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Impression Dahongpao Co., Ltd.
印象大紅袍股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2695)

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

The board of directors (the "**Board**") of Impression Dahongpao Co., Ltd. (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**we**") for the six months ended 30 June 2026 (the "**Reporting Period**"), together with the comparative information for the six months ended 30 June 2025. The audit committee of the Company (the "**Audit Committee**") has also reviewed the interim results.

FINANCIAL SUMMARY

	For the six months ended 30 June		
	2026	2025	**Year-on-year change**
	(RMB)	*(RMB)*	***(%)***
Operating incomes	**47,144,240.26**	56,072,916.08	-15.92
Total profit	**-1,238,384.32**	10,099,197.31	-112.26
Net profit attributable to shareholders of the parent company	**2,543,772.48**	10,225,298.40	-75.12
Basic earnings per share	**0.02**	0.09	-77.78
Total assets	**481,807,799.01**	518,424,501.38	-7.06
Total liabilities	**141,430,920.53**	143,273,675.34	-1.29
Net assets attributable to shareholders of the parent company	**306,593,985.82**	334,300,639.44	-8.29
Net cash flows generated from operating activities	**6,790,870.10**	18,985,068.87	-64.23
Net cash flows used in investing activities	**-65,182,048.47**	-46,449,502.89	-40.33
Net cash flows used in financing activities	**-21,692,273.44**	-9,517,206.49	-127.93
Gross profit margin	**24.74%**	43.49%	
Gearing ratio	**29.35%**	27.64%	
Current ratio	**3.52**	3.70	
Inventory turnover	**22,396.54**	1,077.79	
Receivables turnover	**10.22**	10.94	

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a state-owned cultural tourism service provider headquartered in Mount Wuyi, Fujian Province. Our business comprises three main business segments: (i) shows and performance services; (ii) Impression Cultural Tourism Town business; and (iii) Chatang Hotel business.

For the six months ended 30 June 2026, the Group recorded total revenue of RMB47.14 million, representing a decrease of 15.92% compared to RMB56.07 million for the corresponding period of 2025; gross profit of RMB11.66 million, representing a decrease of 52.16% compared to RMB24.38 million for the corresponding period of 2025. For the six months ended 30 June 2026, the Group recorded profit attributed to the equity owner of the Company of approximately RMB2.54 million, representing a decrease of 75.12% compared to RMB10.23 million for the corresponding period of 2025. The Group recorded net cash flows generated from operating activities of RMB6.79 million, which was in good condition.

Shows and Performance Services

Our shows and performance services segment comprises three main offerings: (i) our signature show, the Impression Dahongpao Scenery Show (《印象•大紅袍》山水實景演出); (ii) our show Moonlight Wuyi (《月映武夷》); and (iii) the provision of customised performances for corporate customers, which typically engage us to perform at their special corporate events, such as team-building activities and annual meetings. During the Reporting Period, we generated revenue from shows and performance services of RMB45.33 million, representing a decrease of 11.87% compared to the corresponding period of 2025, which was primarily attributable to: (i) an increase in extreme weather events. According to data from the Fujian Provincial Department of Water Resources, the Wuyishan Meteorological Observatory and official historical statistics, there were 80 rainy days in the first half of 2026, 15 days fewer than 95 days recorded in the same period of 2025. However, the total rainfall reached 4,201mm in the first half of 2026, approximately three times the 1,402mm recorded in the first half of 2025. This constituted a typical extreme rainy season characterized by "fewer rainy days but significantly higher intensity", which led to a decline in attendance rates of relevant shows; and (ii) the temporary benefits from Moonlight Wuyi subsided. As 2025 marked the inaugural year of the performance, with strong support from municipal and district-level trade unions and education system, union members and schools organized group viewings, including staff, teachers and students, generating stable bulk patronage. In 2026, the absence of large-scale organized union and school viewings resulted in a significant decrease in such patronage.

Impression Cultural Tourism Town

We have been strategically developing our Impression Cultural Tourism Town (印象文旅小鎮). Our Impression Cultural Tourism Town primarily consists of the 4A-rated Scenic Wuyi Tea Park (武夷茶博園4A級景區), Impression Cultural Tourism Jianzhou Project Food-themed Street (印象文旅建州項目美食主題街區), Wuyi Rock Tea Research Society (武夷茶研習社) and other entertainment venues such as the Impression Market (印象市集), providing travellers with additional leisure options. During the Reporting Period, we generated revenue from Impression Cultural Tourism Town business of RMB0.10 million, representing a decrease of 94.02% compared to RMB1.69 million for the corresponding period of 2025, primarily due to the termination of the cooperation agreement between Cultural Tourism Company and Impression Cultural Tourism Jianzhou Project & Impression Market in December 2025, which resulted in a decrease of RMB1,492,700 in minimum guaranteed income for the period from January to June 2026; a reduction in the unit price of value-added products for Impression show from RMB9 per person to RMB8 per person, leading to a decrease of RMB420,700; and a year-on-year decrease of RMB37,800 in parking lot revenue.

Chatang Hotel

We have expanded our business to include a Chatang (茶湯) hotel within the national tourist resort area of Mount Wuyi. Differentiating itself from traditional hotel accommodations, our Chatang hotel features a bespoke style by offering butler service to hotel guests. Our Chatang hotel features 50 well-furnished guest rooms with distinctive styles, each of which is decorated with traditional Chinese elements, showcasing natural garden aesthetics. During the Reporting Period, we generated revenue from Chatang hotel business of RMB0.99 million, representing a decrease of 47.03% compared to the corresponding period of 2025, primarily due to the overall sluggish performance of the hotel room market and intensified low-price competition within the industry.

BUSINESS OUTLOOK

Leveraging the proceeds as a driving force, the Group will continue to strengthen its core IP competitiveness while reinforcing its solid foundation in daily operations, to drive the iterative upgrade of its show quality. It will accelerate the deployment of its diversified businesses, with a strategic focus on the innovative development of the Impression Cultural Tourism Town. The Company will actively pursue the replication of its business model in new markets, extending its proven operational management model to broader markets in order to forge new growth drivers. By strengthening operational support, it will continuously enhance operational efficiency and the visitor experience, achieving an organic integration of short-term stability and long-term development.

FINANCIAL REVIEW

REVENUE

The following table sets forth the breakdown of our revenue by business line for the periods indicated:

	For the six months ended 30 June			
	2026		2025	
	(RMB)	***% of total revenue***	*(RMB)*	*% of total revenue*
Shows and Performance Services (Ticket Selling)	**45,328,568.17**	**96.15%**	51,434,983.11	91.73%
Impression Cultural Tourism Town Business (Cultural Tourism Business)	**101,199.69**	**0.21%**	1,691,852.58	3.02%
Chatang Hotel Business (Hotel operation)	**994,776.63**	**2.11%**	1,878,052.33	3.35%
Others	**719,695.77**	**1.53%**	1,068,028.06	1.90%
Total	**47,144,240.26**	**100.0%**	56,072,916.08	100.0%

Revenue from Shows and Performance Services

During the Reporting Period, revenue generated from our shows and performance services represented mainly the ticket sales fees of our shows recognised through our dual ticket sales channels, consisting of (i) ticket selling distributors who conducted onward sales of tickets, and (ii) audience who directly purchased show tickets for our shows directly from us through our ticket selling points. To a lesser extent, we also generated revenue from enterprises which requested for customised performances. For the six months ended 30 June 2026, we generated revenue from shows and performance services of RMB45.33 million, representing a decrease of 11.87% compared to RMB51.43 million for the six months ended 30 June 2025, which was primarily attributable to: (i) an increase in extreme weather events. According to data from the Fujian Provincial Department of Water Resources, the Wuyishan Meteorological Observatory and official historical statistics, there were 80 rainy days in the first half of 2026, 15 days fewer than 95 days recorded in the same period of 2025. However, the total rainfall reached 4,201mm in the first half of 2026, approximately three times the

1,402mm recorded in the first half of 2025. This constituted a typical extreme rainy season characterized by "fewer rainy days but significantly higher intensity," which led to a decline in attendance rates of relevant shows; and (ii) the temporary benefits from Moonlight Wuyi subsided. As 2025 marked the inaugural year of the performance, with strong support from municipal and district-level trade unions and education system, union members and schools organized group viewings, including staff, teachers and students, generating stable bulk patronage. In 2026, the absence of large-scale organized union and school viewings resulted in a significant decrease in such patronage.

Revenue from Impression Cultural Tourism Town Business

During the Reporting Period, revenue generated from Impression Cultural Tourism Town business mainly consisted of (i) income from Impression Cultural Tourism Jianzhou Project Food-themed Street, (ii) fixed lease income from the operations of the vendors who rented our premises in our Impression Cultural Tourism Town to conduct their businesses, and (iii) admission fees from visitors to our Wuyi Rock Tea Research Society. Other revenue for this business segment included parking fees charged from travellers to Mount Wuyi. For the six months ended 30 June 2026, our revenue from the Impression Cultural Tourism Town business was RMB0.10 million, representing a decrease of 94.02% compared to RMB1.69 million for the six months ended 30 June 2025, primarily due to the termination of the Impression Jianzhou (印象建州) project cooperation agreement between Cultural Tourism Company and Fujian Spring Restaurant Management Co., Ltd. (福建春天餐飲管理有限公司) and the Impression Market (印象市集) operation agreement between Cultural Tourism Company and and Sanming Pengcheng Urban Operation and Management Company Limited (三明市鵬程城市運營管理有限公司) in December 2025, which resulted in a decrease of RMB1,492,700 in minimum guaranteed income during the Reporting Period; a reduction in the unit price of value-added products for Impression show from RMB9 per person to RMB8 per person, leading to a decrease of RMB420,700; and a year-on-year decrease of RMB37,800 in parking lot revenue.

Revenue from Chatang Hotel Business

During the Reporting Period, revenue generated from Chatang Hotel business represented the accommodation fees from room nights sold, fees from catering, Chatang and ancillary services including sales income from dining services, Chatang tickets sold and other hotel related services provided. For the six months ended 30 June 2026, our revenue from Chatang Hotel business was RMB0.99 million, representing a decrease of 47.03% compared to RMB1.88 million for the six months ended 30 June 2025, primarily due to the overall sluggish performance of the hotel room market and intensified low-price competition within the industry.

COST OF SALES

The following table sets out a breakdown of the cost of sales of the Group by business line in absolute amounts and as percentages of our total cost of sales for the periods indicated:

	For the six months ended 30 June			
	2026		2025	
	(RMB'000)	***% of total cost***	*(RMB'000)*	*% of total cost*
Cost of sales for shows and performance services	**30,470.99**	**85.88%**	26,019.33	82.11%
Cost of sales for Impression Cultural Tourism Town business	**667.90**	**1.88%**	980.99	3.10%
Cost of sales for Chatang Hotel business	**4,264.08**	**12.02%**	4,523.51	14.27%
Others	**76.84**	**0.22%**	164.85	0.52%
Total	**35,479.81**	**100.0%**	31,688.67	100.0%

The cost of sales of the Group primarily consisted of the cost of sales for shows and performance services. The cost of sales of the Group for the six months ended 30 June 2026 was RMB35.48 million, representing an increase of 11.96% compared to RMB31.69 million for the six months ended 30 June 2025, primarily due to (i) the decrease in revenue of the Company, resulting in a year-on-year decrease of RMB534,600 in performance copyright fees (i.e. the costs), and a decrease of RMB456,500 in long-term deferred expenses as compared with the previous year; and (ii) Moonlight Wuyi commenced formal operations in May 2025, and the operating period from January to June 2025 was therefore only two months, whereas the Reporting Period covered a full six-month operating period. Accordingly, the depreciation periods for right-of-use assets and fixed assets and the amortisation period for long-term deferred expenses increased by four months during the Reporting Period as compared with the corresponding period, resulting in an aggregate increase of approximately RMB3.99 million. Additionally, there was additional water and electricity utilities of approximately RMB400,000, as utility costs were borne by the original landlord in the first half of 2025 but were transferred to the Group in 2026. The above two items represent reasonable increases resulting from differences in operating cycles and change in entity bearing the costs. Furthermore, theatre staff salaries increased by approximately RMB1.14 million year-on-year due to the extended operating period and staff expansion.

GROSS PROFIT AND GROSS PROFIT MARGIN

	For the six months ended 30 June			
	2026		2025	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*
Shows and Performance Services	**14,857.58**	**32.78%**	25,415.65	49.41%
Impression Cultural Tourism Town Business	**-566.70**	**-559.98%**	710.86	42.02%
Chatang Hotel Business	**-3,269.31**	**-328.65%**	-2,645.45	-140.86%
Others	**642.85**	**89.32%**	903.18	84.57%
Total	**11,664.42**	**24.74%**	24,384.24	43.49%

For the six months ended 30 June 2026, our gross profit was RMB11.66 million, representing a decrease of 52.16% compared to RMB24.38 million for the six months ended 30 June 2025. Our gross profit margin decreased from 43.49% for the corresponding period of 2025 to 24.74% for the six months ended 30 June 2026, primarily due to sluggish market conditions and reduced footfall, which led to a decline in revenue. The increase in costs was mainly driven by a 171.99% year-on-year rise in operating costs for Moonlight Wuyi during the period from January to June 2026, representing an increase of RMB7,186,200, which was primarily because operations in the first half of 2025 were limited to May and June only, with depreciation and amortization for certain assets commencing only after May 2025, whereas the Reporting Period reflected a full six-month operating cycle. Consequently, the combined depreciation of right-of-use assets, integrated equipment and long-term unamortized expenses, increased by approximately RMB3.99 million. Additionally, utility costs were borne by the original landlord in the first half of 2025 but were transferred to the Group in 2026, resulting in additional water and electricity utilities of approximately RMB400,000. The above two items represent reasonable increases resulting from differences in operating cycles and change in entity bearing the costs, as well as a year-on-year increase of approximately RMB1.14 million in theatre staff salaries due to the extended operating period and staff expansion.

Selling expenses

Our selling expenses primarily comprise advertising and promotional costs, depreciation and amortization, and employee benefits. For the six months ended 30 June 2026, our selling expenses were RMB5.37 million, representing an increase of 29.19% compared to RMB4.16 million for the corresponding period of 2025. The increase was mainly driven by: (1) an increase of RMB752,400 in advertising and promotional expenses, comprising RMB300,000 paid for official state media promotion in Outlook Weekly, RMB272,400 for a video collaboration project with cultural celebrities, and RMB180,000 for the final payment of medium-to-long video production services for "Live-Action Filming"; and (2) an increase of RMB310,800 in material consumption, consisting of RMB82,800 for the Wuyishan live-streaming event "Walking in the sun to enjoy mountains and rivers · Refreshing Fujian" and RMB228,000 for a customized tea gift procurement project. No such expenses were incurred in the corresponding period of the previous year.

Administrative expenses

Our administrative expenses primarily comprise employee benefits, consultancy fees, depreciation and amortisation and vehicle operating costs. For the six months ended 30 June 2026, our administrative expenses were RMB5.97 million, representing a decrease of 30.27% compared to RMB8.56 million for the corresponding period of 2025, primarily due to the fact that Moonlight Wuyi was in its initial setup and pre-operating phase during the first half of 2025, which incurred RMB4.15 million in start-up expenses under administrative expenses. No such expenses were incurred during the Reporting Period.

Finance expenses

Our finance expenses primarily comprise credit card handling fees, bank transfer charges, exchange losses, the amortisation of unrecognised finance costs in respect of operating rights, bank borrowing interests, etc. For the six months ended 30 June 2026, our finance expenses were RMB2.18 million, representing an increase of 63.23% compared to RMB1.33 million for the corresponding period of 2025, primarily due to a foreign exchange loss of RMB969,400 during the Reporting Period, compared to a foreign exchange gain of RMB300 in the corresponding period of the previous year.

Credit impairment losses

Our credit impairment losses primarily comprise expected credit losses of trade and other receivables. For the six months ended 30 June 2026, our credit impairment losses were RMB0.62 million, compared to a credit impairment reversal of RMB1,043.81 in the corresponding period of 2025, primarily because the Cultural Tourism Company, a wholly-owned subsidiary of the Company, repurchased the assets of the Jianzhou Project of Impression Cultural Tourism, another wholly-owned subsidiary of the Company, and part of the repurchase consideration was offset against the receivable of RMB5.343 million due from Fujian Spring Restaurant Management Co., Ltd., resulting in a significant decrease in accounts receivable and a reversal of the provision for bad debts.

Other gains

Our other gains primarily comprise government subsidies, tax refund and others. For the six months ended 30 June 2026, our other gains were RMB0.04 million, representing an increase of 84.47% compared to the corresponding period of 2025, primarily due to the receipt of a one-off job expansion subsidy of RMB10,500 from the Wuyishan Human Resources Public Service Center during the Reporting Period. No such income was recognized in the corresponding period of the previous year.

Investment income

Our investment income primarily comprises income from the purchase of wealth management products by the Company and investment income from project companies. For the six months ended 30 June 2026, our investment income was RMB0.09 million, representing a decrease of 1.0% compared to RMB0.09 million for the six months ended 30 June 2025, primarily due to a decrease in investment income from project companies.

Gains from changes in fair value

Our gains from changes in fair value primarily include changes in fair value of the wealth management products held by the Company. For the six months ended 30 June 2026, our gains from changes in fair value were RMB0.31 million, representing an increase of 196.51% compared to RMB0.1 million for the six months ended 30 June 2025, primarily due to a year-on-year increase of RMB204,200 in the gains or losses from changes in fair value of wealth management products.

Non-operating incomes

Our non-operating incomes primarily include the incomes unrelated to business operations. For the six months ended 30 June 2026, our non-operating incomes were RMB0.01 million, representing an increase of 1,270.82% compared to RMB0.001 million for the six months ended 30 June 2025, primarily due to a gain on asset inventory surplus of RMB13,600.

Non-operating expenses

Our non-operating expenses primarily include the retirement of fixed assets. For the six months ended 30 June 2026, our non-operating expenses were RMB0.03 million, representing an increase of 117.10% compared to RMB0.01 million for the six months ended 30 June 2025, primarily due to the assets retirement amounting to RMB14,600 during the Reporting Period.

Tax and surcharge

Our tax and surcharge primarily include urban maintenance and construction tax, education surcharge, housing property tax, land use tax, stamp duty, vehicle and vessel tax and others. For the six months ended 30 June 2026, our tax and surcharge were RMB0.43 million, representing a decrease of 2.61% compared to RMB0.44 million for the six months ended 30 June 2025, primarily due to the Group's revenue during the Reporting Period as compared with the corresponding period of the previous year, resulting in corresponding decreases in value-added tax and surcharges.

Income tax expense

Our income tax expense primarily includes taxes accrued by the Company at 25% of its net profit. For the six months ended 30 June 2026, our income tax expense was RMB3.29 million, representing a decrease of 1.19% compared to RMB3.32 million for the six months ended 30 June 2025, primarily due to the falling revenue and climbing cost during the Reporting Period, which led to a decrease in net profit.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our working capital principally from cash generated from our business operations, capital contributions from our shareholders, as well as the net proceeds from the Global Offering.

The following table sets out our cash flows for the periods indicated:

	For the six months ended 30 June		
	2026	2025	**Change**
	(RMB)	*(RMB)*	***(%)***
Net cash flow generated from/(used in) operating activities	**6,790,870.10**	18,985,068.87	-64.23
Net cash flow generated from/(used in) investing activities	**-65,182,048.47**	-46,449,502.89	-40.33
Net cash flow generated from/(used in) financing activities	**-21,692,273.44**	-9,517,206.49	-127.93
Net increase/(decrease) in cash and cash equivalents	**-81,052,862.81**	-36,981,345.05	-119.17
Cash and cash equivalents at the beginning of the period	**195,405,771.88**	101,081,559.29	93.31
Cash and cash equivalents at the end of the period	**114,352,909.07**	64,100,214.24	78.40

Operating Activities

For the six months ended 30 June 2026, our net cash generated from operating activities was RMB6.79 million, compared with RMB18.99 million generated from operating activities for the six months ended 30 June 2025, representing a decrease of 64.23%. The decrease was mainly because the net cash flow generated from operating activities for Cultural Tourism Company decreased by RMB9,602,500 year-on-year, mainly due to a decrease of RMB7,572,700 in the collection of accounts receivable during the Reporting Period compared to the same period last year, as well as an increase of RMB1,162,300 in selling expenses, RMB946,500 in listing-related expenses, and RMB1,174,500 in warranty deposits paid, as compared to the same period last year. Meanwhile, the net cash flow generated from operating activities for Moonlight Wuyi decreased by RMB2,279,100 as compared to last year, which was primarily attributable to differences in operating cycles. In the first half of 2025, Moonlight Wuyi only formally operated for two months, with a large portion of its workforce still in the process of being onboarded. Following the transition to normalized operations in 2026, the headcount for support staff and its actors nearly doubled compared to the same period last year. The expansion of the workforce, coupled with the extended operating period, led to a year-on-year increase of RMB2,343,400 in labour costs.

Investing Activities

For the six months ended 30 June 2026, our net cash used in investing activities was RMB-65.18 million, compared with RMB-46.45 million used in investing activities for the six months ended 30 June 2025, representing a decrease of 40.33%. The decrease was mainly because the cash flow from investing activities for Moonlight Wuyi decreased by RMB20,808,200 as compared to last year, which was mainly because such item included substantial initial capital expenditures during the pre-operating phase in 2025, primarily for stage integration production and choreographic design. In the corresponding period in 2026, such item was primarily comprised of expenditures for construction in progress (performance renovation and expansion project), ticketing system top-ups, and miscellaneous asset acquisitions. The additional capital expenditures significantly declined compared to 2025, which reflects the transition from the construction phase to the operational phase.

Financing Activities

For the six months ended 30 June 2026, our net cash flow generated from financing activities was RMB-21.69 million, compared with RMB-9.52 million used in financing activities for the six months ended 30 June 2025, representing a decrease of 127.93%. The decrease was mainly because Moonlight Wuyi received capital injections in 2025, comprising RMB16 million from the minority shareholder Fujian Wuyi Tourism Group Co., Ltd. and RMB20 million from Moonlight Wuyi (Beijing) Cultural Media Co., Ltd., with no similar capital inflows during the Reporting Period. Additionally, there were additional long-term borrowings of RMB9 million and short-term borrowings of RMB6 million during the Reporting Period, and profit distributions decreased by RMB10,660,600 compared to the same period last year.

Cash and Cash Equivalents

As a result of the foregoing, the Group's cash and cash equivalents, which were mainly held in RMB, decreased by 41.48% from approximately RMB195.41 million as of 31 December 2025 to approximately RMB114.35 million as of 30 June 2026.

FOREIGN CURRENCY EXCHANGE RISKS

As the Group and the Company mainly operate in China with most transactions denominated and settled in RMB, the exposure to foreign currency translation risk is considered not significant. The Group's major non-RMB assets include bank deposits and proceeds from the Global Offering denominated in Hong Kong Dollars. The relative purchasing power denominated in RMB of such amounts may be affected by exchange rate fluctuation. During the Reporting Period, the Group had not entered into any derivative instruments to hedge its foreign exchange exposures. The management of the Group will continue to pay attention to the market environment and the Group's own foreign exchange risk profile, and considered taking appropriate hedging measures when necessary.

CONTINGENT LIABILITIES

Apart from intra-group liabilities, we did not have any significant contingent liabilities against the Group at 30 June 2026.

GEARING RATIO

As at 30 June 2026, the Group's gearing ratio, which is calculated as total debt divided by total equity, was 29.35%, as compared with 27.64% as at 31 December 2025.

CAPITAL EXPENDITURE

The Group's capital expenditures comprise expenditures for the purchase of property and equipment in the ordinary course of our business. For the six months ended 30 June 2026 and the six months ended 30 June 2025, the Group's total capital expenditure amounted to RMB18.24 million and RMB31.39 million respectively. The change was mainly attributable to the substantial initial capital expenditures during the pre-operating phase of Moonlight Wuyi in 2025, primarily for stage integration production and choreographic design, while in the corresponding period in 2026, such item was primarily comprised of capital expenditures for construction in progress (performance renovation and expansion project), ticketing system top-ups, and miscellaneous asset acquisitions. The additional capital expenditures significantly declined compared to 2025, which reflects the transition from the construction phase to the operational phase.

SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2026, there was no significant investment held by the Group or future plans for significant investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

CHARGE ON ASSETS

As at 30 June 2026, no property, plant and equipment was pledged.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, we had a total of 356 full-time employees. All of our employees are based in the PRC. For the six months ended 30 June 2026, cost of employees' remuneration and benefit was approximately RMB17.13 million as compared with RMB15.78 million for the six months ended 30 June 2025.

Recruitment and Remuneration

We believe that our quality personnel are key to our success and future development. In the future, we will continue to recruit performance talents from Mount Wuyi Tourism Vocational School (武夷山旅遊職業中專學校), Zhang Yimou Lijiang Art School (張藝謀灕江藝術學校) and other provincial art schools, which are our major source of talents. We also provide training and promotion opportunities to our employees. We also recruit talents to diversify our staff portfolio and enrich group culture embroidered with devotion, dedication and collegiality.

The remuneration package of our employees includes basic salary, performance salary and allowances. We determine employee remuneration based on factors such as qualifications, expertise and years of relevant experience.

Equal Employment and Gender Diversity in the Workforce

We promote equal employment opportunities and avoid all forms of illegal employment such as child labour and forced labour as stipulated in our internal regulations on labour management of employees. We respect the diverse backgrounds of our employees and strictly eliminate ethnic discrimination.

We recognise gender diversity in the workplace as a key factor in our continuous development and success. Since our incorporation, we have been actively promoting gender equality within our Group. We incorporate gender equality into all aspects of our business operation. We take into consideration gender diversity when we hire and promote talents.

Labour Union

We have established a labour union in accordance with relevant PRC laws and regulations. Our labour union provides benefits to employees, strives to protect our employees' legal rights and provides relief to employees in need. It also organises leisure activities for our employees. During the Reporting Period and up to the date of this announcement, we did not have any material labour dispute with, or suffer any strike by, our labour union.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Group has no other significant subsequent event subsequent to 30 June 2026 and up to the date of this announcement.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. The Company has adopted the code provisions set out in the Corporate Governance Code as its own code to govern its corporate governance practices. The Company has complied with the relevant code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period. The Board will continue to review and monitor the practices of the Company with an aim to maintain a high standard of corporate governance.

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the Reporting Period.

Audit Committee and Review of Financial Information

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, being Ms. Wang Xiaomin (chairlady), Mr. Chan Tsz Kit and Mr. Ma Qingnan.

The Audit Committee has, together with the management of the Company and the auditor, considered and reviewed the applicable accounting principles, standards and practices adopted by the Group and has no disagreement with them.

The Audit Committee has reviewed this announcement (including the unaudited consolidated interim results and interim financial information of the Group for the six months ended 30 June 2026), and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares). As at 30 June 2026 and the date of this announcement, the Company has no treasury shares.

Use of Net Proceeds from the Global Offering

The H Shares of the Company were listed on the Stock Exchange on 22 December 2025. A total of 36,100,000 new H Shares were issued at HK$3.60 each for a total of approximately HK$130.0 million. The net proceeds (after deduction of the underwriting fees and commissions and other expenses paid and payable by the Company in connection with the Global Offering) raised from the Global Offering amounted to approximately HK$103.6 million. The net proceeds from the Global Offering will be utilized in accordance with the intended use of the proceeds set out in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering as of 30 June 2026:

Use of net proceeds	Percentage	Net proceeds from the Global Offering	The amount utilized during the six months ended 30 June 2026	Utilized amount as at 30 June 2026	Unutilized amount as at 30 June 2026	Expected timeline for utilizing the remaining net proceeds
	(%)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
An upgrade for our signature Impression — Dahongpao Scenery Show	23.0	23.8	0	0	23.8	By 31 December 2027
(i) Overhaul of hardware	19.5	20.2	0	0	20.2	By 31 December 2027
(ii) Upgrade of performance contents	3.2	3.3	0	0	3.3	By 31 December 2027
(iii) Overhaul of venue	0.3	0.3	0	0	0.3	By 31 December 2027
The expansion of our Impression Cultural Tourism Town business	28.6	29.6	0	0	29.6	By 31 December 2026
(i) Developing the Impression Cultural Tourism Jianzhou project Food-themed Street	16.2	16.8	0	0	16.8	By 31 December 2026
(ii) Developing our Impression Cultural Tourism Town	8.6	8.9	0	0	8.9	By 31 December 2026
(iii) Renovating the 4A-rated scenic Wuyi Tea Museum	3.8	3.9	0	0	3.9	By 31 December 2026

Use of net proceeds	Percentage	Net proceeds from the Global Offering	The amount utilized during the six months ended 30 June 2026	Utilized amount as at 30 June 2026	Unutilized amount as at 30 June 2026	Expected timeline for utilizing the remaining net proceeds
	(%)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
Acquiring another quality cultural tourism performance project, through the injection of our management experience and innovative operational models into an existing cultural tourism performance project	20.0	20.7	0	0	20.7	By 31 December 2027
Promotional efforts to enhance our brand image and increase our business presence, focusing on elevating the visibility of our upgraded signature show, our new show, i.e., Moonlight Wuyi, Impression Cultural Tourism Town and Chatang hotel	11.0	11.4	0	0	11.4	By 31 December 2027
Upgrade of our ticket management system and software	7.4	7.7	0	0	7.7	By 31 December 2027
Working capital and other general corporate purposes	10.0	10.4	0	0	10.4	By 31 December 2027
Total	100.0%	103.6	0	0	103.6	

Note:

(1) The figures in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

(2) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

(3) Upgrade of performance contents in respect of our Impression — Dahongpao Scenery Show mainly represents innovating our show's contents and presentation including an updated script, an addition of new segments featuring rituals with red silk, tea picking, and tea production in terraced fields, along with re-recording existing dialogue.

(4) This includes improving signage of the street, adding decorative elements, and ensuring that the scenery complements the dining and recreational facilities, providing a cohesive and enjoyable environment for tourists.

(5) We aim to obtain the operating right for Binxi Road (濱溪路) through a government bidding process. Spanning five kilometres, Binxi Road provides vital access to several renowned attractions in the Mount Wuyi Resort Area. This connection will enable our Impression Cultural Tourism Town to revitalise the tourism ecosystem along both sides of Binxi Road, enhancing the town's vibrancy and appeal.

We expect the net proceeds allocated to the foregoing purposes will be fully utilised by the end of 2027, presuming that there is no significant change of conditions. In case of any shortfall for any of the foregoing expenditure, we plan to supplement such shortfall with internal resources or bank borrowings, as appropriate.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

Interim Dividends

After due consideration of the long-term interests of the shareholders and the Company, no interim dividend will be declared for the Reporting Period.

Interim Financial Information

Consolidated and Company's Balance Sheet

As at 30 June 2026

Prepared by: Impression Dahongpao Co., Ltd. Unit: RMB

Item	Note		Balance at the beginning of the period		Balance at the end of the period	
			Consolidated	Company's	Consolidated	Company's
Current assets:						
Monetary funds	V.1		114,354,659.07	104,886,188.33	195,407,521.88	187,781,423.07
△Settlement reserves						
△Lendings to banks and other financial institutions						
Financial assets held for trading	V.2		50,852,549.81	50,852,549.81	3,520,596.64	3,520,596.64
Derivative financial assets						
Bills receivable						
Trade receivables	V.3	XIV.1	1,419,753.54	2,375.00	6,549,647.81	2,741.00
Accounts receivable financing						
Prepayments	V.4		733,413.08	419,106.01	1,145,736.67	1,021,901.61
▲Premiums receivable						
▲Reinsurance accounts receivable						
▲Reserve for reinsurance contract receivable						
Centralised management funds receivable						
Other receivables	V.5	XIV.2	1,013,078.01	11,381,507.26	1,198,877.34	559,140.00
Including: Dividends receivable						
△Financial assets purchased under resale agreements						
Inventories	V.6				3,168.33	3,168.33
Contract assets						
△Insurance contract assets						
△Reinsurance contract assets						
Assets held for sale						
Non-current assets due within one year						
Other current assets	V.7		6,545,188.64		4,954,652.12	
Total current assets			**174,918,642.15**	**167,541,726.41**	**212,780,200.79**	**192,888,970.65**

Item	Note		Balance at the beginning of the period		Balance at the end of the period	
			Consolidated	Company's	Consolidated	Company's
Non-current assets:						
△Loans and advances granted						
Debt investments						
Other debt investments						
Long-term receivables	V.8		634,757.25	634,757.25	634,757.25	634,757.25
Long-term equity investments	V.9	XIV.3	2,165,258.22	152,514,411.39	2,153,664.49	152,488,389.55
Other equity instrument investments						
Other non-current financial assets						
Investment property	V.10		304,991.70	304,991.70	311,059.56	311,059.56
Fixed assets	V.11		114,711,046.73	37,056,189.63	119,710,218.40	38,556,388.19
Construction in progress	V.12		12,984,618.44		163,018.87	
Productive biological assets	V.13		39,159.24		44,753.46	
Oil and gas assets						
Right-of-use assets	V.14		75,578,822.92	504,638.01	78,180,466.34	551,679.27
Intangible assets	V.15		10,825,435.24	7,598,835.79	11,152,360.36	7,767,075.67
Development expenditures						
Goodwill						
Long-term deferred expenses	V.16		83,115,691.22	6,359,649.46	87,270,842.07	6,639,119.27
Deferred income tax assets	V.17		6,529,375.90	89,049.54	6,023,159.79	145,224.47
Other non-current assets						
Including: Physical assets reserve specifically authorized						
Total non-current assets			**306,889,156.86**	**205,062,522.77**	**305,644,300.59**	**207,093,693.23**
Total assets			**481,807,799.01**	**372,604,249.18**	**518,424,501.38**	**399,982,663.88**

Note: "*" denotes the items solely used in the consolidated financial statements;
Note: "△" denotes the items solely used by the financial corporation;
Note: "▲" denotes the items solely used by the corporation who do not apply the new insurance contract standards;
Note: "#" denotes the items solely used by foreign-invested corporation.

Item	Note	Balance at the beginning of the period		Balance at the end of the period	
		Consolidated	Company's	Consolidated	Company's
Current liabilities:					
Short-term borrowings	V.19	6,003,683.33			
△Borrowings from central bank					
△Borrowings from banks and other financial institutions					
Financial liabilities held for trading					
Derivative financial liabilities					
Bills payables					
Trade payables	V.20	20,271,143.92	3,486,273.14	27,260,516.08	928,498.99
Advances from customers	V.21	437,952.29	222,345.57	277,518.02	36,867.27
Contract liabilities	V.22	2,778,016.87	2,337,467.75	2,750,093.57	2,504,415.54
△Disposal of repurchased financial assets					
△Deposit taking and deposit in interbank market					
△Customer deposits for securities trading					
△Amounts due to issuers for securities underwriting					
△Advance premium					
Employee benefits payments	V.23	441,648.36	313,610.14	4,370,945.91	3,932,112.30
Tax payments	V.24	3,400,890.07	3,274,110.74	2,526,770.44	2,340,814.72
Other payables	V.25	5,626,457.13	3,255,957.16	13,101,817.03	11,838,989.15
Including: Dividends payable					
▲Handling charges and commissions payable					
▲Reinsurance accounts payable					
Liabilities held for sale					
Non-current liabilities due within one year	V.26	10,694,801.51	216,267.42	7,125,003.77	89,297.40
Other current liabilities	V.27	96,556.99	70,124.03	89,873.17	75,132.47
Total current liabilities		**49,751,150.47**	**13,176,155.95**	**57,502,537.99**	**21,746,127.84**

Item	Note	Balance at the beginning of the period		Balance at the end of the period	
		Consolidated	Company's	Consolidated	Company's
Non-current liabilities:					
▲Insurance contract reserves					
Long-term borrowings	V.28	8,550,000.00			
Bonds payable					
Including: Preferred shares					
Perpetual bond					
△Insurance contract liabilities					
△Reinsurance contract liabilities					
Lease liabilities	V.29	75,962,397.55	484,500.74	77,873,553.89	596,448.63
Long-term payables	V.30	7,167,372.51		7,897,583.46	
Long-term employee benefits payments					
Estimated liabilities					
Deferred income					
Deferred income tax liabilities					
Other non-current liabilities					
Including: Funds reserve specifically authorized					
Total non-current liabilities		**91,679,770.06**	**484,500.74**	**85,771,137.35**	**596,448.63**
Total liabilities		**141,430,920.53**	**13,660,656.69**	**143,273,675.34**	**22,342,576.47**
Share capital	V.31	144,170,000.00	144,170,000.00	144,170,000.00	144,170,000.00
Capital reserve	V.32	133,136,881.04	133,136,881.04	133,136,881.04	133,136,881.04
Less: treasury stock					
Other comprehensive income					
Special reserves					
Surplus reserves	V.33	25,844,363.64	25,844,363.64	25,844,363.64	25,844,363.64
△General risk reserves					
Undistributed profit	V.34	3,442,741.14	55,792,347.81	31,149,394.76	74,488,842.73
Total shareholders' equity attributable to the parent company		306,593,985.82	358,943,592.49	334,300,639.44	377,640,087.41
*Non-controlling interests		33,782,892.66		40,850,186.60	
Total shareholders' equity		**340,376,878.48**	**358,943,592.49**	**375,150,826.04**	**377,640,087.41**
Total liabilities and shareholders' equity		**481,807,799.01**	**372,604,249.18**	**518,424,501.38**	**399,982,663.88**

Legal Representative: **Accounting principal:** **Head of the Accounting Department:**

Consolidated and Company's Income Statement

From January to June 2026

Prepared by: Impression Dahongpao Co., Ltd. Unit: RMB

Item	Note		Amount for the period		Amount for the last period	
			Consolidated	Company's	Consolidated	Company's
I. Total operating incomes			**47,144,240.26**	**45,816,838.13**	**56,072,916.08**	**49,869,018.87**
Including: Operating incomes	V.35	XIV.4	47,144,240.26	45,816,838.13	56,072,916.08	49,869,018.87
△Interest income						
△Insurance service revenue						
▲Earned premiums						
△Handling charges and commissions income						
II. Total operating costs			**49,426,005.42**	**30,846,657.89**	**46,179,348.00**	**29,830,816.01**
Including: Operating costs	V.35	XIV.4	35,479,815.91	22,850,246.60	31,688,671.48	24,276,845.55
△Interest expense						
△Handling charges and commissions expense						
△Insurance service expenses						
△Allocation of reinsurance premiums						
△Less: Amounts recoverable from reinsurers						
△Finance expenses from insurance contracts issued						
△Less: Finance income from reinsurance contracts held						
▲Surrenders						
▲Net claims						
▲Net provision for insurance contract						
▲Insurance policy holder dividends						
▲Expenses for reinsurance accepted						

Item	Note		Amount for the period		Amount for the last period	
			Consolidated	Company's	Consolidated	Company's
Tax and surcharge	V.36		431,567.26	299,923.09	443,148.58	312,920.69
Selling expenses	V.37		5,370,596.85	2,828,222.78	4,157,274.82	1,665,944.20
Administrative expenses	V.38		5,966,459.94	4,539,294.19	8,556,173.60	3,606,940.42
Research and development expenses						
Financial expenses	V.39		2,177,565.46	328,971.23	1,334,079.52	-31,834.85
Including: Interest expenses			1,852,918.21	15,022.13	1,381,485.20	17,080.99
Interest income			671,425.45	677,963.17	85,353.94	83,878.85
Others						
Add: Other income	V.40		43,208.47	33,900.00	23,423.51	23,400.00
Investment income ("-" for losses)	V.41	XIV.5	91,479.85	105,907.96	92,407.00	129,116.52
Including: Investment income in associates and joint ventures			11,593.73	26,021.84	-39,731.06	-3,021.54
Gains from the derecognition of financial assets measured at amortized cost						
Gains from net exposure hedges ("-" for losses)						
Gains from changes in fair value ("-" for losses)	V.42		308,149.81	308,149.81	103,926.13	103,926.13
Impairment losses on credit ("-" for losses)	V.43		617,375.26	-790.07	-1,043.81	7,464.39
Impairment losses on asset ("-" for losses)						
Gains on disposal of assets ("-" for losses)						

Item	Note	Amount for the period		Amount for the last period	
		Consolidated	Company's	Consolidated	Company's
III. Operating profits ("-" for losses)		**-1,221,551.77**	**15,417,347.94**	**10,112,280.91**	**20,302,109.90**
Add: Non-operating incomes	V.44	13,748.65		1,002.95	1,000.00
Less: Non-operating expenses	V.45	30,581.20	15,888.58	14,086.55	13,663.44
IV. Total profits ("-" for total losses)		**-1,238,384.32**	**15,401,459.36**	**10,099,197.31**	**20,289,446.46**
Less: Income tax expenses	V.46	3,285,137.14	3,847,528.18	3,324,842.09	5,036,815.79
V. Net profit ("-" for net loss)		**-4,523,521.46**	**11,553,931.18**	**6,774,355.22**	**15,252,630.67**
(I) Classified by ownership:					
1. Net profit attributable to the owner of the parent company		2,543,772.48	11,553,931.18	10,225,298.40	15,252,630.67
*2. Profit or loss attributable to non-controlling interests		-7,067,293.94		-3,450,943.18	
(II) Classified by continuity of operation:					
1. Net profit from continuing operations		-4,523,521.46	11,553,931.18	6,774,355.22	15,252,630.67
2. Net profit from discontinued operation					
VI. Other comprehensive income, net of tax					
Other comprehensive income, net of tax, attributable to the owner of the parent company					
(I) Other comprehensive income that cannot be reclassified into profit or loss					
1. Changes arising from the remeasurement of defined benefit plans					
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method					
3. Changes in fair value of investment in other equity instruments					
4. Changes in fair value of the Company's own credit risks					
△5. Finance income/(expenses) from insurance contracts issued that cannot be reclassified into profit or loss					
6. Others					

Item	Note	Amount for the period		Amount for the last period	
		Consolidated	Company's	Consolidated	Company's
(II) Other comprehensive income that will be reclassified into profit or loss					
1. Other comprehensive income that can be reclassified to profit or loss under equity method					
2. Changes in fair value of other debt investment					
3. The amount of financial assets reclassified into other comprehensive income					
4. Provisions for credit impairment of other debt investments					
5. Reserves for cash flows hedges (including the effective portion of profits or losses on cash flow hedges)					
6. Exchange differences from translation of financial statements					
△7. Finance income/(expenses) from insurance contracts issued that can be reclassified into profit or loss					
△8. Finance income/(expenses) on reinsurance contracts held that can be reclassified into profit or loss					
9. Others					
*Other comprehensive income, net of tax, attributable to non-controlling shareholders					
VII. Total comprehensive income		**-4,523,521.46**	**11,553,931.18**	**6,774,355.22**	**15,252,630.67**
Total comprehensive income attributable to shareholders of the parent company		2,543,772.48	11,553,931.18	10,225,298.40	15,252,630.67
*Total comprehensive income attributable to non-controlling shareholders		-7,067,293.94		-3,450,943.18	
VIII. Earnings per share:					
Basic earnings per share		0.02		0.09	
Diluted earnings per share					

Legal Representative: **Accounting principal:** **Head of the Accounting Department:**

Consolidated and Company's Statement of Cash Flows

From January to June 2026

Prepared by: Impression Dahongpao Co., Ltd. Unit: RMB

Item	Note	Amount for the period		Amount for the last period	
		Consolidated	Company's	Consolidated	Company's
I. Cash flows generated from operating activities:					
Cash received from sale of goods and rendering of services		50,506,334.88	47,078,547.15	60,634,226.39	53,161,833.07
Refunds of taxes and surcharges					
Cash received from other operating activities	V.47	2,654,226.71	872,841.47	1,166,417.28	971,329.99
Sub-total of cash inflows generated from operating activities		**53,160,561.59**	**47,951,388.62**	**61,800,643.67**	**54,133,163.06**
Cash paid for goods purchased and services received		11,665,683.24	5,922,462.18	9,175,850.13	6,201,393.52
Cash paid to and on behalf of employees		21,027,828.29	18,118,227.38	19,989,888.94	18,684,233.81
Cash paid for taxes and surcharges		4,799,792.36	4,599,499.77	6,621,613.08	5,935,140.05
Cash paid for other operating activities	V.47	8,876,387.60	7,177,783.49	7,028,222.65	1,576,441.78
Sub-total of cash outflows generated from operating activities		**46,369,691.49**	**35,817,972.82**	**42,815,574.80**	**32,397,209.16**
Net cash flow generated from operating activities		**6,790,870.10**	**12,133,415.80**	**18,985,068.87**	**21,735,953.90**

Item	Note	Amount for the period		Amount for the last period	
		Consolidated	Company's	Consolidated	Company's
II. Cash flows generated from investing activities:					
Cash received from disposal of investment		16,815,600.00	16,815,600.00	38,503,264.04	38,503,264.04
Cash received from returns on investment		100,482.76	100,482.76	132,138.06	132,138.06
Net cash received from disposal of fixed assets, intangible assets and other long-term assets					
Net cash received from disposal of subsidiaries and other business units					
Cash received from other investing activities					1,500,000.00
Sub-total of cash inflows generated from investing activities		**16,916,082.76**	**16,916,082.76**	**38,635,402.10**	**40,135,402.10**
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		18,238,131.23	1,010,997.29	31,394,904.99	1,427,294.35
Cash paid for investment		63,860,000.00	63,860,000.00	53,690,000.00	53,690,000.00
Net cash paid to acquire subsidiaries and other business units					
Cash paid for other investing activities					
Sub-total of cash outflows generated from investing activities		**82,098,131.23**	**64,870,997.29**	**85,084,904.99**	**55,117,294.35**
Net cash flows generated from investing activities		**-65,182,048.47**	**-47,954,914.53**	**-46,449,502.89**	**-14,981,892.25**

Item	Note	Amount for the period		Amount for the last period	
		Consolidated	Company's	Consolidated	Company's
III. Cash flows generated from financing activities:					
Cash received from investors				36,000,000.00	
*Including: Cash received by subsidiaries from investment by non-controlling shareholders					
Cash received from borrowings		15,000,000.00			
Cash received from other financing activities					
Sub-total of cash inflows generated from financing activities		**15,000,000.00**		**36,000,000.00**	
Cash paid for debt repayment					
Cash paid for distribution of dividends and profits or payment of interests		30,406,034.43	30,250,426.10	41,066,600.00	41,066,600.00
*Including: Dividends or profit paid to non-controlling shareholders by subsidiaries					
Cash paid for other financing activities	V.47	6,286,239.01	15,853,898.91	4,450,606.49	3,754,967.09
Sub-total of cash outflows generated from financing activities		**36,692,273.44**	**46,104,325.01**	**45,517,206.49**	**44,821,567.09**
Net cash flows generated from financing activities		**-21,692,273.44**	**-46,104,325.01**	**-9,517,206.49**	**-44,821,567.09**
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		**-969,411.00**	**-969,411.00**	**295.46**	**295.46**
V. Net increase in cash and cash equivalents		**-81,052,862.81**	**-82,895,234.74**	**-36,981,345.05**	**-38,067,209.98**
Add: Balance of cash and cash equivalents at the beginning of the period		195,405,771.88	187,779,673.07	101,081,559.29	75,955,605.11
VI. Balance of cash and cash equivalents at the end of the period		**114,352,909.07**	**104,884,438.33**	**64,100,214.24**	**37,888,395.13**

Legal Representative: **Accounting principal:** **Head of the Accounting Department:**

Notes to the Financial Statements

I. CORPORATE INFORMATION

Impression Dahongpao Co., Ltd. (hereinafter referred to as the "Company") was a joint stock company established by Mount Wuyi Tourism (Group) Co., Ltd. (武夷山旅遊 (集團) 有限公司), Fujian Province Nanping City State-owned Assets Investment and Operation Co., Ltd. (福建省南平市國有資產投資經營有限公司), Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司) on 21 January 2009. The Company converted into a joint stock company with limited liability on 28 January 2016 with registered capital of RMB82.50 million, presented by a total share capital of 82.50 million shares, each with a par value of RMB1.

According to the Proposal on issuance of shares and increase in registered capital of the Company 《(關於公司定向發行股份暨增加註冊資本的議案》) dated 20 July 2016, the Company issued 7,170,000 Shares of RMB1.58 each to Mount Wuyi Landscape Impression Cultural Tourism Investment Partnership (LLP) (武夷山山水印象文化旅遊投資合夥企業 (有限合夥)), a company with the management and core employees of the Company as its investors. The registered capital increased by RMB7.17 million and the premium was recorded in capital reserve, which was fully paid by our Shareholders before 7 July 2016. Upon completion of the capital injection, the total share capital of the Company increased to 89.67 million shares and the registered capital increased to RMB89.67 million. This was verified by BDO China Shu Lun Pan Certified Public Accountants LLP who issued the Capital Verification Report (XIN KUAI SHI BAO ZI [2016] No. 124490) on 20 July 2016.

As approved by the "Gu Zhuan Xi Tong Han [2016] No. 9706" from the National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統有限責任公司), the Company's shares have been listed on National Equities Exchange and Quotations since 20 January 2017, with stock code as 870608.

In accordance with the "Proposal on the Company's First Share Issuance Plan in 2018《(關於公司 2018 年第一次股票發行方案的議案》)" approved at the 2019 first extraordinary general meeting held by the Company on 27 February 2019, the Company applied for the issuance of 18.40 million shares of RMB3.40 each. The registered capital increased by RMB18.40 million and the premium was recorded in capital reserve, which was fully paid by our Shareholders before 4 April 2019. Upon completion of the capital injection, the total share capital of the Company increased to 108.07 million shares and the registered capital increased to RMB108.07 million. This was verified by Grant Thornton Zhitong Certified Public Accountants LLP who issued the Capital Verification Report (ZHI TONG YAN ZI [2019] No. 351ZA0004) on 18 April 2019.

Upon being filed with China Securities Regulatory Commission and approved by the Hong Kong Stock Exchange, the Company was listed and traded on the Main Board of the Hong Kong Stock Exchange on 22 December 2025. The Company offered 36.10 million H Shares (nominal value RMB1.00 per H Share) at an offering price of HK$3.60 per H Share with stock code as 2695.HK.

The Company obtained a corporate legal person business licence with a unified social credit code of 913507826830976210 authorised by the Administration for Market Regulation of Nanping. As of 30 June 2026, the registered capital of the Company is RMB144.17 million, and the legal representative is Zhong Baiyi.

Registered office: Inside the Digital Tea Expo Hall, Tea Expo Park, Resort Area, Mount Wuyi City.

Head office: 5th Floor, Impression Villa (Yinxiang Bieyuan), 62 Sangu Street, Resort Area, Mount Wuyi City, Nanping City, Fujian Province.

The principal business of the Company: commercial performance; cultural and artistic exchange and planning; investment in and operation of tourism projects; planning and management of tourism projects; accommodation services; catering services; and conference and exhibition services.

The financial statements and notes to the financial statements were approved for disclosure at the third meeting of the fourth session of the Board of the Company on 17 August 2026.

II. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and its application guideline issued by the Ministry of Finance, the interpretations and other relevant regulations (collectively, the "ASBEs"). In addition, relevant financial information as required to be disclosed by the Company according to the "Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting (2023 Revised)" issued by China Securities Regulatory Commission.

The financial statements also disclose information in accordance with the relevant disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

The financial statements are prepared on a going-concern basis.

The Company's accounting is measured on an accrual accounting basis. Except for certain financial instruments, the financial statements are measured based on historical cost. In case of asset impairment, impairment provisions shall be made accordingly under relevant regulations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Company determines the revenue recognition policy according to its own production and operation characteristics. Details of specific accounting policies, please refer to Note III. 21.

1. Statement on Compliance with the Accounting Standards for Business Enterprises

The financial statements meet the Accounting Standards for Business Enterprises and truly and completely reflect the consolidated and company's financial position as at 30 June 2026 and consolidated and company's operating results and cash flows from January to June 2026, of the Company.

2. Accounting period

The Company adopts the calendar year as the accounting year, which commences on 1 January and ends on 31 December of each year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

RMB is adopted as the functional currency of the Company and its domestic subsidiaries. The currency adopted by the Company is RMB when preparing the financial statements.

5. Determination of materiality criteria and basis of selection

Item	Criteria of significance
Significant balance of trade payables	The single amount accounts for more than 5% of the ending balance of trade payables and is more than RMB1 million
Significant balance of other payables	The single amount accounts for more than 5% of the ending balance of other payables and is more than RMB1 million
Changes in significant construction in progress	The ending balance or the amount incurred in the period of a single project in construction is more than RMB1 million
Significant advances from customers	The single amount accounts for more than 5% of the ending balance of advances from customers and is more than RMB1 million
Significant contract liabilities	The single amount accounts for more than 5% of the ending balance of contract liabilities and is more than RMB1 million

Item	Criteria of significance
Significant non-wholly owned subsidiaries	The net assets of the subsidiary as at the end of the period account for more than 5% of the net assets of the Group as at the end of the period, or the net profit of the subsidiary for the period accounts for more than 5% of the net profit of the Group for the period
Major associates	The book value of the long-term equity investment in a single investee accounts for more than 5% of the Group's net assets, or the investment profit or loss under the equity method of the long-term equity investment accounts for more than 5% of the Group's consolidated net profit

6. Accounting treatment of business combination under common control and not under common control

(1) Business combination under common control

For the business combination involving entities under common control, the assets and liabilities of the party being merged that are obtained in the business combination by the absorbing party shall be measured at the carrying amounts as recorded by the ultimate controlling party in the consolidated financial statements at the combination date. The difference between the carrying amount of the consideration paid for the combination and the carrying amount of the net assets obtained in the combination is charged to the capital reserve (share capital premium). If the capital reserve (share capital premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations involving entities under common control and achieved in stages

The assets and liabilities of the party being merged that are obtained at the combination by the absorbing party shall be measured at the carrying value as recorded by the ultimate controlling party in the consolidated financial statements at combination date. The difference between the sum of the carrying value from original shareholding portion and the new investment cost incurred at combination date and the carrying value of net assets obtained at combination date shall be adjusted to capital reserve (share capital premium), if the balance of capital reserve is not sufficient to absorb the differences, any excess is adjusted to retained earnings. The long-term investment prior to the absorbing party obtaining the control of the party being merged, the recognised profit or loss, other comprehensive income and other change of owners' equity at the closer date of the acquisition date and combination date under common control shall separately offset the opening balance of retained earnings and profit or loss during comparative statements.

(2) Business combination not under common control

For business combinations involving entities not under common control, the cost for each combination is measured at the aggregate fair value at acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. At acquisition date, the acquired assets, liabilities or contingent liabilities of acquiree are measured at their fair value.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost minus accumulated impairment provision; where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in the current profit or loss after reassessment.

Business combinations involving entities not under common control and achieved in stages

The combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity interest held prior to acquisition date; the equity interest of the acquiree held prior to acquisition date shall be remeasured at the fair value at acquisition date, the difference between the fair value and carrying amount shall be recognised as investment income or loss for the period. Other comprehensive income and other equity movements related to the equity interests of the acquiree held prior to acquisition date shall be transferred to investment profit or loss for period at acquisition date, except for other comprehensive income arising from changes in the net assets or net liabilities due to the re-measurement of defined benefit plans and other comprehensive income related to investments in non-trading equity instruments that were initially designated as measured at fair value through other comprehensive income.

(3) Transaction fees attribution during business combination

The audit, legal, valuation advisory and other intermediary fees and other relevant administrative expenses arising from business combinations are recognised in the current profit or loss when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts.

7. Criteria for judging control and preparation of consolidated financial statements

(1) Criteria for judging control

The scope of consolidation of the consolidated financial statements is determined on the basis of control. Control means that the Company has power over the investee, is entitled to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of those returns. The Company re-evaluates when changes in relevant facts and circumstances result in changes to the relevant elements involved in the definition of control.

In determining whether to include a structured entity in the scope of consolidation, the Company evaluates whether to control the structured entity on the basis of a combination of all the facts and circumstances, which includes an assessment of the purpose for which the structured entity was established and its design, an identification of the type of variable returns, and whether it has assumed part or all of the return variability through its participation in its related activities.

(2) Basis for preparation of the consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. In preparing the consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries shall be consistent, and intracompany significant transactions and balances are eliminated.

A subsidiary and business acquired through a business combination involving entities under common control during the reporting period shall be included in the scope of the consolidation of the Company from the date of being controlled by the ultimate controlling party, and its operating results and cash flows from the date of being controlled by the ultimate controlling party are included in the consolidated profit or loss statement and the consolidated statement of cash flows, respectively.

For a subsidiary and its business acquired through a business combination involving entities not under common control during the reporting period, its income, expenses and profits are included in the consolidated profit or loss statement, and cash flows are included in the consolidated statement of cash flows from the acquisition date to the end of the reporting period.

The shareholders' equity of the subsidiaries that is not attributable to the Company is presented under shareholders' equity in the consolidated balance sheet as non-controlling interests. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented in the consolidated income statement under the "profit or loss attributable to non-controlling interests". When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount shall be allocated against non-controlling interests.

(3) Acquisition of non-controlling interests in subsidiaries

The difference between the long-term equity investments costs acquired by the acquisition of non-controlling interests and the share of the net assets from subsidiaries from the date of acquisition or the date of combination based on the new shareholding ratio, as well as the difference between the proceeds from the partial disposal of the equity investment without losing control over its subsidiary and the disposal of the long-term equity investment corresponding to the share of the net assets of the subsidiaries from the date of acquisition or the date of combination, is adjusted to the capital reserve (share capital premium). If the capital reserve is not sufficient, any excess is adjusted to retained earnings.

(4) Accounting treatment of loss of control over subsidiaries

For the loss of control over a subsidiary due to disposal of a portion of the equity investment or other reasons, the remaining equity is measured at fair value on the date when the control is lost. The difference arising from the sum of consideration received for disposal of equity interest and the fair value of remaining equity interest over the sum of the share of the carrying amount of net assets of the former subsidiary calculated continuously from the purchase date based on the shareholding percentage before disposal and the goodwill is recognised as investment income in the period when the control is lost.

Other comprehensive income relating to equity investments in the original subsidiaries shall be accounted for at the time of loss of control on the same basis as the direct disposal of the related assets or liabilities by the original subsidiaries. The other changes in ownership interests relating to the original subsidiaries involving changes in ownership interests under the equity method of accounting shall be transferred to profit or loss at the time of loss of control.

8. Foreign currency operations

The foreign currency operations of the Company are translated into the functional currency at the prevailing spot exchange rate on the date of exchange.

On the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognised in the current profit or loss. The foreign currency non-monetary items measured at historical cost shall still be measured by the functional currency translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. The difference between the amounts of the functional currency before and after the translation will be recognised in the current profit or loss or other comprehensive income for the period based on the nature of the non-monetary items.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition of financial instruments

Financial asset or financial liability will be recognised when the Company became one of the parties under a financial instrument contract.

Financial asset that satisfied any of the following criteria shall be derecognised:

① the contract right to receive the cash flows of the financial asset has terminated;

② the financial asset has been transferred and meets the derecognition condition for the transfer of financial asset as described below.

A financial liability (or a part thereof) is derecognised when its present obligation is discharged in full or in part. If an agreement is entered between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognised and the new financial liabilities shall be recognised.

Conventionally traded financial assets shall be recognised and derecognised at the trading date.

(2) Classification and measurement of financial assets

The Company classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows into three categories as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profit or loss.

Financial assets are measured at fair value on initial recognition. For financial assets at fair value through current profit or loss, the related transaction costs are recognized directly in the current profit or loss. For other categories of financial assets, the related transaction costs are included in the initial recognition amount. For receivables arising from the sale of products or provision of services that do not contain or give rise to a significant financing element, the Company shall take the consideration amount expected to be entitled to receive as the initial recognition amount.

Financial asset measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through current profit or loss:

- The Company's business model for managing such financial assets is to collect contractual cash flows;

- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in the current profit or loss when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through current profit or loss:

- The Company's business model for managing such financial assets is achieved both by collecting contractual cash flows and selling such financial assets;

- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognised in the current profit or loss, and other gains or losses are recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through current profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through current profit or loss. During initial recognition, the Company irrevocably designates certain financial assets that are required to be measured at amortised cost or measured at fair value through other comprehensive income as financial assets measured at fair value through current profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the current profit or loss.

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

The Company assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

(3) Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as financial liabilities measured at fair value through current profit or loss and financial liabilities measured at amortised cost. For financial liabilities not classified as measured at fair value through current profit or loss, relevant transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value through current profit or loss

Financial liabilities measured at fair value through current profit or loss comprise held-for-trading financial liabilities and financial liabilities designated at fair value through current profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognised in the current profit or loss.

Distinction between financial liabilities and equity instruments

A financial liability is a liability if:

① it has a contractual obligation to pay in cash or other financial assets to other parties.

② it has a contractual obligation to exchange financial assets or financial liabilities under potential adverse condition with other parties.

③ it is a non-derivative instrument contract which will or may be settled with the entity's own equity instruments, and the entity will deliver a variable number of its own equity instruments according to such contract.

④ it is a derivative instrument contract which will or may be settled with the entity's own equity instruments, except for a derivative instrument contract that exchanges a fixed amount of cash or other financial asset with a fixed number of its own equity instruments.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

(4) Fair value of financial instruments

Details of the method for determining the fair value of financial assets and financial liabilities, please refer to Note III. 10.

(5) Impairment of financial assets

Based on expected credit losses, the Company performs impairment treatment on the following items and recognizes the provision for loss:

- Financial assets measured at amortised cost;

- Receivables and debt instrument investments measured at fair value through other comprehensive income;

- Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 – Revenue;

- Lease receivables;

- Financial guarantee contracts (except those measured at fair value through current profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of financial instruments based on the probability of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default to confirm expected credit losses.

The Company measures expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at Stage 1, and the Company makes provision for loss based on the expected credit losses within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at Stage 2, and the Company makes provision for loss based on the lifetime expected credit losses of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at Stage 3, and the Company makes provision for loss based on the lifetime expected credit losses of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for loss based on the expected credit losses within the next 12 months.

Lifetime expected credit losses represent the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The next 12-month expected credit losses are the expected credit losses resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime expected credit losses.

The maximum period to be considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

For the financial instruments at Stages 1 and 2 and with low credit risks, the Company calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at Stage 3, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

Bills receivable, trade receivables and contract assets

For bills receivable, trade receivables and contract assets, regardless of whether there is a significant financing component, the Company always makes provision for loss at an amount equal to lifetime expected credit losses.

When the Company is unable to assess the information of expected credit losses for an individual financial asset or contract asset at a reasonable cost, it classifies bills receivable, trade receivables and contract assets into portfolios based on the credit risk characteristics, and calculates the expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

Trade receivables

- Trade receivables portfolio 1: Ticket and others

- Trade receivables portfolio 2: Intra-group company payments

Other receivables

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

- Other receivables portfolio 1: Deposits and security deposits
- Other receivables portfolio 2: Petty cash
- Other receivables portfolio 3: Advances
- Other receivables portfolio 4: Intra-group company payments
- Other receivables portfolio 5: Government subsidies
- Other receivables portfolio 6: Others

For other receivables classified as a portfolio, the Company calculates the expected credit losses based on exposure at default and the expected credit loss rate over the next 12 months or the entire lifetime.

Long-term receivables

The Company's long-term receivables are performance deposit receivable.

The Company classifies long-term receivables into portfolios based on credit risk characteristics, and calculates the expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

- Portfolio of long-term receivables: Performance deposit

For performance deposit, the Company calculates the expected credit losses based on exposure at default and the expected credit loss rate over the entire lifetime by reference to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly upon initial recognition, the Company compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly upon initial recognition, the Company considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Company includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;

- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any);

- An actual or expected significant deterioration in the operating results of the debtor;

- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Company assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

If the overdue period exceeds 30 days, the Company determines that the credit risk of financial instruments has increased significantly.

The Company believes that financial assets are subject to default in the following circumstances:

- It is unlikely that the borrower will pay the amount owed to the Company in full, and this assessment does not take into account recourse actions taken by the Company, such as realizing the collateral (if held); or

- The financial assets are overdue for more than 90 days.

Credit-impaired financial assets

At balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;

- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;

- For economic or contractual reasons relating to the debtor's financial difficulty, the Company having granted to the debtor a concession that would not otherwise consider;

- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for expected credit losses

Expected credit losses are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. The resulting increase in provision for loss or the amount reversed shall be included in the current profit or loss as impairment loss or gain. For financial assets measured at amortised cost, the provision for loss are deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provision for loss in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

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

If a write-off of financial assets is subsequently recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(6) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of such financial assets (the transferee).

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset shall be derecognised. If the Company retains substantially all the risks and rewards of ownership of a financial asset, the financial asset shall not be derecognised.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transaction as follows: if the Company does not retain control, it derecognises the financial asset and recognises any resulting assets or liabilities; if the control over the financial asset is not waived, the relevant financial asset is recognised according to the extent of its continuing involvement in the transferred financial asset and the relevant liability is recognised accordingly.

(7) Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

10. 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 at the measurement date.

The Company measures the relevant asset and liability at fair value, based on the presumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the relevant asset or liability, or in the absence of a principal market, in the most advantageous market for the relevant asset or liability. The principal or the most advantageous market must be a trading market accessible by the Company at the measurement date. The Company adopts the presumption that market participants would use when pricing the asset or liability in their best economic interest.

For financial assets or financial liabilities in an active market, the Group uses the quoted prices in the active market as their fair value. If there is no active market, the Group uses valuation techniques to determine their fair value.

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

The Company adopts valuation techniques that are appropriate in the current circumstance and for which sufficient data and other information are available, prioritises the use of relevant observable inputs and uses unobservable inputs only under the circumstances where such relevant observable inputs cannot be obtained or practicably obtained.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities obtainable at the measurement date. Level 2: observable inputs for the relevant asset or liability, either directly or indirectly, except for Level 1 input. Level 3: unobservable inputs for the relevant assets or liability.

At each balance sheet date, the Company reassesses assets and liabilities measured at fair value that are recognised in the financial statements on a recurring basis to determine whether transfers have occurred between fair value measurement hierarchy levels.

11. Inventories

(1) Classification

The inventories of the Company are goods in stock.

(2) Measurement for dispatched inventories

Inventories of the Company are measured at their actual cost when obtained. Goods in stock will be calculated with first-in-first-out method when being dispatched.

(3) Base for recognition of and provision for inventory impairment

At the balance sheet date, inventories are measured at the lower of cost or net realizable value. Provision for inventory impairment is made when the net realizable value is lower than the cost.

Net realisable value of inventories refers to the amount of the estimated price of inventories less the estimated cost incurred upon completion, estimated selling expenses and taxes and surcharges. The realisable value of inventories shall be determined on the basis of definite evidence, purpose of holding the inventories and effect of events after the balance sheet date.

When the factors causing the inventory impairment no longer exist at balance sheet date, the provision for decline in value of inventories previously made shall be reversed.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortisation of low-value consumables

Low-value consumables of the Company are amortised using one-off write-off method.

12. Long-term equity investments

Long-term equity investments include the equity investments in subsidiaries, joint ventures and associates. Associates of the Company are those investees that the Company imposes significant influence over.

(1) Determination of initial investment cost

Long-term equity investments acquired through business combinations: for a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of the owners' equity under the consolidated financial statements of the ultimate controlling party on the date of combination. For a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost of the long-term equity investment shall be the cost of combination.

Long-term equity investments acquired through other means: for a long-term equity investment acquired by cash payment, the initial investment cost shall be the purchase cost actually paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of equity securities issued.

(2) Subsequent measurement and method for profit or loss recognition

Investments in subsidiaries shall be accounted for using the cost method, except for the investments which meet the conditions of holding for sale. Investment in associates and joint ventures shall be accounted for using the equity method.

For a long-term equity investment accounted for using the cost method, the cash dividends or profits declared by the investees for distribution shall be recognised as investment gains and included in the current profit or loss, except the case of receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration.

For a long-term equity investment accounted for using the equity method, where the initial investment cost exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the investment cost of the long-term equity investment. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, adjustment shall be made to the carrying amount of the long-term equity investment, and the difference shall be charged to current profit or loss.

Under the equity method, investment gain and other comprehensive income shall be recognised based on the Company's share of the net profits or losses and other comprehensive income made by the investee, respectively. Meanwhile, the carrying amount of long-term equity investment shall be adjusted. The carrying amount of long-term equity investment shall be reduced based on the Group's share of profit or cash dividend distributed by the investee. In respect of the other changes in net profit or loss, other comprehensive income and profit distribution of investee, the carrying amount of long-term equity investment shall be adjusted and included in the capital reserves (other capital reserves). The Company shall recognise its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto according to the accounting policies and accounting periods of the Company.

For additional equity investment made in order to obtain significant influence or common control over investee without resulted in control, the initial investment cost under the equity method shall be the aggregate of fair value of previously held equity investment and additional investment cost on the date of transfer. For investments in non-trading equity instruments that were previously classified as at fair value through other comprehensive income, the cumulative fair value changes associated with them that were previously included in other comprehensive income are transferred to retained earnings upon the change to the equity method of accounting.

In the event of loss of common control or significant influence over investee due to partial disposal of equity investment, the remaining equity interest after disposal shall be accounted for according to the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount shall be included in the current profit or loss. In respect of other comprehensive income recognised under previous equity investment using equity method, it shall be accounted for in accordance with the same accounting treatment of direct disposal of relevant asset or liability by investee at the time when equity method was ceased to be used. Changes in other owners' equity related to the previous equity investment shall be transferred to current profit or loss.

In the event of loss of control over investee due to partial disposal of equity investment, the remaining equity interest which can apply common control or impose significant influence over the investee after disposal shall be accounted for using equity method. Such remaining equity interest shall be treated as accounting for using equity method since it is obtained and adjustment was made accordingly. For the remaining equity interest which cannot apply common control or impose significant influence over the investee after disposal, it shall be accounted for using the Accounting Standard for Business Enterprises No. 22 – Recognition and measurement of Financial Instruments. The difference between its fair value and carrying amount as at the date of losing control shall be included in the current profit or loss.

If the shareholding ratio of the Company is reduced due to the capital increase of other investors, and as a result, the Company loses the control of but still can apply common control or impose significant influence over the investee, the difference between the net asset increase due to the capital increase of the investee attributable to the Company shall be recognised according to the new shareholding ratio, and the original carrying amount of the long-term equity investment corresponding to the shareholding ratio reduction part that should be carried forward shall be recorded in the current profit or loss; and then it shall be adjusted according to the new shareholding ratio as if equity method is used for accounting when acquiring the investment.

In respect of the transactions between the Company and its associates and joint ventures, the share of unrealised gain or loss arising from internal transactions shall be eliminated by the portion attributable to the Company. Investment gain or loss shall be recognised accordingly. However, any unrealised loss arising from internal transactions between the Company and an investee is not eliminated to the extent that the loss is impairment loss of the transferred assets.

(3) Basis for determining the common control and significant influence on the investee

Common control is the contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimously agreement from parties who share control. When determining if there is any common control, it should first be identified if the arrangement is controlled by all the participants or the group consisting of the participants, and then determined if the decision on the arranged activity can be made only with the unanimous consent of the participants sharing the control. If all the participants or a group of participants can only decide the relevant activities of certain arrangement through concerted action, it can be considered that all the participants or a group of participants share common control on the arrangement. If there are two or more participant groups that can collectively control certain arrangement, it does not constitute common control. When determining if there is any common control, the relevant protection rights will not be taken into account.

Significant influence is the power of the investor to participate in the financial and operating policy decisions of an investee, but to fail to control or joint control the formulation of such policies together with other parties. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the period and converted to the equity of the investee, including the warrants, share options and convertible bonds that are issued by the investee and can be converted in the period, shall be taken into account.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) to 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in the production and operation decision-making of the investee and cannot pose significant influence in this situation. When the Company owns less than 20% (exclusive) of the voting shares of the investee, it is generally considered that it has not significantly influenced on the investee, unless there is concrete evidence to prove that it can participate in the production and operation decision-making of the investee and cannot pose significant influence in this situation.

(4) Methods of impairment testing and impairment provision

Details of investments in subsidiaries, associates and joint ventures, as well as the method for provision of asset impairment, please refer to Note III. 18.

13. Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. The investment property of the Company includes leased land use rights, land use rights held for sale after appreciation, and leased buildings.

The investment property of the Company is measured initially at cost upon acquisition, and subject to depreciation or amortisation in the relevant periods according to the relevant provisions on fixed assets or intangible assets.

Details of the method of impairment provision for the investment property measured at cost subsequently, please refer to Note III. 18.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related tax and surcharges is recognised in the current profit or loss.

14. Fixed assets

(1) Conditions for recognition

Fixed assets represent the tangible assets held by the Company using in the production of goods, rendering of services and for operation and administrative purposes with useful life over one accounting year.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Company and the costs can be reliably measured.

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the related economic benefits will flow to the Company and the costs can be reliably measured. The cost of routine repairs of fixed assets that do not qualify as capitalised subsequent expenditure is charged to current profit or loss or included in the cost of the related assets in accordance with the beneficiary object when incurred. The carrying amount of the replaced part is derecognised.

(2) Depreciation methods for fixed assets

The Company adopts the straight-line method for depreciation. Provision for depreciation will be started when the fixed asset reaches its expected usable state, and stopped when the fixed asset is derecognised or classified as a non-current asset held for sale. Without regard to the depreciation provision, the Company determines the annual depreciation rate by category, estimated useful lives and estimated residual value of the fixed assets as follows:

Category	**Useful life (years)**	**Residual value rate (%)**	**Annual depreciation rate (%)**
Buildings	20.00-35.00	5.00	4.75-2.71
Motor vehicles	8.00	5.00	11.88
Infrastructure	3.00-5.00	5.00	31.67-19.00
Other equipment	3.00-8.00	5.00	31.67-11.88

Where, for the fixed assets for which impairment provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset impairment provision that has been made shall be deducted.

(3) Details of the methods of impairment testing and impairment provision for the fixed assets, please refer to Note III. 18.

(4) The Company will review the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year.

When there is any difference between the useful lives estimate and the originally estimated value, the useful lives of the fixed asset shall be adjusted. When there is any difference between the estimated net residual value and the originally estimated value, the estimated net residual value shall be adjusted.

(5) Disposal of fixed assets

A fixed asset is derecognised on disposal or when it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognised in the current profit or loss.

15. Construction in progress

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised borrowing costs on related borrowed funds before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets when the asset is ready for intended use.

Details of the method of impairment provision for construction in progress , please refer to Note III. 18.

16. Biological assets

(1) Recognition criteria for biological assets

Biological assets refer to the assets formed by living animals and plants. Biological assets are recognized when the following criteria are satisfied simultaneously:

① The enterprise owns or controls the biological assets due to past transactions or events;

② The economic benefits or service potential related to the biological assets are likely to flow into the enterprise;

③ The cost of the biological assets can be measured reliably.

(2) Classification of biological assets

The biological assets of the Company are productive biological assets.

Productive biological assets refer to biological assets held for the purpose of producing agricultural products, providing labour services or renting, etc., including economic forests, etc. Productive biological assets shall be initially measured at cost. The costs of any productive biological asset by way of self-cultivating or self-breeding are necessary expenses occurred prior to the completion of predetermined production and operating purpose of such asset and directly attributable to such asset, including borrowing costs eligible for capitalization conditions.

The management and protection and breeding expenses incurred after the productive biological assets are closed or achieve the predetermined production and operation purpose shall be included in the current profit or loss.

The depreciation of a productive biological asset is calculated under the straight-line method. The depreciation rate is recognized as follows according to estimated useful lives of various biological assets deducting the residual value:

Category of productive biological assets	Useful life (years)	Residual value rate (%)	Annual depreciation rate (%)
Cherry blossom seedlings	10.00		10.00

The Company, at least at the end of each year, shall review the useful life, estimated net residual value, and the depreciation method for the productive biological assets. Any changes in the useful life, estimated net residual value or depreciation method will be treated as the changes in accounting estimates.

The difference of the income from disposal of productive biological assets such as sales, inventory losses, death or damage deducting their book values and related taxes should be included into current profit or loss.

(3) Treatment of impairment of biological assets

If the realizable net value of any consumptive biological asset is lower than its book value, the Company shall, on the basis of the difference between the realizable net value and the book value, make provision for the depreciation of the biological asset and shall be included in the current profit or loss. If the factors which cause any impairment of a consumptive biological asset have disappeared, the amount of write-down shall be resumed and shall be reversed from the provision for the loss on decline in value of the consumptive biological asset which has been made. The reversed amount shall be included in the current profit or loss.

Details of the method of impairment provision for productive biological assets, please refer to Note III. 18.

17. Intangible assets

The Company's intangible assets include land use rights, etc.

Intangible assets are initially measured at cost and their useful lives are analyzed and judged at the time of acquisition. An intangible asset with finite useful life shall be amortized over the expected useful life using method which can reflect the expected realization of the economic benefits related to the assets from when the intangible asset is available for use. An intangible asset whose expected realization cannot be reliably determined is amortized using straight-line amortization; an intangible asset with indefinite useful life shall not be amortized.

Amortization of an intangible asset with finite useful life is as follows:

Category	Useful life (years)	Determination basis of useful life	Amortization method	Remark
Franchise	15.00	Expected useful life	Straight-line method	
Commercial land	33.00	Expected useful life	Straight-line method	

For an intangible asset with a finite useful life, the Company shall review the useful life and amortization method at the end of each financial year. If it is different from the previous estimates, adjust the previous estimates and deal with it according to changes in accounting estimates.

If it is estimated on the balance sheet date that certain intangible asset can no longer bring future economic benefit to the company, the book value of the intangible asset will be entirely transferred into current profit or loss.

Details of the method of impairment provision for intangible assets, please refer to Note III. 18.

18. Impairment of assets

Impairment of long-term equity investments in subsidiaries and associates, investment property, fixed assets, construction in progress, productive biological assets measured at cost, right- of-use assets, intangible assets and others (excluding inventories, deferred income tax assets and financial assets) subsequently measured at cost is determined as follows:

The Company determines if there is any indication of asset impairment as at the balance sheet date. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets that have not reached their intended use will be tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of its future cash flows expected to be derived from the asset. The Company estimates the recoverable amount of an individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its book value, the book value is reduced to its recoverable amount. The reduction amount is charged to current profit or loss and an impairment provision is made accordingly.

An impairment loss recognised shall not be reversed in a subsequent accounting period.

19. Long-term deferred expenses

Long-term deferred expenses of the Company are recorded at the actual cost and amortized evenly over the expected benefit period. If a long-term deferred expense cannot benefit the future accounting period, the residue value of such project not amortized yet shall be transferred to the profit or loss in the period.

20. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to multiform remuneration or compensation offered by an enterprise in order to get services provided by its employees or terminate the labour relation. Employee benefits include Short-term remuneration, post-employment benefits, dismissal benefits and other long-term employee benefits. The benefits provided to employees' spouses, children, dependents, family dependants of the deceased employee and other beneficial owners also belong to employee benefits.

(2) Short-term remuneration

The Company will recognize the employee salary, bonus, social security contributions (such as medical insurance premium, work injury insurance premium and birth insurance premium) and housing fund paid for the employees according to the prescribed standards and proportions incurred in the accounting period in which the employees provide service as liabilities and record into the current profit or loss or the relevant asset cost.

(3) Post-employment benefits

Post-employment benefit plans include defined contribution schemes and defined benefit schemes. A defined contribution scheme is a post-employment welfare plan under which the Company pays fixed contributions into a separate fund and the Company has no further obligations for payment. A defined benefit scheme is a post-employment welfare plan other than a defined contribution scheme.

Defined contribution schemes

Defined contribution schemes include basic pension insurance, unemployment insurance and pension plan.

During the accounting period in which an employee provides service, the amount of pension insurance calculated under defined contribution scheme shall be recognised as a liability and recorded in the current profit or loss or in the cost of relevant assets.

(4) Dismissal benefits

Where the Company provides dismissal benefits to employees, employee benefits incurred from dismissal benefits are recognized as liabilities and recorded into the current profit or loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labour relationship or the layoff proposal; when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits.

For the early retirement plans, economic compensations before the actual retirement date were classified as termination benefits. During the period from the date of cease of render of services to the actual retirement date, relevant wages and contribution to social insurance for the employees proposed to be paid are recognised in the current profit or loss on a one-off basis. Economic compensation after the official retirement date, such as normal pension, is accounted for as post-employment benefits.

(5) Other long-term benefits

The Company provides other long-term employee benefits to its employees. For those falling within the scope of defined contribution scheme, the Company shall account for them according to relevant requirements of the defined contribution scheme. For those falling within the scope of defined benefit scheme, the Company shall account for them according to relevant requirements of the defined benefit scheme, except that the "changes in the net liability or net asset of the re-measurement of the defined benefit scheme" in the benefits cost is recognised in the current profit or loss or the related asset cost.

21. Revenue

(1) General principles

When the Company has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant goods or services, revenues will be recognised.

Where a contract has two or more performance obligations, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time:

① when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract.

② when the customer is able to control the goods in progress in the course of performance by the Company under the contract.

③ when the goods produced by the Company under the contract are irreplaceable and the Company has the right to payment for performance completed to date during the whole contract term.

Where performance obligations are fulfilled within a certain period of time, the Company shall recognize the revenue according to the performance progress. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

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

① The Company has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods.

② The Company has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods.

③ The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.

④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods to the customer.

⑤ The customer has accepted the goods or service.

⑥ Other information indicates that the customer has obtained control of the goods.

(2) Specific methods

Specific recognition methods for revenue of the Company are as follows:

Ticket sales income: will be recognized after the end of ticket sales, audience admission and performance.

Hotel operating incomes: the source of income includes guest rooms, catering, commodity sales, etc. Income from catering services is recognized at the time point when the provision of services is terminated, income from the sales of goods is recognized as revenue when the control of goods is transferred to the customer, and service income from other hotel operations is recognized in the accounting period when the services are provided.

Income from leasing services: recognized by stages during the lease period according to the corresponding contract. Details of which please refer to Note III. 18.

22. Contract costs

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

Incremental costs of obtaining a contract are those costs (e.g., sales commissions, etc.) that the Company incurs to obtain a contract with a customer. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it is expected to recover those costs. Other expenses incurred by the Company for obtaining the contract, except for the incremental costs expected to be recovered, are recognised in the current profit or loss when incurred.

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

① The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

② The costs increase the resources of the Company for fulfilling its performance obligations in the future;

③ The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods to which the assets relate and recognised in the current profit or loss.

The Company makes impairment provision and recognises an impairment loss on the asset for the exceeding part to the extent that the carrying amount of an asset related to contract costs exceeds:

① remaining amount of consideration that the Company expects to receive in exchange for the goods to which the asset relates;

② the costs that relate directly to providing those goods that have not yet been recognised as expenses.

23. Government subsidies

Government subsidies are recognized when the conditions attached to the government subsidies are met and the grant can be received.

Government subsidies in respect of monetary assets are measured at the amount received or receivable. Government subsidies for non-monetary assets are measured at fair value or, if the fair value cannot be reliably obtained, at the nominal amount of RMB1.

Asset-related government subsidies are government subsidies obtained by the Company for the purpose of acquiring or otherwise forming long-term assets; otherwise, they are treated as revenue-related government subsidies.

For government subsidies that do not have a specific target in government documents and are able to form long-term assets, the portion of government subsidies that corresponds to the value of the assets is recognized as asset-related government subsidies, and the remaining portion is recognized as revenue-related government subsidies; if it is difficult to distinguish between the two types of government subsidies, the entire amount of government subsidies is recognized as revenue-related government subsidies.

Asset-related government subsidies are used to reduce the carrying value of the relevant assets or recognized as deferred income and recognized in profit or loss on a rational and systematic basis over the useful lives of the related assets. Revenue-related government subsidies are recognized in the current profit or loss or used to offset the relevant costs when they are used to compensate for costs or losses that have been incurred, and in deferred income when they are used to compensate for costs or losses that will be incurred in future periods, and are recognized in the current profit or loss or used to offset the relevant costs in the period in which the costs or losses are recognized. Government subsidies that are measured at nominal amounts are recognized directly in the current profit or loss. The Company applies a consistent approach to the same or similar government subsidies.

Government subsidies related to ordinary activities are recognized in other income based on the nature of the economic activity. Government subsidies that are not related to ordinary activities are included in non-operating incomes.

When government subsidies are to be refunded, the carrying amount of the asset is adjusted if the initial recognition of the grant reduces the carrying amount of the asset; if there is a deferred revenue balance, the book balance of deferred revenue is deducted, and the excess is credited to current profit or loss; in other cases, the excess is credited to current profit or loss directly.

24. Deferred income tax assets and deferred income tax liabilities

Income tax comprises current income tax and deferred income tax, which are included in the current profit or loss as income tax expenses, except for deferred income tax related to transactions or events that are directly recognised in owners' equity which are recognised in owners' equity, and deferred income tax arising from a business combination, which is adjusted against the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base at the balance sheet date of the Company shall be recognised as deferred income tax using the balance sheet liability method.

All the taxable temporary differences are recognised as deferred income tax liabilities except for those incurred in the following transactions:

(1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit when the transaction occurs (other than single transactions where the initial recognition of assets and liabilities results in the creation of equivalent taxable temporary differences and deductible temporary differences);

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred income tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit when the transaction occurs (other than single transactions where the initial recognition of assets and liabilities results in the creation of equivalent taxable temporary differences and deductible temporary differences);

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax asset is recognised when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable profits will be available in the future, against which the temporary difference can be utilised.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their tax effect is reflected accordingly.

At the balance sheet date, the Company reviews the book value of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred income tax asset to be utilised, the book value of the deferred income tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis upon offsetting when both of the following conditions are met:

(1) The taxable entity within the Company has the legal right to settle current income tax assets and current income tax liabilities on a net basis;

(2) The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxing authority on the same taxable entity within the Company.

25. Lease

(1) Identification of leases

On the beginning date of the contract, the Company (as a lessee or lessor) assesses whether the customer in the contract has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset throughout the period of use. If a party of the contract conveys the right to control the use of an identified asset and multiple identified assets for a period of time in exchange for consideration, the Company identifies such contract is, or contains, a lease.

(2) The Company as lessee

On the beginning date of the lease, the Company recognises right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

Details of accounting policy for right-of-use assets, please refer to Note III. 26.

The lease liability is initially measured at the present value of the lease payments that are not paid at the beginning date of the lease using the interest rate implicit in the lease. Where the interest rate implicit in the lease cannot be determined, the incremental borrowing rate is used as the discount rate. Lease payments include fixed payments and in-substance fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is calculated using a constant periodic rate of interest and is recognised in the current profit or loss. Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period in which they actually arise.

Short-term lease

Short-term leases refer to leases with a lease term of less than 12 months from the commencement date, except for those with a purchase option.

Lease payments on short-term leases are recognised in the cost of related assets or current profit or loss on a straight-line basis over the lease term.

(3) The Company as lessor

When the Company is a lessor, a lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of asset ownership to the lessee. All leases other than financial leases are classified as operating leases.

Operating lease

Lease payments under operating leases are recognised in the current profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in relation to operating leases are capitalised and amortised over the lease term on the same basis as rental income and recognised in the current profit or loss. The variable lease payments obtained in relation to operating leases that are not included in the lease payments are recognised in the current profit or loss in the period in which they actually incurred.

26. Right-of-use assets

(1) Conditions for recognition of right-of-use assets

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

At the commencement date of the lease term, the right-of-use asset is measured initially at cost, which includes: the initial measurement of the lease liability; lease payments made on or before the commencement date of the lease term, net of amounts related to lease incentives received, if any; initial direct costs incurred by the Company as lessee; and costs that the Company, as lessee, expects to incur in dismantling and removing the leased asset, restoring the leased asset to its original location, or returning the leased asset to its condition as specified in the terms of the lease. The Company, as lessee, recognizes and measures costs such as dismantling and restoring in accordance with Accounting Standard for Business Enterprises 13 – Contingencies. Subsequent adjustments are made for any remeasurement of the lease liability.

(2) Depreciation method for right-of-use assets

The Company uses the straight-line method of depreciation. Depreciation is provided over the remaining useful life of the leased asset if the Company, as lessee, is reasonably certain that it will obtain ownership of the leased asset by the end of the lease term. If it is not reasonably certain that the Company will obtain ownership of the leased assets by the end of the lease term, then depreciation is provided over the shorter of the lease term or the remaining useful life of the leased assets.

(3) Details of the method of impairment testing and impairment provision for right-of-use assets, please refer to Note III. 18.

27. Significant accounting judgments and estimates

The Company constantly evaluates significant accounting estimates and key assumptions used based on historical experience and other factors, including reasonable expectations of future events. The significant accounting estimates and key assumptions that have a significant risk that the carrying amounts of assets and liabilities will be materially adjusted in the next fiscal year are listed below:

Measurement of expected credit loss of trade receivables

The Company calculates the expected credit loss of trade receivables based on the exposure at default and the expected credit loss ratio of trade receivables and determines the expected credit loss ratio based on the possibility of default and the default loss ratio. In determining the expected credit loss ratio, the Company uses the internal historical credit loss experience and other data and makes adjustments to the historical data based on the current conditions and forward-looking information. The indicators used by the Company in considering the forward-looking information include the risks on economic decline the external market environment, the technical environment and the changes in the customers. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Deferred income tax assets

Deferred income tax assets shall be recognized based on all the unutilized tax losses to the extent that there are enough taxable profits to offset the losses. It is required that the Company's management use a lot of judgment to estimate the occurring time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets which shall be recognized.

28. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

There were no changes in significant accounting policies in the period.

(2) Changes in significant accounting estimates

There were no changes in accounting estimates of the Company required to be disclosed in the period.

IV. TAXES

1. Main tax types and tax rates

Tax type	Tax basis	Statutory rate (%)
Value-added tax	Taxable income	3, 6, 9, 13
Urban maintenance and construction tax	Turnover tax payable	7
Property tax	Ad valorem levy (residual value)	1.2
Foundation for water works	Taxable income	0.09
Corporate income tax	Taxable income	25

V. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Monetary funds

Item	Balance at the end of the period	Balance at the end of last year
Cash on hand	10,000.00	
Bank deposits	114,344,659.07	195,407,521.88
Total	**114,354,659.07**	**195,407,521.88**

Among them, restricted monetary funds are listed as follows:

Item	Balance at the end of the period	Balance at the end of last year
ETC margin	250.00	250.00
POS deposit	1,500.00	1,500.00
Total	**1,750.00**	**1,750.00**

Foreign currency information is disclosed in "Note V. 49. Foreign currency monetary items".

2. Financial assets held for trading

Item	Balance at the end of the period	Balance at the end of last year
Financial assets measured at fair value through profit or loss	50,852,549.81	3,520,596.64
Including: Wealth management products	50,852,549.81	3,520,596.64

3. Trade receivables

(1) Disclosure by aging

Aging	Balance at the end of the period	Balance at the end of last year
Within 1 year	286,204.86	3,866,162.32
1-2 years	1,431,088.60	3,590,692.00
2-3 years	5,976.10	12,942.24
Over 3 years	14,732.99	14,106.75
Sub-total	**1,738,002.55**	**7,483,903.31**
Less: Provision for bad debts	318,249.01	934,255.50
Total	**1,419,753.54**	**6,549,647.81**

(2) Disclosure by the provision method for bad debts

	Balance at the end of the period				
	Book balance		Provision for bad debts		
Category	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Book value
Provision for bad debts on an individual basis	1,314,715.27	75.65	274,729.45	20.90	1,039,985.82
Provision for bad debts on a collective basis	423,287.28	24.35	43,519.56	10.28	379,767.72
Including:					
Ticket and others	423,287.28	24.35	43,519.56	10.28	379,767.72
Total	**1,738,002.55**	**100.00**	**318,249.01**	**18.31**	**1,419,753.54**

Continued:

	Balance at the end of last year				
	Book balance		Provision for bad debts		
Category	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Book value
Provision for bad debts on an individual basis	6,657,715.27	88.96	876,821.45	13.17	5,780,893.82
Provision for bad debts on a collective basis	826,188.04	11.04	57,434.05	6.95	768,753.99
Including:					
Ticket and others	826,188.04	11.04	57,434.05	6.95	768,753.99
Total	**7,483,903.31**	**100.00**	**934,255.50**	**12.48**	**6,549,647.81**

Trade receivables for which provision for bad debts is made on an individual basis

	Balance at the end of the period			
Name	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision
Fujian Spring Restaurant Management Co., Ltd.	1,299,982.28	259,996.46	20.00	Significant change in the credit risk characteristics
Xiamen Zhudianquan Tourism Development Co., Ltd.	14,732.99	14,732.99	100.00	Occurrence of litigation and the counterparty's inability to repay
Total	**1,314,715.27**	**274,729.45**	**20.90**	

Continued:

	Balance at the end of last year			
Name	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision
Fujian Spring Restaurant Management Co., Ltd.	6,642,982.28	862,088.46	12.98	Significant change in the credit risk characteristics
Xiamen Zhudianquan Tourism Development Co., Ltd.	14,732.99	14,732.99	100.00	Occurrence of litigation and the counterparty's inability to repay
Total	**6,657,715.27**	**876,821.45**	**13.17**	

Trade receivables for which provision for bad debts is made on a collective basis

Provision for portfolio: Ticket and others

	Balance at the end of the period			Balance at the end of last year		
Aging	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	286,204.86	14,310.25	5.00	756,109.04	37,805.45	5.00
1-2 years	131,106.32	26,221.26	20.00	57,763.00	11,552.60	20.00
2-3 years	5,976.10	2,988.05	50.00	8,480.00	4,240.00	50.00
Over 3 years			100.00	3,836.00	3,836.00	100.00
Total	**423,287.28**	**43,519.56**	**10.28**	**826,188.04**	**57,434.05**	**6.95**

(3) Details of provision for bad debts made, recovered or reversed during the period

Item	**Provision for bad debts**
Balance at the beginning of the period	934,255.50
Provision for the period	-616,006.49
Cancellation in the period	
Balance at the end of the period	**318,249.01**

(4) No trade receivables were written-off in the period

(5) Top 5 entities in terms of the balance of trade receivables at the end of the period by debtors

Entity	**Balance of trade receivables at the end of the period**	**Proportion in the total balance of trade receivables at the end of the period (%)**	**Balance of provision for bad debts of trade receivables at the end of the period**
Fujian Spring Restaurant Management Co., Ltd.	1,299,982.28	74.80	259,996.46
Sanming Pengcheng Urban Operation Management Co., Ltd. (三明市鵬誠城市運營管理有限公司)	112,707.32	6.48	22,541.46
Nanping Wuyi Cultural Tourism Investment and Development Co., Ltd. (南平武夷文化旅遊投資開發有限公司)	89,200.00	5.13	4,460.00
Jiangxi Ziyouniao General Aviation Co., Ltd. (江西自由鳥通用航空有限公司)	49,999.98	2.88	2,500.00
Mount Wuyi Tourism Vocational School (武夷山旅遊職業中專學校)	37,524.00	2.16	1,876.20
Total	**1,589,413.58**	**91.45**	**291,374.12**

4. Prepayments

(1) Prepayments disclosed by aging

Aging	Balance at the end of the period Amount	Proportion (%)	Balance at the end of last year Amount	Proportion (%)
Within 1 year	733,413.08	100.00	1,145,736.67	100.00
Sub-total	**733,413.08**	**100.00**	**1,145,736.67**	**100.00**
Less: Provision for impairment loss				
Total	**733,413.08**	**100.00**	**1,145,736.67**	**100.00**

(2) Top 5 entities in terms of the balance of prepayments at the end of the period by payees

Entity	Balance of prepayments at the end of the period	Proportion in the total balance of prepayments at the end of the period (%)
Mount Wuyi National Tourism Resort Construction and Development Corporation (武夷山國家旅遊度假區建設發展總公司)	227,083.31	30.96
Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	185,426.10	25.28
Songxi Qiansheng Television & Film Co., Ltd. (松溪仟升影視製作有限公司)	114,702.97	15.64
Sinopec Senmei (Fujian) Petroleum Co., Ltd. (Nanping Branch) (中石化森美(福建)石油有限公司南平分公司)	72,215.92	9.85
China Telecom Corporation Limited Nanping Branch (中國電信股份有限公司南平分公司)	46,000.00	6.27
Total	645,428.30	88.00

5. Other receivables

Item	Balance at the end of the period	Balance at the end of last year
Interests receivable		
Dividends receivable		
Other receivables	1,013,078.01	1,198,877.34
Total	**1,013,078.01**	**1,198,877.34**

(1) Other receivables

① Disclosure by aging

Aging	Balance at the end of the period	Balance at the end of last year
Within 1 year	202,649.06	383,081.42
1-2 years	493,264.26	590,000.00
2-3 years	370,000.00	280,000.00
Over 3 years	171,000.00	171,000.00
Sub-total	**1,236,913.32**	**1,424,081.42**
Less: Provision for bad debts	223,835.31	225,204.08
Total	**1,013,078.01**	**1,198,877.34**

② Disclosure by nature of payment

	Amount at the end of the period			Balance at the end of last year		
Item	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Petty cash and advances	464,913.32	116,235.31	348,678.01	662,081.42	118,104.08	543,977.34
Deposits and security deposits	212,000.00	10,600.00	201,400.00	202,000.00	10,100.00	191,900.00
Government subsidies	100,000.00	5,000.00	95,000.00	100,000.00	5,000.00	95,000.00
Others	460,000.00	92,000.00	368,000.00	460,000.00	92,000.00	368,000.00
Total	**1,236,913.32**	**223,835.31**	**1,013,078.01**	**1,424,081.42**	**225,204.08**	**1,198,877.34**

③ Provision for bad debts

Provision for bad debts in Stage 1 at the end of the period

Category	Book balance	Next 12-month expected credit losses (%)	Provision for bad debts	Book value
Provision for bad debts on an individual basis				
Provision for bad debts on a collective basis	1,236,913.32	18.10	223,835.31	1,013,078.01
Petty cash and advances	464,913.32	25.00	116,235.31	348,678.01
Deposits and security deposits	212,000.00	5.00	10,600.00	201,400.00
Government subsidies	100,000.00	5.00	5,000.00	95,000.00
Others	460,000.00	20.00	92,000.00	368,000.00
Total	**1,236,913.32**	**18.10**	**223,835.31**	**1,013,078.01**

At the end of the period, the Company had no other receivables in Stages 2 and 3.

Provision for bad debts in Stage 1 at the end of the last year

Category	Book balance	Next 12-month expected credit losses (%)	Provision for bad debts	Book value
Provision for bad debts on an individual basis				
Provision for bad debts on a collective basis	1,424,081.42	15.81	225,204.08	1,198,877.34
Petty cash and advances	662,081.42	17.84	118,104.08	543,977.34
Deposits and security deposits	202,000.00	5.00	10,100.00	191,900.00
Government subsidies	100,000.00	5.00	5,000.00	95,000.00
Others	460,000.00	20.00	92,000.00	368,000.00
Total	**1,424,081.42**	**15.81**	**225,204.08**	**1,198,877.34**

At the end of the last year, the Company had no other receivables in Stages 2 and 3.

④ Details of provision for bad debts made, recovered or reversed during the period

Provision for bad debts	Stage 1 Next 12-month expected credit losses	Stage 2 Lifetime expected credit losses (without credit impairment)	Stage 3 Lifetime expected credit losses (with credit impairment)	Total
Balance at the beginning of the period	225,204.08			**225,204.08**
In the period, balance at the beginning of the period				
– Transfer to Stage 2				
– Transfer to Stage 3				
– Reversal to Stage 2				
– Reversal to Stage 1				
Provision for the period	-1,368.77			**-1,368.77**
Reversal in the period				
Write-off in the period				
Cancellation in the period				
Other changes				
Balance at the end of the period	**223,835.31**			**223,835.31**

⑤ No other receivables were written-off in the period.

⑥ Top 5 entities in terms of the balance of other receivables at the end of the period by debtors

Entity	Nature of payment	Balance of other receivables at the end of the period	Aging	Proportion in the total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
Wuyishan Jinglong Fine Brewing Wine Industry Co., Ltd. (武夷山井龍精釀酒業有限公司)	Others	460,000.00	1-2 years	37.19	92,000.00
Wu Wenyi	Advances	370,000.00	2-3 years	29.91	111,000.00
Mount Wuyi Municipal Engineering Service Center (武夷山市市政工程服務中心)	Deposits and security deposits	100,000.00	Above 5 years	8.08	5,000.00
Discipline inspection committee of the Communist Party Committee of the Mount Wuyi City	Government subsidies	100,000.00	Within 1 year	8.08	5,000.00
Nanping Wuyi Transportation Development Co., Ltd. (南平武夷交通發展有限公司)	Deposits and security deposits	60,000.00	Above 5 years	4.85	3,000.00
Total		**1,090,000.00**		**88.11**	**216,000.00**

6. Inventories

Item	Balance at the end of the period			Balance at the end of last year		
	Book balance	Provision for depreciation/ provision for impairment of contract performance costs	Book value	Book balance	Provision for depreciation/ provision for impairment of contract performance costs	Book value
Stock commodities				3,168.33		3,168.33

7. Other current assets

Item	Balance at the end of the period	Balance at the end of last year
Excess VAT paid for future offsetting		168,270.19
Input tax to be deducted	6,545,188.64	4,786,381.93
Total	**6,545,188.64**	**4,954,652.12**

8. Long-term receivables

(1) Disclosure of long-term receivables by nature

Item	Balance at the end of the period			Balance at the end of last year		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Performance deposit	1,000,000.00	365,242.75	634,757.25	1,000,000.00	365,242.75	634,757.25
Less: Long-term receivables due within one year						
Total	**1,000,000.00**	**365,242.75**	**634,757.25**	**1,000,000.00**	**365,242.75**	**634,757.25**

(2) Provision for bad debts

Category	Balance at the end of the period					Balance at the end of last year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Book value	Amount	Ratio (%)	Amount	Expected credit Loss rate (%)	Book value
Provision for bad debts on an individual basis										
Provision for bad debts on a collective basiss	1,000,000.00	100.00	365,242.75	36.52	634,757.25	1,000,000.00	100.00	365,242.75	36.52	634,757.25
Including:										
Performance deposit	1,000,000.00	100.00	365,242.75	36.52	634,757.25	1,000,000.00	100.00	365,242.75	36.52	634,757.25
Total	**1,000,000.00**	**100.00**	**365,242.75**	**36.52**	**634,757.25**	**1,000,000.00**	**100.00**	**365,242.75**	**36.52**	**634,757.25**

Provision for bad debts based on collective assessment

Portfolio provision items: Performance deposit

Aging	Balance at the end of the period			Balance at the end of last year		
	Long-term receivables	Provision for bad debts	Expected credit loss rate (%)	Long-term receivables	Provision for bad debts	Expected credit loss rate (%)
Over 3 years	1,000,000.00	365,242.75	36.52	1,000,000.00	365,242.75	36.52

Details of provision for bad debts made, recovered or reversed during the period

Item	Provision for bad debts
Balance at the beginning of the period	365,242.75
Reversal in the period	
Balance at the end of the period	**365,242.75**

9. Long-term equity investments

Investee	Balance at the beginning of the period (book value)	Increase/decrease during the period: Additional/ new investment	Reduced investment	Profit or loss on investments recognized under the equity method	Cash dividends or profits declared to be paid	Balance at the end of the period (book value)	Balance of provision for impairment at the end of the period
Associate:							
Mount Wuyi Impression Dahongpao Cultural Industry Co., Ltd. (武夷山印象大紅袍文化產業有限公司)	1,988,389.55			26,021.84		2,014,411.39	
Wuyishan Shanmenghaishi Cultural Tourism Co., Ltd. (武夷山山盟海誓文化旅遊有限公司)	165,274.94			-14,428.11		150,846.83	
Total	**2,153,664.49**			**11,593.73**		**2,165,258.22**	

10. Investment property

Item	**Buildings**
I. Original carrying amount	
1. Balance at the beginning of the period	355,557.20
2. Increase in the period	
3. Decrease in the period	
4. Balance at the end of the period	355,557.20
II. Accumulated depreciation and accumulated amortization	
1. Balance at the beginning of the period	44,497.64
2. Increase in the period	6,067.86
(1) Provision or amortization	6,067.86
3. Decrease in the period	
4. Balance at the end of the period	50,565.50
III. Provision for impairment	
IV. Book value	
1. Carrying amount at the end of the period	304,991.70
2. Carrying amount at the beginning of the period	311,059.56

11. Fixed assets

Item	Balance at the end of the period	Balance at the end of last year
Fixed assets	114,711,046.73	119,710,218.40
Disposal of fixed assets		
Total	**114,711,046.73**	**119,710,218.40**

(1) Fixed assets

Item	Buildings	Motor vehicles	Infrastructure	Other equipment	Total
I. Original carrying amount:					
1. Balance at the beginning of the period	68,392,082.34	2,045,806.86	91,884,329.41	19,379,353.73	181,701,572.34
2. Increase in the period		9,700.00	271,709.49	20,004.36	301,413.85
(1) Purchase		9,700.00	271,709.49	20,004.36	301,413.85
3. Decrease in the period			53,796.95	20,720.22	74,517.17
(1) Disposal or scrapping			53,796.95	20,720.22	74,517.17
4. Balance at the end of the period	68,392,082.34	2,055,506.86	92,102,241.95	19,378,637.87	181,928,469.02
II. Accumulated depreciation					
1. Balance at the beginning of the period	17,265,030.28	1,510,821.18	33,228,917.37	9,986,585.11	61,991,353.94
2. Increase in the period	1,206,087.12	51,308.20	2,812,931.89	1,213,178.98	5,283,506.19
(1) Provision	1,206,087.12	51,308.20	2,812,931.89	1,213,178.98	5,283,506.19
3. Decrease in the period			51,107.10	6,330.74	57,437.84
(1) Disposal or scrapping			51,107.10	6,330.74	57,437.84
4. Balance at the end of the period	18,471,117.40	1,562,129.38	35,990,742.16	11,193,433.35	67,217,422.29
III. Provision for impairment					
IV. Book value					
1. Carrying amount at the end of the period	49,920,964.94	493,377.48	56,111,499.79	8,185,204.52	114,711,046.73
2. Carrying amount at the beginning of the period	51,127,052.06	534,985.68	58,655,412.04	9,392,768.62	119,710,218.40

Fixed assets with pending certificate of title

Item	Book value	Reasons for outstanding certificates of title
Administrative office	142,509.67	In processing
Creative supermarket	365,195.97	In processing
High and low voltage power distribution room	401,609.67	In processing
Theater Corridor (Riverside Section)	675,520.98	In processing
Total	**1,584,836.29**	

12. Construction in progress

Item	Balance at the end of the period	Balance at the end of last year
Construction in progress	12,984,618.44	163,018.87
Project materials		
Total	**12,984,618.44**	**163,018.87**

(1) Construction in progress

① Details of construction in progress

Item	Balance at the end of the period			Balance at the end of last year		
	Book balance	Provision for impairment	Net book amount	Book balance	Provision for impairment	Net book amount
Other sporadic projects	581,389.66		581,389.66	163,018.87		163,018.87
Renovation and upgrading of Impression Tianjie in 2026	12,403,228.78		12,403,228.78			
Total	**12,984,618.44**		**12,984,618.44**	**163,018.87**		**163,018.87**

② Changes to significant construction in progress

Project name	Balance at the beginning of the period	Increase in the period	Fixed asset transferred in	Other decreases	Accumulated capitalization amount of interest	Including: Capitalization amount of interest in the period	Capitalization rate of interest in the period	Balance at the end of the period
Renovation and upgrading of Impression Tianjie in 2026		12,403,228.78						12,403,228.78

Project name	Budget amount	Proportion of cumulative project investment in budget (%)	Progress of construction	Capital sources
Renovation and upgrading of Impression Tianjie in 2026	40,000,000.00	31.0	In progress	Self-financed funds

13. Productive biological assets

Item	Forestry Cherry blossom seedlings
I. Original carrying amount	
1. Balance at the beginning of the period	111,884.00
2. Increase in the period	
3. Decrease in the period	
4. Balance at the end of the period	111,884.00
II. Accumulated depreciation	
1. Balance at the beginning of the period	67,130.54
2. Increase in the period	5,594.22
(1) Provision	5,594.22
3. Decrease in the period	
4. Balance at the end of the period	72,724.76
III. Provision for impairment	
IV. Book value	
1. Carrying amount at the end of the period	39,159.24
2. Carrying amount at the beginning of the period	44,753.46

14. Right-of-use assets

Item	Buildings
I. Original carrying amount:	
1. Balance at the beginning of the period	88,553,951.48
2. Increase in the period	
(1) New leases	
3. Decrease in the period	
4. Balance at the end of the period	88,553,951.48
II. Accumulated depreciation	
1. Balance at the beginning of the period	10,373,485.14
2. Increase in the period	2,601,643.42
(1) Provision	2,601,643.42
3. Decrease in the period	
4. Balance at the end of the period	12,975,128.56
III. Provision for impairment	
IV. Book value	
1. Carrying amount at the end of the period	75,578,822.92
2. Carrying amount at the beginning of the period	78,180,466.34

15. Intangible assets

Item	Land use right	Franchise	Total
I. Original carrying amount			
1. Balance at the beginning of the period	11,044,319.89	7,955,901.17	19,000,221.06
2. Increase in the period			
3. Decrease in the period			
4. Balance at the end of the period	11,044,319.89	7,955,901.17	19,000,221.06
II. Accumulated amortization			
1. Balance at the beginning of the period	3,277,244.22	4,570,616.48	7,847,860.70
2. Increase in the period	168,239.88	158,685.24	326,925.12
(1) Provision	168,239.88	158,685.24	326,925.12
3. Decrease in the period			
(1) Other decreases			
4. Balance at the end of the period	3,445,484.10	4,729,301.72	8,174,785.82
III. Provision for impairment			
IV. Book value			
1. Carrying amount at the end of the period	7,598,835.79	3,226,599.45	10,825,435.24
2. Carrying amount at the beginning of the period	7,767,075.67	3,385,284.69	11,152,360.36

① There was no land use right mortgaged or guaranteed at the end of the period.

② There was no indication of impairment of intangible assets at the end of the period, and no provision for impairment was required to be made.

16. Long-term deferred expenses

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period: Amortization in the period	Decrease in the period: Other decreases	Balance at the end of the period
Decoration of the Chatang hotel	19,993,854.07	217,924.76	1,187,753.76		19,024,025.07
Impression Tianjie projects	10,519,167.15		510,915.85		10,008,251.30
Design and construction contracting project for the Tea Museum	4,902,057.74		377,302.92		4,524,754.82
Landscape engineering for the theater	1,699,735.15		233,608.50		1,466,126.65
Other projects within the Tea Expo Park	929,758.99		81,883.80		847,875.19
Landscape renovation and upgrading project of Dahongpao Experience Center	1,147,464.35		63,748.08		1,083,716.27
Landscape renovation and upgrading project of China Wuyi Tea Expo Park	1,157,399.17		58,741.98		1,098,657.19
Qinhui Hotel	1,000,824.76		67,575.72		933,249.04
Amortization of stage equipment	962,187.18		114,951.48		847,235.70
Amortization of theater facilities	1,861,118.95	691,948.00	320,094.65		2,232,972.30
Production cost of the stage design for Moonlight Wuyi	10,166,382.16		758,295.12		9,408,087.04
Choreographed fees for Moonlight Wuyi	28,535,040.23		737,747.11		27,797,293.12
Amortization of minor expenses	4,395,852.17	48,862.38	601,267.02		3,843,447.53
Total	**87,270,842.07**	**958,735.14**	**5,113,885.99**		**83,115,691.22**

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities without offset

Item	Balance at the end of the period		Balance at the end of last year	
	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities
Deferred income tax assets:				
Provision for credit impairment	907,327.07	226,831.77	1,524,702.33	381,175.58
Deductible losses	16,211,186.96	4,052,796.74	16,211,186.96	4,052,796.74
Lease liabilities	84,885,962.34	21,221,490.57	84,557,812.89	21,139,453.22
Sub-total	**102,004,476.37**	**25,501,119.08**	**102,293,702.18**	**25,573,425.54**
Deferred income tax liabilities:				
Right-of-use assets	75,578,822.92	18,894,705.73	78,180,466.34	19,545,116.59
Changes in fair value of FVPL	308,149.81	77,037.45	20,596.64	5,149.16
Sub-total	**75,886,972.73**	**18,971,743.18**	**78,201,062.98**	**19,550,265.75**

(2) Deferred income tax assets or liabilities presented on a net basis after offsetting

Item	Amount of offsetting between deferred income tax assets and liabilities at the end of the period	Balance of deferred income tax assets or liabilities after offsetting at the end of the period	Amount of offsetting between deferred income tax assets and liabilities at the end of the last year	Balance of deferred income tax assets or liabilities after offsetting at the end of the last year
Deferred income tax assets	18,971,743.18	6,529,375.90	19,550,265.75	6,023,159.79
Deferred income tax liabilities	18,971,743.18		19,550,265.75	

(3) Details of deductible temporary differences and deductible losses of unrecognized deferred income tax assets

Item	Balance at the end of the period	Balance at the end of last year
Deductible losses	40,513,108.32	30,792,669.03

(4) Deductible losses of unrecognized deferred income tax assets will be expired in the following years

Year	Balance at the end of the period	Balance at the end of last year
2026	–	4,650,651.26
2027	7,553,423.66	7,553,423.66
2028	6,474,009.07	6,474,009.07
2029	6,392,087.37	6,392,087.37
2030	5,722,497.64	5,722,497.67
2031	14,371,090.58	–
Total	**40,513,108.32**	**30,792,669.03**

18. Assets with restrictions on the ownership or right of use

Item	Book balance	Book value	Restriction type	Restriction
		At the end of the period		
Monetary funds	250.00	250.00	Restriction due to freezing	ETC margin
Monetary funds	1,500.00	1,500.00	Restriction due to freezing	POS deposit
Total	**1,750.00**	**1,750.00**		

19. Short-term borrowings

Type of borrowings	Balance at the end of the period	Balance at the beginning of the period
Credit borrowings	6,003,683.33	

20. Trade payables

Item	Balance at the end of the period	Balance at the end of last year
Payment for projects	16,968,644.14	25,688,714.34
Labour costs		618,124.22
Director's creative fee and quality maintenance fee	2,779,090.30	195,302.66
Equipment maintenance and upgrade costs	374,319.29	420,782.22
Others	149,090.19	337,592.64
Total	**20,271,143.92**	**27,260,516.08**

There were no significant trade payables with aging over 1 year.

21. Advances from customers

Item	Balance at the end of the period	Balance at the end of last year
Rent received in advance	437,952.29	277,518.02

There were no significant advances from customers with aging over 1 year.

22. Contract liabilities

Item	Balance at the end of the period	Balance at the end of last year
Ticket and membership card payments received in advance	2,778,016.87	2,750,093.57

There were no significant contract liabilities with aging over 1 year.

23. Employee benefits payments

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Short-term remuneration	4,370,273.91	15,421,345.68	19,350,643.23	440,976.36
Post-employment welfare - defined contribution plans	672.00	1,713,419.26	1,713,419.26	672.00
Total	**4,370,945.91**	**17,134,764.94**	**21,064,062.49**	**441,648.36**

(1) Short-term remuneration

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Salaries, bonuses, allowances and subsidies	4,281,920.19	13,260,059.35	17,267,942.46	274,037.08
Employee benefits		110,233.30	110,233.30	
Social insurance premiums		998,849.95	998,849.95	
Including: 1. Medical		898,363.72	898,363.72	
2. Work injury		44,332.83	44,332.83	
3. Maternity		56,153.40	56,153.40	
Housing fund		789,000.00	789,000.00	
Union fee and employee education expenses	88,353.72	263,203.08	184,617.52	166,939.28
Total	**4,370,273.91**	**15,421,345.68**	**19,350,643.23**	**440,976.36**

(2) Defined contribution schemes

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Post-employment benefits	672.00	1,713,419.26	1,713,419.26	672.00
Including: Basic pension premium	672.00	1,656,498.56	1,656,498.56	672.00
Unemployment insurance premium		55,526.75	55,526.75	
Enterprise annuity contribution		1,393.95	1,393.95	
Total	**672.00**	**1,713,419.26**	**1,713,419.26**	**672.00**

24. Tax payments

Taxation	Balance at the end of the period	Balance at the end of last year
Value-added tax	210,175.62	216,107.62
Corporate income tax	2,908,654.86	2,002,417.56
Personal income tax	11,740.19	3,519.99
Urban maintenance and construction tax	15,483.97	14,168.03
Educational surcharge	11,090.24	10,150.28
Property tax	207,401.80	207,401.80
Land use tax	26,092.20	26,092.20
Stamp duty	10,251.19	46,912.96
Total	**3,400,890.07**	**2,526,770.44**

25. Other payables

Item	Balance at the end of the period	Balance at the end of last year
Interests payable		
Dividends payable		
Other payables	5,626,457.13	13,101,817.03
Total	**5,626,457.13**	**13,101,817.03**

(1) Other payables

Item	Balance at the end of t he period	Balance at the end of last year
Deposits and security deposits	3,932,956.50	6,555,901.18
Accrued and unpaid listing expenses	1,138,112.19	6,213,886.60
Payments with entities	55,448.00	
Others	499,940.44	332,029.25
Total	**5,626,457.13**	**13,101,817.03**

There were no significant other payables with aging over 1 year.

26. Non-current liabilities due within one year

Item	Balance at the end of the period	Balance at the end of last year
Long-term payables due within one year	1,313,736.72	440,744.77
Lease liabilities due within one year	8,923,564.79	6,684,259.00
Long-term borrowings due within one year	457,500.00	
Total	**10,694,801.51**	**7,125,003.77**

(1) Long-term payables due within one year

Item	Balance at the end of the period	Balance at the end of last year
Payable for transfer of franchise right of Tea Expo Park	1,313,736.72	440,744.77

27. Other current liabilities

Item	Balance at the end of the period	Balance at the end of last year
Output tax to be carried forward	96,556.99	89,873.17

28. Long-term borrowings

(1) Type of long-term borrowings

Type of borrowings	Balance at the end of the period	Balance at the end of last year
Credit borrowings	9,007,500.00	
Less: Long-term borrowings due within one year	457,500.00	
Total	**8,550,000.00**	

29. Lease liabilities

Item	Balance at the end of the period	Balance at the end of last year
Lease liabilities	84,885,962.34	84,557,812.89
Less: Lease liabilities due within one year	8,923,564.79	6,684,259.00
Total	**75,962,397.55**	**77,873,553.89**

The amount of interest expenses accrued for lease liabilities from January to June 2026 was RMB1,543,300, and the amount included in the finance expense-interest expense was RMB1,543,300.

30. Long-term payables

Item	Balance at the end of the period	Balance at the end of last year
Long-term payables	7,167,372.51	7,897,583.46
Special payables		
Total	**7,167,372.51**	**7,897,583.46**

(1) Long-term payables (by nature)

Item	Balance at the end of the period	Balance at the end of last year
Payable for transfer of franchise right of Tea Expo Park	8,481,109.23	8,338,328.23
Less: Long-term payables due within one year	1,313,736.72	440,744.77
Total	**7,167,372.51**	**7,897,583.46**

31. Share capital (Unit: '0,000)

Item	Balance at the beginning of the period	Increase/decrease during the period (+, -) New shares issued	Stock dividend	Public reserve transferred to shares	Others	Sub-total	Balance at the end of the period
Total shares	14,417.00						14,417.00

32. Capital reserve

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Share premium	133,136,881.04			133,136,881.04

33. Surplus reserves

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Statutory surplus reserve	25,844,363.64			25,844,363.64

34. Undistributed profit

Item	Amount during the period	Amount from January to June 2025
Undistributed profit as at the end of last period before adjustment	31,149,394.76	41,221,349.39
Total undistributed profit as at the beginning of the adjustment period (+ for increase and - for decrease)		
Undistributed profits at the beginning of the period after adjustment	31,149,394.76	41,221,349.39
Add: Net profit attributable to shareholders of the parent company in the period	2,543,772.48	10,225,298.40
Less: Withdrawal of statutory surplus reserves		
Common stock dividend payable	30,250,426.10	41,066,600.00
Undistributed profits as at the end of the period	3,442,741.14	10,380,047.79

35. Operating incomes and operating costs

(1) Operating incomes and operating costs

	Amount during the period		Amount from January to June 2025	
Item	**Revenue**	**Costs**	**Revenue**	**Costs**
Main business	46,424,544.49	35,402,973.91	55,004,888.02	31,523,824.40
Other business	719,695.77	76,842.00	1,068,028.06	164,847.08
Total	**47,144,240.26**	**35,479,815.91**	**56,072,916.08**	**31,688,671.48**

(2) Operating incomes and operating costs by industry (or type of products)

Type of main products (or industry)	Amount during the period		Amount from January to June 2025	
	Revenue	**Costs**	**Revenue**	**Costs**
Main business:				
Ticket selling	45,328,568.17	30,470,989.59	51,434,983.11	26,019,330.12
Hotel operation	994,776.63	4,264,082.23	1,878,052.33	4,523,505.85
Cultural tourism business	101,199.69	667,902.09	1,691,852.58	980,988.43
Sub-total	46,424,544.49	35,402,973.91	55,004,888.02	31,523,824.40
Other business:	719,695.77	76,842.00	1,068,028.06	164,847.08
Total	**47,144,240.26**	**35,479,815.91**	**56,072,916.08**	**31,688,671.48**

(3) Operating incomes and operating costs by timing of goods transferred

Item	Amount during the period					
	Ticket selling		Hotel operation		Cultural tourism business	
	Revenue	Costs	Revenue	Costs	Revenue	Costs
Main business						
Of which: Recognised at a point in time	45,328,568.17	30,470,989.59	59,966.71	3,466,292.43	101,199.69	667,902.09
Recognised over time			934,809.92	797,789.80		
Other business						
Of which: Recognised at a point in time					159,636.62	28,014.00
Recognised over time						
Lease income					560,059.15	48,828.00
Total	**45,328,568.17**	**30,470,989.59**	**994,776.63**	**4,264,082.23**	**820,895.46**	**744,744.09**

36. Taxes and surcharges

Item	Amount during the period	Amount from January to June 2025
Urban maintenance and construction tax	101,968.95	107,785.49
Educational surcharge and local educational surcharge	72,834.96	76,989.63
Property tax	207,401.80	207,401.80
Land use tax	26,092.20	26,608.85
Vehicle and vessel tax	1,620.48	2,160.48
Stamp duty	21,648.87	22,202.33
Total	**431,567.26**	**443,148.58**

See Note IV. Tax for details of calculation and payment standards for various taxes and surcharges.

37. Selling expenses

Item	Amount during the period	Amount from January to June 2025
Advertising and promotion expenses	2,111,727.32	1,653,792.88
Amortization of depreciation	1,462,644.24	1,403,842.75
Employee benefits	1,017,719.24	873,116.86
Office fees	77,847.32	75,403.32
Rental	10,839.45	42,813.49
Material consumption	332,302.56	
Others	357,516.72	108,305.52
Total	**5,370,596.85**	**4,157,274.82**

38. Administrative expenses

Item	Amount during the period	Amount from January to June 2025
Employee benefits	2,537,080.05	2,262,102.05
Amortization of depreciation	545,756.86	524,066.98
Office fees	257,672.00	263,632.13
Consultancy fees	1,527,615.13	557,968.12
Repair costs	100,866.97	69,914.69
Vehicle use fees	111,899.07	110,616.67
Travel expense	12,099.84	10,519.76
Water resources management funds	142,148.05	127,193.82
Entertainment expense	40,590.08	18,601.00
Utilities	103,242.89	
Startup costs		4,153,214.74
Others	587,489.00	458,343.64
Total	**5,966,459.94**	**8,556,173.60**

39. Financial expenses

Item	Amount during the period	Amount from January to June 2025
Interest expenses	1,852,918.21	1,381,485.20
Less: Interest income	671,425.45	85,353.94
Foreign exchange losses and gains	969,411.00	-295.46
Bank charges and others	26,661.70	38,243.72
Total	**2,177,565.46**	**1,334,079.52**

40. Other income

Item	Amount during the period	Amount from January to June 2025
Government subsidies directly included in the current profit or loss	19,272.00	
VAT reduction or exemption	23,400.00	23,400.00
Handling charges refund for withholding individual income tax	536.47	23.51
Total	**43,208.47**	**23,423.51**

See Note VII. Government subsidies for details of government subsidies.

41. Investment income

Item	Amount during the period	Amount from January to June 2025
Income from long-term equity investment calculated under equity method	11,593.73	-39,731.06
Investment income from disposal of financial assets held for trading (Note 1)	79,886.12	132,138.06
Total	91,479.85	92,407.00

Note 1: Details of investment income from disposal of financial assets held for trading are as follows:

Item	Amount during the period	Amount from January to June 2025
Bank wealth management products	79,886.12	132,138.06

42. Gains from changes in fair value

Source of income from changes in fair value	Amount during the period	Amount from January to June 2025
Financial assets held for trading	308,149.81	103,926.13

43. Losses from credit impairment ("-" for losses)

Item	Amount during the period	Amount from January to June 2025
Losses from bad debts of trade receivables	616,006.49	-19,247.57
Losses from bad debts of other receivables	1,368.77	4,261.65
Losses from bad debts of long-term receivables		13,942.11
Total	**617,375.26**	**-1,043.81**

44. Non-operating incomes

Item	Amount during the period	Amount from January to June 2025	Amount included in non-recurring profit or loss in the period
Gains from counts	13,648.00		13,648.00
Others	100.65	1,002.95	100.65
Total	**13,748.65**	**1,002.95**	**13,748.65**

45. Non-operating expenses

Item	Amount during the period	Amount from January to June 2025	Amount included in non-recurring profit or loss in the period
Donation outlay	1,289.00	781.05	1,289.00
Amercement and overdue fine outlay		155.11	
Losses from the damage and scraping of non-current assets	17,223.22	12,894.62	17,223.22
Others	12,068.98	255.77	12,068.98
Total	**30,581.20**	**14,086.55**	**30,581.20**

46. Income tax expenses

(1) Details of income tax expenses

Item	Amount during the period	Amount from January to June 2025
Current income tax calculated in accordance with tax laws and relevant regulations	3,791,353.25	5,024,998.72
Deferred income tax expenses	-506,216.11	-1,700,156.63
Total	3,285,137.14	3,324,842.09

(2) The reconciliation between income tax expenses and total profit.

Item	Amount during the period	Amount from January to June 2025
Total profit	-1,238,384.32	10,099,197.31
Income tax expense at the statutory (or applicable) tax rates (total profit *25%)	-309,596.09	2,524,799.33
Gain or loss from associates and joint ventures by equity method	-2,898.43	9,932.77
Non-deductible costs, expenses and losses	4,859.01	102,667.32
Tax effect of unrecognized deductible losses and deductible temporary differences	3,592,772.65	687,442.67
Income tax expenses	3,285,137.14	3,324,842.09

47. Notes to items of the statement of cash flows

(1) Cash received from other operating activities

Item	Amount during the period	Amount from January to June 2025
Cash received from government subsidies	43,208.47	162,028.00
Interest income	671,425.45	52,774.77
Current accounts, security deposits and other cash receipts	1,939,592.79	951,614.51
Total	**2,654,226.71**	**1,166,417.28**

(2) Cash paid for other operating activities

Item	Amount during the period	Amount from January to June 2025
Cash paid for administrative expenses and selling expenses	5,773,856.40	6,882,187.24
Current accounts, security deposits and other cash payments	3,075,869.50	107,791.69
Handling charge for financial expenses	26,661.70	38,243.72
Total	**8,876,387.60**	**7,028,222.65**

(3) Cash paid for other financing activities

Item	Amount during the period	Amount from January to June 2025
Amount paid to repay the lease liability	1,215,196.10	695,639.40
Payment of listing expenses	5,071,042.91	3,754,967.09
Total	**6,286,239.01**	**4,450,606.49**

(4) Changes in liabilities arising from financing activities

		Changes in cash		Changes in non-cash			
Item	Balance at the beginning of the period	Cash inflows	Cash outflows	Accrued interest	Changes in fair value	Others	Balance at the end of the period
Lease liabilities	84,557,812.89		1,215,196.10	1,543,345.55			84,885,962.34
Long-term payables	8,338,328.23			142,781.00			8,481,109.23
Total	**92,896,141.12**		**1,215,196.10**	**1,686,126.55**			**93,367,071.57**

① Lease liabilities include lease liabilities due within one year, and other changes are due to the Company's newly lease of glass sightseeing corridor of Tea Way, Moonlight Wuyi Theater and parking lot.

② Long-term payables include long-term payables due within one year. Other changes are because the present value of the payment obligation was re-measured and the book value of long-term payables was reduced accordingly based on the fact that the owner of the franchise right in the period halved the operation transfer fee within the original contract period while maintaining the original lease area and lease term unchanged.

48. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Supplementary material	Amount during the period	Amount from January to June 2025
1. Net profits adjusted to cash flows from operating activities:		
Net profit	-4,523,521.46	6,774,355.22
Add: Losses from asset impairment		
Losses from credit impairment	-617,375.26	1,043.81
Depreciation of fixed assets, investment property and productive biological assets	5,295,168.27	4,153,234.80
Depreciation of right-of-use assets	2,601,643.42	1,434,422.10
Amortization of intangible assets	326,925.12	798,099.54
Amortization of long-term deferred expenses	5,113,885.99	4,402,819.16
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)		
Losses on write-off of fixed assets ("-" for gains)	17,223.22	12,894.62
Losses from changes in fair value ("-" for gains)	-308,149.81	-103,926.13
Financial expenses ("-" for income)	2,822,329.21	1,381,189.74
Investment losses ("-" for gains)	-91,479.85	-92,407.00
Decrease in deferred income tax assets ("-" for increase)	-506,216.11	-1,700,156.63
Increases in deferred income tax liabilities ("-" for decreases)		
Decrease in inventories ("-" for increase)	3,168.33	35,844.24
Decreases in operating receivables ("-" for increases)	-215,259.59	-3,631,217.23
Increase in operating payables ("-" for decrease)	-3,127,471.38	5,518,872.63
Others		
Net cash generated flow from operating activities	6,790,870.10	18,985,068.87

Supplementary material	Amount during the period	Amount from January to June 2025
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
New right-of-use assets		67,355,370.59
3. Net change in cash and cash equivalents:		
Balance of cash at the end of the period	114,352,909.07	64,100,214.24
Less: Balance of cash at the beginning of the period	195,405,771.88	101,081,559.29
Add: Balance of cash equivalents at the end of the period		
Less: Balance of cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-81,052,862.81	-36,981,345.05

(2) Breakdowns of cash and cash equivalents

Item	Balance at the end of the period	Balance on 30 June 2025
I. Cash	114,352,909.07	64,100,214.24
Including: Cash on hand	10,000.00	
Unrestricted bank deposits	114,342,909.07	64,100,214.24
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	114,352,909.07	64,100,214.24

49. Lease

(1) As a lessee

Item	Amount during the period
Short-term rental expenses	10,839.45
Low-value lease expenses	19,999.98
Total	**30,839.43**

(2) As lessor

Operating lease

Item	Amount during the period
Lease income	560,059.15

VI. RIGHTS AND INTERESTS IN OTHER ENTITIES

1. Equities in subsidiaries

(1) Structure of the enterprise group

Name of subsidiary	Registered capital (RMB'0,000)	Main business premise	Type of legal person	Registered address	Nature of business	Shareholding ratio (%) Direct	Indirect	Method of acquisition
Mount Wuyi City Chatang Hot Spring Resort Co., Ltd. (武夷山茶湯溫泉度假村有限公司)	8,800	Mount Wuyi City, Fujian Province	Limited liability company	Mount Wuyi City, Fujian Province	Catering and accommodation services and tourism project development	100.00		Established by investment
Mount Wuyi Impression Dahongpao Cultural Tourism Co., Ltd. (武夷山印象大紅袍文化旅遊有限公司)	2,500	Mount Wuyi City, Fujian Province	Limited liability company	Mount Wuyi City, Fujian Province	Investment in, investment attraction for, and planning, development and construction of cultural tourism	100.00		Established by investment
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	8,000	Mount Wuyi City, Fujian Province	Limited liability c ompany	Mount Wuyi City, Fujian Province	Operation of commercial performances and performance places; performance brokerage	40.00		Established by investment

(2) Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in the period	Dividends declared to be distributed to minority shareholders in the period	Balance of non-controlling interests at the end of the period
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	60.00	-7,067,293.94		33,782,892.66

(3) Main financial information on major non-wholly-owned subsidiaries

	Balance at the end of the period					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	12,507,684.26	148,621,710.16	161,129,394.42	33,388,245.45	71,536,506.18	104,924,751.63

Continued:

	Balance at the end of last year					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	11,771,521.19	152,688,218.99	164,459,740.18	32,258,781.89	64,217,492.26	96,476,274.15

Continued:

Name of subsidiary	Amount during the period Operating incomes	Net profit	Total comprehensive income	Cash flows from operating activities
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	1,612,482.84	-11,778,823.24	-11,778,823.24	-6,401,098.13

Continued:

Name of subsidiary	Amount from January to June 2025 Operating incomes	Net profit	Total comprehensive income	Cash flows from operating activities
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	2,367,181.12	-5,751,571.97	-5,751,571.97	-4,122,008.57

2. Equity in associates

(1) Summary of financial information on other insignificant associates

Item	Balance at the end of the period/ amount during the period	Balance at the end of the last year/ amount from January to June 2025
Associate:		
Total investment book value	2,165,258.22	2,153,664.49
Total amount calculated based on the following shareholding proportions	11,593.73	-39,731.06
Net profit	12,475.98	-121,976.25

VII. GOVERNMENT SUBSIDIES

1. Government subsidies included in the current profit or loss by using the total amount method

Type	Amount included in profit or loss from January to June 2025	Amount included in profit or loss in the period	Presentation items included in profit or loss
Revenue-related government subsidies:			
Expansion of employment subsidy		16,500.00	Other income
Employment stabilization subsidy		2,772.00	Other income
Total		**19,272.00**	

VIII. RISK MANAGEMENT ON FINANCIAL INSTRUMENTS

The Company's main financial instruments include monetary funds, trade receivables, other receivables, other current assets, long-term receivables, trade payables, other payables, non-current liabilities due within one year, lease liabilities and long-term payables. Details of financial instruments are disclosed in the relevant notes. Risks associated with these financial instruments, as well as the risk management policies taken by the Company to mitigate these risks are as set out below. The Company's management manages and monitors these exposures to ensure that the risks are controlled within certain limits.

1. Risk management objectives and policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk).

The Company's objective in risk management is a proper balance between the risks and benefits and the Company aims to reduce the negative impact of risks on the Company's results of operations to a minimum level, so that the interests of shareholders and other equity investors are maximized. Based on these risk management objectives, the basic strategy of the Company's risk management is to identify and analyze the risks faced by the Company, set a appropriate bottom line for risk tolerance and conduct risk management, and timely and reliably monitor various risks to control the risks within a limited range.

The Board is responsible for planning and establishing the Company's risk management framework, specifying the Company's risk management policies and relevant guidelines, and supervising 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 many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's business activities to decide whether to update the risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The Company's internal audit department regularly reviews the risk management controls and procedures, and reports the audit results to the Company's Audit Committee.

The Company diversifies the risks of financial instruments through appropriate diversified investment and business portfolios, and reduces risk concentrated on a single industry, a specific region, or a specific counterparty by formulating appropriate risk management policies.

(1) Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company's credit risk is managed by portfolio classification. Credit risks mainly arise from bank deposits, trade receivables, other receivables, long-term receivables, etc.

The bank deposits of the Company are mainly placed with state-owned banks and other large and medium-sized listed banks, and the Company does not expect that the bank deposits will be exposed to significant credit risk.

For trade receivables, other receivables and long-term receivables, the Company has established relevant policies to control credit risk exposure. The Company assesses customers' credit qualifications and sets the corresponding credit period based on customers' financial positions, credit history and other factors such as the current market conditions. The Company monitors the customers' credit records periodically; as for the customers with bad credit records, the Company adapts the methods including requesting a payment in writing or shortening or cancelling credit period so as to keep the Company's overall credit risks within controllable scope.

The debtors of the Company's trade receivables are customers in different industries and regions. The Company continuously performs credit assessment on the financial status of trade receivables and purchases credit guarantee insurance when appropriate.

The maximum credit risk exposure of the Company is the carrying amount of each financial asset in the balance sheet. The Company has not provided any other guarantees that may subject the Company to credit risk.

Among the Company's trade receivables, the trade receivables from the top five customers accounted for 91.45% (2025: 94.90%) of the Company's total trade receivables; among the Company's other receivables, the other receivables from the top five companies with the largest amounts in arrear accounted for 88.11% (2025: 87.18%) of the Company's total other receivables.

(2) Liquidity risk

Liquidity risk is the risk that the Company will encounter a shortage of funds to fulfil its obligations that are settled by the delivery of cash or other financial assets.

When managing the liquidity risks, the Company maintains sufficient cash and cash equivalents as deemed by the management and monitors the same to meet the Company's operational needs and mitigate the impact of fluctuations in cash flows. The management of the Company monitors the utilization of bank borrowings and ensures compliance with the borrowing agreements. Commitments are also obtained from major financial institutions to provide adequate standby funds to meet both short-term and long-term funding requirements.

The Company finances its operations through funds generated from its operations and bank and other borrowings.

At the end of the period, financial liabilities and off-balance sheet guarantee items held by the Company are analyzed based on maturity date of the undiscounted remaining contractual cash flows (Unit: RMB'0,000):

Item	Balance at the end of the period			
	Within 1 year	**1-5 years**	**Over 5 years**	**Total**
Financial liabilities:				
Short-term borrowings	600.37			600.37
Trade payables	2,027.11			2,027.11
Other payables	562.65			562.65
Non-current liabilities due within one year	1,069.48			1,069.48
Long-term borrowings		252.00	603.00	855.00
Lease liabilities		2,262.91	5,333.33	7,596.24
Long-term payables		344.40	372.34	716.74
Total financial liabilities	**4,259.61**	**2,859.31**	**6,308.67**	**13,427.59**

At the end of the last year, financial liabilities and off-balance sheet guarantee items held by the Company are analyzed based on maturity date of the undiscounted remaining contractual cash flows (Unit: RMB'0,000):

	Balance at the end of last year			
Item	**Within 1 year**	**1-5 years**	**Over 5 years**	**Total**
Financial liabilities:				
Trade payables	2,726.05			2,726.05
Other payables	1,310.18			1,310.18
Non-current liabilities due within one year	712.50			712.50
Lease liabilities		1,739.49	6,047.87	7,787.36
Long-term payables		254.74	535.02	789.76
Total financial liabilities	**4,748.73**	**1,994.23**	**6,582.89**	**13,325.85**

IX. FAIR VALUE

The fair value hierarchy is classified based on the lowest level of inputs in the fair value measurement which are significant to the measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: observable inputs other than quoted market prices for assets or liabilities within Level 1 that are used either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: assets or liabilities are measured using any inputs that are not based on observable market data (unobservable inputs).

(1) Items measured at fair value but with their fair values disclosed and their amounts

Assets and liabilities measured at fair value at the end of the period using the above three levels are presented below:

Item	Measured at the fair value of Level 1	Measured at the fair value of Level 2	Measured at the fair value of Level 3	Total
I. Measurement at fair value on a going concern				
(I) Financial assets held for trading			50,852,549.81	50,852,549.81

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The Company's parent company

Parent company	Registered address	Nature of business	Registered capital (RMB'0,000)	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
Mount Wuyi Cultural Tourism Co., Ltd.	Mount Wuyi City, Fujian Province	Tourism services	26,272.68586	51.56	51.56

The ultimate controller of the Company is: Mount Wuyi Municipal People's Government, which holds 58.54% of the Company's shares through Mount Wuyi State-owned Assets Operation Service Centre, and is the actual controller of the Company.

2. Information of the Company's subsidiaries

See Note VI. 1 for details of subsidiaries.

3. Joint ventures of the Company

The Company's associates are as follows:

Associate	Relationship with the Company
Mount Wuyi Impression Dahongpao Cultural Industry Co., Ltd. (武夷山印象大紅袍文化產業有限公司)	The Company directly holds 45% of its shares
Wuyishan Shanmenghaishi Cultural Tourism Co., Ltd. (武夷山山盟海誓文化旅遊有限公司)	35% shares are directly held by Wuyishan Impression Dahongpao Cultural Tourism Co., Ltd. (武夷山印象大紅袍文化旅遊有限公司)

4. Information about other related parties of the Company

Name of related party	Relationship with the Company
Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司)	Directly hold 9.32% and indirectly hold 2.2% of the Company's shares
Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	Holding subsidiary of Mount Wuyi Tourism, and the general manager of the Company, Zheng Bin, serves as its chairman and legal representative
Impression Art Development Co., Ltd. (觀印象藝術發展有限公司)	Indirectly hold 15.27% of the Company's shares through Beijing Impression Landscape
Mount Wuyi City Chong'an Water Supply Co., Ltd. (武夷山市崇安自來水有限公司)	parent company of Mount Wuyi National Tourist Resort Water Supply Co., Ltd. (武夷山國家旅遊度假區自來水有限公司); sub-subsidiary of Mount Wuyi Tourism Resort Development Co., Ltd.
Wuyishan Digital Wuyi E-Commerce Development Co., Ltd. (武夷山市數字武夷電子商務發展有限公司)	First-tier company subordinate to Fujian Mount Wuyi Cultural Tourism Group Co., Ltd.
Fujian Mount Wuyi Yifeng Travel Agency Co., Ltd. (福建武夷山夷峰旅行社有限公司)	First-tier company subordinate to Fujian Mount Wuyi Cultural Tourism Group Co., Ltd.
Mount Wuyi Impression Dahongpao International Travel Agency Co., Ltd. (武夷山印象大紅袍國際旅行社有限公司)	Controlling subsidiary of Mount Wuyi Impression Dahongpao Cultural Industry Co., Ltd., in which the Company holds shares, and Mr. Zheng Qingrong, a deputy general manager of the Company, serves as its executive director
Mount Wuyi Hongtudi Cultural Service Co., Ltd. (武夷山紅土地文化服務有限公司)	A wholly-owned subsidiary of Fujian Province Mount Wuyi Tourism Cultural Investment Group Co., Ltd., a brother company of Fujian Mount Wuyi Cultural Tourism Group Co., Ltd., a shareholder of the Company
Fujian Province Mount Wuyi Travel Agency Co., Ltd. (福建省武夷山旅行社有限公司)	Controlling subsidiary of Fujian Wuyi Tourism Group Co., Ltd. and its legal representative Luo Mengyun serves as a director of Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd.
Fujian Province Mount Wuyi Tourism Cultural Investment Group Co., Ltd.	Directors of the Company also serve as directors of Fujian Province Mount Wuyi Tourism Cultural Investment Group Co., Ltd.
Fuxing (Beijing) Cultural Tourism Development Co., Ltd. (復興文旅(北京)文化產業發展有限公司)	Company controlled by the parent company of a minority shareholder of a subsidiary
Directors, managers, chief financial officer and Board secretary	Key officers

5. Related-party transactions

(1) Related party transactions on purchase and sales

① Purchase of goods and receipt of labour services

Related parties	Contents of related-party transactions	Amount during the period	Amount from January to June 2025
Impression Art Development Co., Ltd. (觀印象藝術發展有限公司)	Creative and maintenance fee	4,519,441.40	5,053,983.60
Mount Wuyi City Chong'an Water Supply Co., Ltd. (武夷山市崇安自來水有限公司)	Water and sewage treatment fee	100,425.20	43,080.76

The transaction is priced based on the fair market price.

② Sales of goods and rendering of services

Related parties	Contents of related-party transactions	Amount during the period	Amount from January to June 2025
Mount Wuyi Impression Dahongpao International Travel Agency Co., Ltd. (武夷山印象大紅袍國際旅行社有限公司)	Ticket sales	436,245.00	1,578,206.13
Fujian Mount Wuyi Yifeng Travel Agency Co., Ltd. (福建武夷山夷峰旅行社有限公司)	Ticket sales	22,726.00	278,424.27
Fujian Province Mount Wuyi Travel Agency Co., Ltd. (福建省武夷山旅行社有限公司)	Ticket sales	24,012.00	766,090.96
Wuyishan Yifeng Cultural Tourism Co., Ltd. (武夷山夷峰文化旅遊有限公司)	Ticket sales	280,584.00	
Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	Tourism service		12,811.32

The transaction is priced based on the fair market price.

(2) Related-party leases

① Leased by the Company

Lessee	Type of leased asset	Lease income recognized in the period	Lease income recognized from January to June 2025
Mount Wuyi Hongtudi Cultural Service Co., Ltd. (武夷山紅土地文化服務有限公司)	Places of operation and office	5,504.60	
Mount Wuyi Impression Dahongpao Cultural Industry Co., Ltd. (武夷山印象大紅袍文化產業有限公司)	Places of operation and office	22,935.78	

The transaction is priced based on the fair market price.

② Leased to the Company

Lessor	Type of leased asset	Lease payments payable in the period	Lease payments payable from January to June 2025
Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	Advertising space	138,909.48	138,909.48
Wuyishan Digital Wuyi E-Commerce Development Co., Ltd. (武夷山市數字武夷電子商務發展有限公司)	Advertising space	83,803.20	83,803.20

The transaction is priced based on the fair market price.

Interest expense on lease liabilities undertaken by the Company as a lessee in the current year:

Lessor	**Type of leased asset**	**Interest expense in the period**	**Interest expense from January to June 2025**
Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司)	Right-of-use assets	15,022.13	18,567.78
Fujian Province Mount Wuyi Tourism Cultural Investment Group Co., Ltd.	Right-of-use assets	1,192,630.07	

(3) Remuneration of key management members

The Company has 18 key management personnel in the period and 18 in the last period. The remunerations paid to them are shown in the table below:

Item	**Amount during the period**	**Amount from January to June 2025**
Remuneration of key management members	1,249,805.85	1,395,164.80

6. Receivables from and payables to related parties

(1) Receivables from related parties

Project	Related parties	Balance at the end of the period		Balance at the end of last year	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments	Wuyishan Digital Wuyi E-Commerce Development Co., Ltd. (武夷山市數字武夷電子商務發展有限公司)	27,934.40		111,737.60	
Prepayments	Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	208,577.72		247,487.20	
Long-term receivables	Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司)	1,000,000.00	365,242.75	1,000,000.00	365,242.75
Trade receivables	Mount Wuyi Hongtudi Cultural Service Co., Ltd. (武夷山紅土地文化服務有限公司)			3,500.00	3,500.00
Trade receivables	Wuyishan Digital Wuyi E-Commerce Development Co., Ltd. (武夷山市數字武夷電子商務發展有限公司)			2,500.00	125.00
Other receivables	Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	50,000.00	2,500.00	30,078.90	1,503.95

(2) Payables to related parties

Project	Related parties	Balance at the end of the period	Balance at the end of last year
Trade payables	Impression Art Development Co., Ltd. (觀印象藝術發展有限公司)	2,779,090.30	195,302.66
Trade payables	Fuxing (Beijing) Cultural Tourism Development Co., Ltd. (復興文旅(北京)文化產業發展有限公司)		2,924,528.31
Trade payables	Mount Wuyi City Chong'an Water Supply Co., Ltd. (武夷山市崇安自來水有限公司)		10,410.80
Other payables	Mount Wuyi Impression Dahongpao International Travel Agency Co., Ltd. (武夷山印象大紅袍國際旅行社有限公司)	17,067.00	152,023.48
Other payables	Fujian Mount Wuyi Yifeng Travel Agency Co., Ltd. (福建武夷山夷峰旅行社有限公司)	742.00	55,101.10
Other payables	Fujian Mount Wuyi Travel Development Co., Ltd. (福建武夷山旅遊發展股份有限公司)	143,706.10	
Other payables	Fujian Province Mount Wuyi Travel Agency Co., Ltd. (福建省武夷山旅行社有限公司)	50,820.00	94,925.39
Contract liabilities	Mount Wuyi Impression Dahongpao International Travel Agency Co., Ltd. (武夷山印象大紅袍國際旅行社有限公司)	224,928.17	248,469.76
Contract liabilities	Fujian Mount Wuyi Yifeng Travel Agency Co., Ltd. (福建武夷山夷峰旅行社有限公司)		41,705.83
Contract liabilities	Fujian Province Mount Wuyi Travel Agency Co., Ltd. (福建省武夷山旅行社有限公司)	3,035.92	27,144.66
Contract liabilities	Wuyishan Haishishanmeng Tourism Co., Ltd. (武夷山海誓山盟旅遊有限公司)	65,301.94	
Contract liabilities	Wuyishan Yifeng Cultural Tourism Co., Ltd. (武夷山夷峰文化旅遊有限公司)	29,203.88	
Other current liabilities	Mount Wuyi Impression Dahongpao International Travel Agency Co., Ltd. (武夷山印象大紅袍國際旅行社有限公司)	6,747.85	8,112.25
Other current liabilities	Fujian Mount Wuyi Yifeng Travel Agency Co., Ltd. (福建武夷山夷峰旅行社有限公司)		1,251.17

Project	Related parties	Balance at the end of the period	Balance at the end of last year
Other current liabilities	Fujian Province Mount Wuyi Travel Agency Co., Ltd. (福建省武夷山旅行社有限公司)	91.08	814.34
Other current liabilities	Wuyishan Haishishanmeng Cultural Tourism Co., Ltd. (武夷山海誓山盟旅遊有限公司)	1,959.06	
Other current liabilities	Wuyishan Yifeng Cultural Tourism Co., Ltd. (武夷山夷峰文化旅遊有限公司)	876.12	
Lease liabilities	Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司)	484,500.74	596,448.63
Lease liabilities	Fujian Province Mount Wuyi Tourism Cultural Investment Group Co., Ltd.	65,345,369.29	64,152,739.22
Non-current liabilities due within one year	Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司)	1,530,004.14	530,042.17
Non-current liabilities due within one year	Fujian Province Mount Wuyi Tourism Cultural Investment Group Co., Ltd.	7,203,592.81	4,779,147.86
Long-term payables	Mount Wuyi Tourism Resort Development Co., Ltd. (武夷山旅遊度假產業開發有限責任公司)	7,167,372.51	7,897,583.46

XI. COMMITMENTS AND CONTINGENCIES

1. Important commitments

As of 30 June 2026, the Company had no other commitments that should be disclosed.

2. Contingencies

As of 30 June 2026, the Company had no other contingencies that should be disclosed.

XII. POST BALANCE SHEET EVENTS

As of the date of this report, the Company has no other post-balance-sheet events that require disclosure.

XIII. OTHER SIGNIFICANT EVENTS

Except for ticket selling, hotel operation and cultural tourism business, the Company has not operated other business that has a significant impact on its operating results. At the same time, the Company is not required to disclose segment data since it operates in only one region with revenue mainly derived from and main assets located in the territory of China.

XIV. NOTES TO THE MAIN ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Disclosure by aging

Aging	Balance at the end of the period	Balance at the end of last year
Within 1 year	2,500.00	2,866.00
Less: Provision for bad debts	125.00	125.00
Total	**2,375.00**	**2,741.00**

(2) Disclosure by the provision method for bad debts

	Balance at the end of the period				
	Book balance		Provision for bad debts		
Category	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Book value
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	2,500.00	100.00	125.00	5.00	2,375.00
Including:					
Ticket and others	2,500.00	100.00	125.00	5.00	2,375.00
Intra-group company payments					
Total	**2,500.00**	**100.00**	**125.00**	**5.00**	**2,375.00**

Continued:

	Balance at the end of last year				
	Book balance		Provision for bad debts		
Category	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Book value
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	2,866.00	100.00	125.00	4.36	2,741.00
Including:					
Ticket and others	2,500.00	87.23	125.00	5.00	2,375.00
Intra-group company payments	366.00	12.77			366.00
Total	**2,866.00**	**100.00**	**125.00**	**4.36**	**2,741.00**

Trade receivables for which provision for bad debts is made on a collective basis

Provision for combined items: Ticket and others

Aging	Balance at the end of the period			Balance at the end of last year		
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Book balance	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	2,500.00	125.00	5.00	2,500.00	125.00	5.00

(3) Details of provision for bad debts made, recovered or reversed during the period

Item	**Provision for bad debts**
Balance at the beginning of the period	125.00
Provision for the period	
Balance at the end of the period	**125.00**

2. Other receivables

Item	**Balance at the end of the period**	**Balance at the end of last year**
Interests receivable		
Dividends receivable		
Other receivables	11,381,507.26	559,140.00
Total	**11,381,507.26**	**559,140.00**

(1) Other receivables

① Disclosure by aging

Aging	Balance at the end of the period	Balance at the end of last year
Within 1 year	10,823,357.33	200.00
1-2 years		
2-3 years	490,000.00	490,000.00
Over 3 years	171,000.00	171,000.00
Sub-total	11,484,357.33	661,200.00
Less: Provision for bad debts	102,850.07	102,060.00
Total	**11,381,507.26**	**559,140.00**

② Disclosure by nature

	Amount at the end of the period			Balance at the end of last year		
Item	**Book balance**	**Provision for bad debts**	**Book value**	**Book balance**	**Provision for bad debts**	**Book value**
Petty cash and advances	6,001.33	300.07	5,701.26	200.00	10.00	190.00
Deposits and security deposits	211,000.00	10,550.00	200,450.00	201,000.00	10,050.00	190,950.00
Intra-group company payments	10,807,356.00		10,807,356.00			
Others	460,000.00	92,000.00	368,000.00	460,000.00	92,000.00	368,000.00
Total	**11,484,357.33**	**102,850.07**	**11,381,507.26**	**661,200.00**	**102,060.00**	**559,140.00**

③ Provision for bad debts

Provision for bad debts in Stage 1 at the end of the period

Category	Book balance	Next 12-month expected credit losses (%)	Provision for bad debts	Book value
Provision for bad debts on an individual basis				
Provision for bad debts on a collective basis	11,484,357.33	0.90	102,850.07	11,381,507.26
Petty cash and advances	6,001.33	5.00	300.07	5,701.26
Deposits and security deposits	211,000.00	5.00	10,550.00	200,450.00
Intra-group company payments	10,807,356.00			10,807,356.00
Others	460,000.00	20.00	92,000.00	368,000.00
Total	**11,484,357.33**	**0.90**	**102,850.07**	**11,381,507.26**

At the end of the period, the Company had no other receivables in Stages 2 and 3.

Provision for bad debts in Stage 1 at the end of the last year

Category	Book balance	Next 12-month expected credit losses (%)	Provision for bad debts	Book value
Provision for bad debts on an individual basis				
Provision for bad debts on a collective basis	661,200.00	15.44	102,060.00	559,140.00
Petty cash and advances	200.00	5.00	10.00	190.00
Deposits and security deposits	201,000.00	5.00	10,050.00	190,950.00
Intra-group company payments				
Others	460,000.00	20.00	92,000.00	368,000.00
Total	**661,200.00**	**15.44**	**102,060.00**	**559,140.00**

At the end of the last year, the Company had no other receivables in Stages 2 and 3.

④ Details of provision for bad debts made, recovered or reversed during the period

Provision for bad debts	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (without credit impairment)	Stage 3 Lifetime expected credit losses (with credit impairment)	Total
Balance at the beginning of the period	102,060.00			102,060.00
In the period, balance at the beginning of the period				
– Transfer to Stage 2				
– Transfer to Stage 3				
– Reversal to Stage 2				
– Reversal to Stage 1				
Provision for the period	790.07			790.07
Reversal in the period				
Write-off in the period				
Cancellation in the period				
Other changes				
Balance at the end of the period	**102,850.07**			**102,850.07**

⑤ No other receivables were written-off in the period.

⑥ Top 5 entities in terms of the balance of other receivables at the end of the period by debtors

Entity	Nature of payment	Balance of other receivables at the end of the period	Aging	Proportion in the total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
Wuyishan Impression Dahongpao Cultural Tourism Co., Ltd. (武夷山印象大紅袍文化旅遊有限公司)	Intra-group company payments	7,782,856.00	Within 1 year	67.77	
Mount Wuyi City Chatang Hot Spring Resort Co., Ltd. (武夷山茶湯溫泉度假村有限公司)	Intra-group company payments	3,000,000.00	Within 1 year	26.12	
Wuyishan Jinglong Fine Brewing Wine Industry Co., Ltd. (武夷山井龍精釀酒業有限公司)	Others	460,000.00	1-2 years	4.01	92,000.00
Wuyishan Municipal Maintenance and Management Office (武夷山市市證維護管理處)	Security deposits	100,000.00	Above 5 years	0.87	5,000.00
Nanping Wuyi Transportation Development Co., Ltd. (南平武夷交通發展有限公司)	Security deposits	60,000.00	Above 5 years	0.52	3,000.00
Total		**11,402,856.00**		**99.29**	**100,000.00**

3. Long-term equity investments

Item	Balance at the end of the period			Balance at the end of last year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	150,500,000.00		150,500,000.00	150,500,000.00		150,500,000.00
Investment in associates	2,014,411.39		2,014,411.39	1,988,389.55		1,988,389.55
Total	**152,514,411.39**		**152,514,411.39**	**152,488,389.55**		**152,488,389.55**

(1) Investment in subsidiaries

Investee	Balance at the beginning of the period (book value)	Balance of provision for impairment at the beginning of the period	Increase/decrease during the period				Balance at the end of the period (book value)	Balance of provision for impairment at the end of the period
			Additional investment	Reduced investment	Provision for impairment	Others		
Mount Wuyi City Chatang Hot Spring Resort Co., Ltd. (武夷山茶湯溫泉度假村有限公司)	88,000,000.00							88,000,000.00
Wuyishan Impression Dahongpao Cultural Tourism Co., Ltd. (武夷山印象大紅袍文化旅遊有限公司)	30,500,000.00							30,500,000.00
Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司)	32,000,000.00							32,000,000.00
Total	**150,500,000.00**							**150,500,000.00**

(2) Investments in associates and joint ventures

Investee	Balance at the beginning of the period (book value)	Increase/decrease during the period Additional/ new investment	Reduced investment	Investment gains or losses confirmed by using equity method	Cash dividends or profits declared to be paid	Balance at the end of the period (book value)	Balance of provision for impairment at the end of the period
Associate							
Mount Wuyi Impression Dahongpao Cultural Industry Co., Ltd. (武夷山印象大紅袍文化產業有限公司)	1,988,389.55			26,021.84		2,014,411.39	
Mount Wuyi Shancha Impression Commercial Management Co., Ltd. (武夷山茶印象商業管理有限公司)							
Total	**1,988,389.55**			**26,021.84**		**2,014,411.39**	

4. Operating incomes and operating costs

(1) Operating incomes and operating costs

Item	Amount during the period Revenue	Costs	Amount from January to June 2025 Revenue	Costs
Main business	43,878,071.85	22,816,164.74	49,067,801.99	24,111,998.47
Other business	1,938,766.28	34,081.86	801,216.88	164,847.08
Total	**45,816,838.13**	**22,850,246.60**	**49,869,018.87**	**24,276,845.55**

(2) Operating incomes and operating costs by industry

Main industry	Amount during the period Revenue	Costs	Amount from January to June 2025 Revenue	Costs
Main business:				
Ticket selling	43,878,071.85	22,816,164.74	49,067,801.99	24,111,998.47
Other business:	1,938,766.28	34,081.86	801,216.88	164,847.08
Total	**45,816,838.13**	**22,850,246.60**	**49,869,018.87**	**24,276,845.55**

(3) Operating incomes and operating costs by timing of goods transferred

Item	Amount during the period			
	Ticket selling		Cultural tourism business	
	Revenue	Costs	Revenue	Costs
Main business				
Of which: Recognised at a point in time	43,878,071.85	22,816,164.74		
Recognised over time				
Other business				
Of which: Recognised at a point in time			1,756,315.21	28,014.00
Recognised over time				
Lease income			182,451.07	6,067.86
Total	**43,878,071.85**	**22,816,164.74**	**1,938,766.28**	**34,081.86**

5. Investment income

Item	Amount during the period	Amount from January to June 2025
Income from long-term equity investment calculated under equity method	26,021.84	-3,021.54
Investment income from disposal of financial assets held for trading	79,886.12	132,138.06
Total	**105,907.96**	**129,116.52**

XV. SUPPLEMENTARY INFORMATION

1. Breakdowns of non-recurring profit or loss in the period

Item	Amount during the period	Remark
Profit or loss on disposal of non-current assets, including the write-off of provision for impairment on assets	-17,223.22	
Government subsidies recognized in the current profit or loss, except for those government subsidies that are closely related to the normal operation of the Company, in compliance with national policies and in accordance with established criteria, which have a constant impact on the Company's profit or loss	19,272.00	See Note VII for details
Gains or losses from entrusting others to invest in or manage assets	79,886.12	Bank wealth management products
Gains or losses from changes in fair value of financial assets held for trading	308,149.81	
Non-operating incomes and expenses other than the above-mentioned items	24,327.14	
Total non-recurring gains and losses	414,411.85	
Less: Income tax effect of non-recurring gains and losses	26,887.76	Tax rate: 25%
Net amount in non-recurring gains and losses	387,524.09	
Less: Net effect of non-recurring gains and losses attributable to minority shareholders (after tax)	2,941.58	
Non-recurring gains and losses attributable to ordinary shareholders of the Company	384,582.51	

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	0.76	0.02	
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit and loss	0.64	0.01	

Impression Dahongpao Co., Ltd.
17 August 2026

DISCLOSURE OF INFORMATION AND PUBLICATION OF INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (https://www.yxdhp.com.cn/). The interim report of the Company for the six months ended 30 June 2026 will be published on the afore-mentioned websites.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the followings meanings:

"Audit Committee"	the audit committee of the Company
"Board" or "our Board"	the board of directors of our Company
"Company" or "our Company"	Impression Dahongpao Co., Ltd. (印象大紅袍股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 2695)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Cultural Tourism Company"	Wuyishan Impression Dahongpao Cultural Tourism Co., Ltd. (武夷山印象大紅袍文化旅遊有限公司), a wholly-owned subsidiary of the Company established in August 2019
"Director(s)"	the director(s) of the Company
"Global Offering"	the global offering of the H Shares in connection with the Listing
"Group", "our Group," "we" or "us"	our Company, our subsidiaries and the legal entities whose financial results had been consolidated to our consolidated financial statements
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Stock Exchange

"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the H Shares on the Main Board
"Listing Date"	22 December 2025, on which the H Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Moonlight Wuyi"	Fujian Province Moonlight Wuyi Cultural Tourism Co., Ltd. (福建省月映武夷文化旅遊有限公司), a subsidiary of the Group established in September 2024
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"CASBE"	the Accounting Standards for Business Enterprises published by the Ministry of Finance of People's Republic of China
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Prospectus"	the prospectus of the Company dated 12 December 2025
"Reporting Period"	the six months ended 30 June 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company, with a nominal value of RMB1.00 each, comprising our Unlisted Shares and our H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange" or "Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

"treasury shares"	has the meaning ascribed to it under the Listing Rules
"Unlisted Shares"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange but quoted on NEEQ (stock code: 870608)
"%"	per cent

By Order of the Board
Impression Dahongpao Co., Ltd.
Mr. Zhong Baiyi
Chairman and non-executive Director

Hong Kong, 17 August 2026

As at the date of this announcement, the Board comprises (i) Mr. Zheng Bin as executive Director; (ii) Mr. Zhong Baiyi, Mr. Chen Shixiong and Mr. Ma Qingnan as non-executive Directors; and (iii) Mr. Chan Tsz Kit, Ms. Wang Xiaomin and Ms. Guo Ruizheng as independent non-executive Directors.