
Bills receivable	3,425,180.00	0.12	12,973,620.00	0.44	(73.60)	2
Prepayments	8,452,065.58	0.29	3,792,391.68	0.13	122.87	3
Other receivables	48,078,610.78	1.64	968,942.37	0.03	4,861.97	4
Inventory	653,708,377.24	22.28	1,086,369,429.04	37.00	(39.83)	5
Other current assets	19,612,061.52	0.67	28,028,570.09	0.95	(30.03)	6
Construction in progress	33,601,756.65	1.15	5,320,745.67	0.18	531.52	7
Other non-current assets	17,904,475.52	0.61	–	–	N/A	8
Accounts payable	64,798,699.86	2.21	110,950,717.18	3.78	(41.60)	9
Employee benefits payable	12,119,168.83	0.41	18,826,307.42	0.64	(35.63)	10
Other payables	125,691,054.49	4.28	4,070,779.00	0.14	2,987.64	11
Other current liabilities	482,018.26	0.02	258,939.35	0.01	86.15	12
Deferred income	7,122,500.00	0.24	3,558,500.00	0.12	100.15	13
Treasury stock	96,661,094.67	3.29	–	–	N/A	14

1. The increase in cash and bank balance was mainly because the Company was in the status of seasonal production shutdown and trade revenue was collected relatively more promptly during the reporting period.

2. The decrease in bills receivables was mainly due to the decrease in sales payable by way of banker's acceptance during the reporting period.
3. The increase in prepayments was mainly due to the increase in prepayment made for purchase of different kinds of materials during the reporting period.
4. The increase in other receivables was mainly due to payment of equity acquisition earnest money to Ningbo Everstrong Technology Co., Ltd.* during the reporting period.
5. The decrease in inventory was mainly due to seasonal production shutdown and so there was no production but only sales during the reporting period.
6. The decrease in other current assets was mainly due to the decrease in VAT credit during the reporting period.
7. The increase in construction in progress was mainly due to uninstalled equipment bid by some subsidiaries during the reporting period.
8. The increase in other non-current assets was mainly due to the increase in prepaid expenditure on equipment by some subsidiaries during the reporting period.
9. The decrease in accounts payable was mainly due to payment of different kinds of materials during the reporting period.
10. The decrease in employee benefits payable was mainly due to payment of year-end bonus accrued at last year end during the reporting period.
11. The increase in other payables was mainly because the dividend for the previous year had not yet due for payment during the reporting period.
12. The increase in other current liabilities was mainly due to the increase in output tax to be transferred during the reporting period.
13. The increase in deferred income was mainly due to the receipt of remaining subsidy for the 2023 Shandong Provincial Key Research Project and the subsidy for the 2026 Shandong Provincial Key Research Project during the reporting period.
14. The increase in treasury stock was due to the repurchase of 6.3 million H shares during the reporting period.

* For identification purpose only.

3. *Analysis on major subsidiaries and investee companies*

The information of major subsidiaries and investee companies accounting for over 10% of net profit of the Company are as follows:

Name of companies	Company type	Principal activities	Registered capital 30/6/2026	Total assets 30/6/2026 <i>approximately RMB'million</i>	Net assets 30/6/2026 <i>approximately RMB'million</i>	Operating income Jan - Jun 2026 <i>approximately RMB'million</i>	Operating profit Jan - Jun 2026 <i>approximately RMB'million</i>	Net profit Jan - Jun 2026 <i>approximately RMB'million</i>
Yantai Longkou Andre Juice Co., Ltd.	Subsidiary	Production and sales of juice concentrates	USD22,860,000	448.43	441.33	91.57	21.04	20.93
Dalian Andre Juice Co., Ltd.	Subsidiary	Production and sales of juice concentrates	RMB143,000,000	284.30	278.36	122.22	26.19	26.19
Yongji Andre Juice Co., Ltd.	Subsidiary	Production and sales of juice concentrates	USD24,750,000	370.58	351.45	110.70	25.96	25.96
Liquan Andre Juice Co., Ltd.*	Subsidiary	Production and sales of juice concentrates	RMB100,000,000	295.85	290.93	50.93	12.71	12.71
Aksu Andre Fruit Juice Co., Ltd.*	Subsidiary	Production and sales of juice concentrates	RMB80,000,000	169.82	162.57	75.68	24.66	24.66

* *For identification purpose only*

Business Review

Enlarging Market and Diversifying Products

During the first half of 2026, by adapting to the market demand and leveraging on its management and capital advantages as well as its advanced production technology, superb product quality and comprehensive customer services, the Group maintained steady growth in markets. With years of continuous efforts, the Group has expanded its sales network to major countries and regions in the world, including the US, Japan, Europe, Oceania, Africa, South America and Chinese domestic market. At the same time, as the Company became the first “A+H” dual-listed enterprise in the juice beverage industry in China, the Company’s visibility in the industry has been significantly enhanced and the Company will take advantage of this opportunity to continue to retain existing customers and develop new markets, deepen cooperation with core customers to stabilize our foundation, and actively expand into new regions, channels, and customers to broaden market coverage. Additionally, while stabilizing the sales of clear apple juice and pear juice, the Company has increased efforts in promoting small-variety products such as hawthorn juice, peach juice, and tomato juice to fully unleash the production capacity of the production lines for small-variety products.

Expanding the Domestic Sales Market

The Company continued to maintain high-quality and stable cooperative relations with several famous domestic beverage processing manufacturers, developed new excellent customers and explored new sales channels. The Company carried out sales work on the principle of maintaining and increasing market share, and timely understood market information and customers’ information in order to obtain more orders.

Optimising Customer Base

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

Strengthening On-site Management and Reinforcing Basic Management

The Group improved the operational control system and assessment and allocation system with a market-oriented approach, optimized the allocation of the Company's assets, human resources and technology by prioritizing efficiency. With performance as the guiding principle, the Group promoted the performance assessment of all employees so as to fully mobilize the enthusiasm of all employees. In daily production and operational management, the Group has thoroughly advanced energy conservation, consumption reduction, cost control, and efficiency enhancement and is continuously optimizing production organization and standardizing workflows. Through measures such as strengthening process management, improving equipment operating efficiency, and strictly controlling various expenses, the Group has effectively reduced production and operational costs.

Future Prospects

Enriching Product Variety and Enlarging Product Portfolio

Due to the satisfactory development at the present stage, the Company will expand its product range with apple juice concentrate as the foundation. While increasing its ability to supply NFC fruit juice products, the Company will also develop products, such as tomato juice, peach juice and hawthorn juice, so as to enrich its product variety, expand its production capacity and meet the demands of various customers.

Increasing Market Development Efforts and Promoting Customer Confidence

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

Expanding Financing Channels to Promote Sustainable Development

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

Possible Risks and Uncertainties

1. Risk of undersupply of the major ingredient

The Company's main products are apple juice concentrate, of which the main ingredient is apple, and the cost of apple accounted for approximately 70% of the cost of the above products. The price of apple is affected by climate conditions, supply and demand, and many other factors. The volatility of ingredient fruit price is one of the main factors affecting the Company's operating results.

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

2. Risk of relying on a single product

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

Countermeasures: The Company has adjusted its strategy to reduce its reliance on juice concentrate products and further seek product sales diversification. The Company timely launched and increased the research and development, production and sales of products, such as NFC apple juice, cloudy apple juice, peach juice, hawthorn fruit juice and tomato juice. The Company also launched a 40-tonnes peach juice concentrate and 10-tonnes hawthorn fruit juice concentrate production line in Yongji Andre Juice Co., Ltd., a wholly-owned subsidiary of the Company, in 2023, and developed and constructed a production line for NFC apple juice in 2024, so as to fulfill customers' diversified demands and end consumers' upgraded demand for consumption, and further diversify the Company's products at the same time. With the new products launched by the domestic famous beverage processing enterprises and their hot sales, sales of small variety products like NFC apple juice, tomato juice, peach juice, and hawthorn juice are growing year by year. On the other hand, the Company is preparing to invest in industry which may generate sustainable and stable returns for the Company, so as to increase the profit level of the Company, effectively ease the risk of relying on a single product and the risk of fluctuation of ingredient costs, and improve the risk resistance capacity of the Company.

3. Risk of exchange rate

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

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

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT

There was no material change in the Directors and senior management of the Company for the six months ended 30 June 2026.

EMPLOYMENT AND REMUNERATION POLICY

For the six months ended 30 June 2026, the Group's average number of employees was 922 and the total employee remuneration was approximately RMB39,531,251. The Group's employment and remuneration policies remained unchanged with those described in the prospectus of the Company dated 11 April 2003. The salaries and benefits of the employees of the Group were kept at a competitive level and employees were rewarded on a performance-related basis according to the Group's salary and bonus system, which is reviewed annually. A wide range of benefits, including statutory compulsory welfare plans, were also provided to employees.

DIVIDEND

The Board proposed not to distribute interim dividend during the six months ended 30 June 2026.

SIGNIFICANT INVESTMENT

No significant investment was made by the Group during the six months ended 30 June 2026.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisitions or disposals of subsidiaries, associates or joint ventures had been made by the Company for the six months ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 15 June 2026, the resolution in relation to Entering into the Equity Transfer Framework Agreement was considered and approved at the Board meeting of the Company, and the Company entered into an equity transfer framework agreement (the “**Equity Transfer Framework Agreement**”) with Ningbo Everstrong Technology Co., Ltd. (寧波甬強科技有限公司) (the “**Target Company**” or “**Everstrong Technology**”) and shareholders of the Target Company, namely JIANGQI HE, QIANG YUAN, Ningbo Yuanluzai Technology Partnership (Limited Partnership) (寧波源路載科技合夥企業(有限合夥)) (collectively, the “**Transferors**”) on 15 June 2026. Pursuant to the Equity Transfer Framework Agreement, the Company intends to acquire control over Everstrong Technology, and the Transferors intend to transfer part of the equity interests in Everstrong Technology held by them to the Company (the “**Potential Acquisition**”). The specific number and percentage of equity interests to be transferred, the final transaction consideration and the payment method in respect of the Potential Acquisition have not been determined, and shall be further agreed by the above Transferors, Target Company and other shareholders who intend to transfer the equity interest in the Target Company (if any) when they enter into a formal acquisition agreement (the “**Acquisition Agreement**”) in the future. The final transaction consideration for the Potential Acquisition will be further negotiated and determined by the parties based on the valuation results set out in the asset valuation report issued by an asset valuation agency engaged by the Company.

Pursuant to the Equity Transfer Framework Agreement, the Company is required to pay RMB45 million as the acquisition deposit to the jointly managed bank account jointly designated by the Company and the Transferors within two days after the signing of the Equity Transfer Framework Agreement. Such deposit will be placed in the jointly managed account, and any use of the funds in such account shall be subject to the joint written confirmation of the Company and the Transferors. Upon the signing and effectiveness of the Acquisition Agreement and payment of the first installment by the Company, the deposit together with any interest accrued thereon shall be returned to the Company.

Save as disclosed above, the Group had no specific plan for material investments or capital assets as at 30 June 2026.

CONTINGENT LIABILITIES

The Directors of the Company were not aware of any material contingent liabilities as at 30 June 2026.

SUBSEQUENT EVENT

Save as disclosed at Note XIII to the Financial Statements, the Group has no material subsequent event as at the date of this report.

CHARGE OF ASSETS

The Group did not have any assets charged as at 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF SHARES

Under the general mandate granted to the Board to repurchase H Shares considered and approved at the 2025 annual general meeting convened by the Company on 12 May 2026, the Company repurchased 6,300,000 H Shares with par value of RMB1.00 each in total on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) at prices ranging from HK\$16.40 to HK\$18.30 per H Share during May to June 2026 for a total consideration of HK\$110,711,496 (including the fees such as commission fees). Specifically, in May 2026, the Company repurchased 3,307,500 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$16.40 to HK\$17.00 per H Share for a total consideration of HK\$56,159,966 (including fees such as commission fees); and in June 2026, the Company repurchased 2,992,500 H Shares with par value of RMB1.00 each in total on the Hong Kong Stock Exchange at prices ranging from HK\$17.87 to HK\$18.30 per H Share for a total consideration of HK\$54,551,530 (including fees such as commission fees). Such shares were still not yet cancelled as at the report date.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares for the six months ended 30 June 2026.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations and investing activities by internally generated financial resources and loans from banks. As at 30 June 2026, the Group had no outstanding bank loans. For the six months ended 30 June 2026, the Group repaid on time the loans that were due for repayment.

As at 30 June 2026, the Group had a net cash and cash equivalent position of approximately RMB739,283,183. The Group’s gearing ratio as at 30 June 2026 was approximately 7.78% (30 June 2025: approximately 7.09%) which was calculated based on the Group’s total liabilities of approximately RMB228,356,893 (30 June 2025: approximately RMB204,657,100) divided by total equity and liabilities of approximately RMB2,934,464,203 (30 June 2025: approximately RMB2,886,574,488). The Directors considered that the Group had sufficient financial resources to meet its ongoing operation requirements.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

As at 30 June 2026 and 30 June 2025, the Group had no outstanding bank loan.

As at 30 June 2026, approximately RMB685,680,536, RMB50,840,636 and RMB2,762,011 (30 June 2025: approximately RMB746,106,058, RMB209,613,947 and RMB3,390,286) of the Group's cash balances were denominated in RMB, US dollars and HK dollars respectively.

For details of the Group's capital management policies and objectives, please refer to Note IX to the Financial Statements.

FOREIGN EXCHANGE EXPOSURE

The operating revenue of the Group is substantially denominated in US dollars. It is the practice of the Group to convert its operating revenue denominated in US dollars to RMB for financing its operating expenses and capital requirements. However, the results of operations and the financial position of the Group may be affected by any changes in the exchange rates.

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

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were (a) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the model code of dealings by the directors of the Company as referred to in Appendix C3 of the Hong Kong Listing Rules were as follows:

Name of Directors	Class of Shares	Number of Shares Held	Capacity	Type of Interest	Approximate Percentage of A Shares/ H Shares	Approximate Percentage of Total Share Capital
Wang An (Note 1)	A Shares	48,608,540 (L)	Interest of controlled corporation (Note 2)	Personal	17.97% (L)	14.55% (L)
Wang Meng (Note 3)	A Shares	94,769,420 (L)	Interest of controlled corporation (Note 4)	Personal	35.03% (L)	28.36% (L)
	H Shares	8,600,000 (L)	Interest of controlled corporation (Note 5)	Personal	13.51% (L)	2.57% (L)
Zhang Hui (Note 6)	A Shares	9,706,000 (L)	Interest of controlled corporations (Note 7)	Personal	3.59% (L)	2.90% (L)
Liu Tsung-Yi	H Shares	195,400 (L)	Beneficial owner	Personal	0.31% (L)	0.06% (L)

Notes:

The letter “L” denotes a long position.

- (1) As at 30 June 2026, Mr. Wang An, a Director, controlled 90% interest in Shandong Andre Group Co., Ltd.* (“**Andre Group**”) (山東安德利集團有限公司), which held 48,608,540 A Shares, representing 14.55% interest in the total issued share capital of the Company.
- (2) Mr. Wang An, a Director, was deemed to be interested in these Shares through his interests in Andre Group.
- (3) As at 30 June 2026, Ms. Wang Meng, a Director, controlled (a) 100% interest in Donghua Fruit Industry Co., Ltd., which held 55,367,459 A Shares, representing 16.57% interest in the total issued share capital of the Company; (b) 100% interest in Hongan International Investment Co., Ltd., which held 8,600,000 H Shares, representing 2.57% interest in the total issued share capital of the Company; and (c) 100% interest in China Pingan Investment Holdings Limited, which held 39,401,961 A Shares, representing 11.79% interest in the total issued share capital of the Company.
- (4) Ms. Wang Meng, a Director, was deemed to be interested in these A Shares through her interests in Donghua Fruit Industry Co., Ltd. and China Pingan Investment Holdings Limited.
- (5) Ms. Wang Meng, a Director, was deemed to be interested in these H Shares through her interests in Hongan International Investment Co., Ltd.
- (6) As at 30 June 2026, Mr. Zhang Hui, a Director and the Chief Executive Officer, acted as the general partner and held 55.64% interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心 (有限合夥)), which held 9,706,000 A Shares, representing 2.90% of the total issued share capital of the Company. As at 30 June 2026, Mr. Wang Yanhui, a Director, acted as a limited partner and held 26.27% interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心 (有限合夥)).
- (7) Mr. Zhang Hui, a Director, was deemed to be interested in these A Shares through his interest in Yantai Xingan Investment Centre (Limited Partnership) (烟台興安投資中心 (有限合夥)).

* *For identification purpose only*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2026, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Class of Shares	Number of Shares Held	Capacity	Type of Interest	Approximate Percentage of A Shares/ H Shares	Approximate Percentage of Total Share Capital
China Pingan Investment Holdings Limited	A Shares	39,401,961 (L) (Note 1)	Beneficial owner	Corporate	14.56% (L)	11.79% (L)
Andre Group	A Shares	48,608,540 (L) (Note 2)	Beneficial owner	Corporate	17.97% (L)	14.55% (L)
Donghua Fruit Industry Co., Ltd.	A Shares	55,367,459 (L) (Note 3)	Beneficial owner (Note 8)	Corporate	20.47% (L)	16.57% (L)
Uni-President Enterprises Corp.	A Shares	60,404,240 (L) (Note 4)	Interests of controlled corporations (Note 5)	Corporate	22.33% (L)	18.07% (L)
	H Shares	237,000 (L)	Beneficial owner (Note 6)	Corporate	0.37% (L)	0.07% (L)
Mitsui & Co., Ltd.	H Shares	11,725,500 (L)	Beneficial owner	Corporate	18.42% (L)	3.51% (L)
Hongan International Investment Co. Ltd.	A Shares	55,367,459 (L)	Interest of controlled corporations	Corporate	20.47% (L)	16.57% (L)
	H Shares	8,600,000 (L)	Beneficial owner (Note 9)	Corporate	13.51% (L)	2.57% (L)
Zhang Shaoxia	A Shares	48,608,540 (L)	Interest of spouse (Note 7)	Personal	17.97% (L)	14.55% (L)

Notes:

The letter “L” denotes a long position.

- (1) Ms. Wang Meng, a Director, was deemed to be interested in these A Shares through her 100% interest in China Pingan Investment Holdings Limited.
- (2) Mr. Wang An, a Director, was deemed to be interested in these A Shares through his 90% interest in Andre Group.
- (3) The long position in 55,367,459 A Shares was directly held by Donghua Fruit Industry Co., Ltd. Based on the information provided by Donghua Fruit Industry Co., Ltd., Hongan International Investment Co, Ltd. and Ms. Wang Meng, a Director, were deemed to be interested in these 55,367,459 A Shares.
- (4) The long position in 60,404,240 A Shares was held by Uni-President China Holdings Ltd., a non wholly-owned subsidiary of Uni-President Enterprises Corp. (統一企業股份有限公司), through its two wholly-owned subsidiaries, namely, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司), which held 42,418,360 A Shares, and Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司), which held 17,985,880 A Shares.
- (5) Pursuant to Part XV of the SFO, Uni-President Enterprises Corp. (統一企業股份有限公司) was deemed to be interested in such 60,404,240 A Shares. The 60,404,240 A Shares were held by a series of controlled corporations of Uni-President Enterprises Corp. (統一企業股份有限公司), of which 42,418,360 A Shares, representing approximately 12.69% of the total issued share capital of the Company, were held directly by Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) and 17,985,880 A Shares, representing approximately 5.38% of the total issued share capital of the Company, were held directly by Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司).
- (6) These H Shares are beneficially held by Uni-President China Holdings Ltd.
- (7) 48,608,540 A Shares were held by Mr. Wang An, a Director, the husband of Ms. Zhang Shaoxia, and therefore Ms. Zhang Shaoxia was deemed to be interested in these shares.
- (8) Ms. Wang Meng, a Director, indirectly held 100% of the issued share capital of Donghua Fruit Industry Co., Ltd., which in turn held 55,367,459 A Shares. Therefore Ms. Wang Meng, a Director was deemed to be interested in these shares.
- (9) Ms. Wang Meng, a Director, directly held the entire issued share capital of Hongan International Investment Co., Ltd., which in turn held 8,600,000 H Shares. Therefore, Ms. Wang Meng, a Director, was deemed to be interested in these shares.

COMPETING INTERESTS

As at 30 June 2026, none of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”)) had any interest in a business which competes or may compete with the businesses of the Group or has or may have any other conflicts of the interest with the Group.

CORPORATE GOVERNANCE PRACTICES

As a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has remained in strict compliance with the articles of association, relevant laws and regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Hong Kong Listing Rules.

The Company’s corporate governance practices are based on the principles and code provisions (the “**Code Provisions**”) set out in Part 2 of Appendix C1 (Corporate Governance Code (the “**CG Code**”)) to the Hong Kong Listing Rules. For the six months ended 30 June 2026, the Company complied with the Code Provisions, except for the following deviation:

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Hong Kong Listing Rules as the Company’s code of conduct regarding securities transactions by its Directors. A copy of the Model Code was sent to each Director 30 days before the date of the Board meeting to approve the Company’s 2026 interim results, with a reminder that the Directors cannot deal in the securities and derivatives of the Company until after such results have been published.

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

All Directors, upon specific enquiries, have confirmed that they had complied with the Model Code for the six months ended 30 June 2026.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Model Code. No incident of non-compliance was noted by the Company for the six months ended 30 June 2026.

AUDIT AND REVIEW COMMITTEE

The Company has established an audit and review committee with written terms of reference which were formulated and amended based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and Code Provisions set out in the CG Code. The primary duties of the audit and review committee are to review and provide supervision over the financial reporting process, risk management and internal control of the Group. All of its members are independent non-executive Directors and its current chairman, Mr. Gong Fan, is an independent non-executive Director.

The audit and review committee has reviewed the accounting principles and practices adopted by the Group and discussed with the Directors about risk management, internal controls and financial reporting matters including a review of the interim results for the six months ended 30 June 2026.

By order of the Board
Yantai North Andre Juice Co., Ltd.*
Wang An
Chairman

Yantai, the PRC, 24 August 2026

As at the date hereof, the Board comprises:

Mr. Wang An (*Executive Director*)
Mr. Zhang Hui (*Executive Director*)
Ms. Wang Meng (*Executive Director*)
Mr. Wang Yan Hui (*Executive Director*)
Mr. Liu Tsung-Yi (*Non-executive Director*)
Mr. Zhang Wei (*Non-executive Director*)
Mr. Gong Fan (*Independent non-executive Director*)
Ms. Wang Yan (*Independent non-executive Director*)
Mr. Wang Chang Qing (*Independent non-executive Director*)

* For identification purpose only.