

Yantai Changyu Pioneer Wine Co., Ltd.

2022 Semi-annual Report

Final 2022-03

August 26, 2022

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I. Important Notice, Table of Contents and Definition

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

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

All directors have attended the meeting for deliberating the semi-annual report.

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

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

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

Reference Documents

- (1) The original of 2022 Semi-annual Report autographed by the chairman.
- (2) The Financial Statements autographed and sealed by the chairman, chief accountant and accountants in charge.
- (3) The *Prospectus and Public Offering Announcement* for Stock B in 1997; The *Prospectus and The Shares' Change & Public Offering Announcement* for Stock A in 2000.
- (4) The originals of all documents and announcements that the Company made public during the report period in the newspapers designated by China Securities Regulatory Commission.

Definition

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

II. Brief Introduction for the Company and Main Financial Indicators

1. Company's information

Stock Abbreviation	Changyu A, Changyu B	Stock Code	000869, 200869
Stock Abbreviation after Alteration	None		
Place of Stock Listing	Shenzhen Stock Exchange		
Legal Name in Chinese	烟台张裕葡萄酒股份有限公司		
Abbreviation of Chinese Name	张裕		
Legal Name in English	YANTAI CHANGYU PIONEER WINE COMPANY LIMITED		
Abbreviation of English Name	CHANGYU		
Legal Representative	Hongjiang ZHOU		

2. Contact person and information

	Secretary to the Board of Directors	Authorized Representative of Securities Affairs
Name	Jianxun JIANG	Tingguo LI
Address	56 Dama Road, Yantai, Shandong, China	56 Dama Road, Yantai, Shandong, China
Tel.	0086-535-6602761	0086-535-6633656
Fax.	0086-535-6633639	0086-535-6633639
E-mail	jiangjianxun@changyu.com.cn	stock@changyu.com.cn

3. Other information

1) Contact information of the Company

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

Available Not available

There is no change in the Company's registered address, office address, corresponding postcode, website address and email address during the report period. Please refer to 2021 Annual Report for detailed information.

2) Information disclosure and filing location

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

Available Not available

There is no change in the name of the newspaper for information disclosure, the address of the website designated by the China Securities Regulatory Commission for publishing the semi-annual report, and the filing location of the Company's semi-annual report selected by the Company during the report period. Please refer to 2021 Annual Report for detailed information.

3) Other relevant information

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

Available Not available

4. Key accounting data and financial indicators

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

Yes No

	During the report period	In the same period of last year	More or less than the same period of last year (%)
Operating revenue (CNY)	1,953,092,135	1,874,460,437	4.19%
Net profit attributed to shareholders of the listed company (CNY)	358,459,603	371,821,819	-3.59%
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	344,309,022	353,676,042	-2.65%
Net cash flows from operating activities (CNY)	606,273,595	455,935,149	32.97%
Basic earnings per share (CNY/share)	0.52	0.54	-3.70%
Diluted earnings per share (CNY/share)	0.52	0.54	-3.70%
Weighted average return on equity (CNY)	3.37%	3.57%	-0.20%
	At end of this report period	At the end of last year	More or less than the end of last year (%)
Total assets (CNY)	13,284,166,296	13,472,009,754	-1.39%
Net Assets attributed to shareholders of the listed company (CNY)	10,491,487,490	10,447,884,183	0.42%

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

Available Not available

Unit: CNY

	Net profit attributed to the shareholders of the listed company		Net Assets attributed to the shareholders of the listed company	
	Current period	Last period	End of period	Beginning of period
According to PRC accounting standards	358,459,603	371,821,819	10,491,487,490	10,447,884,183
Item and amount adjusted according to international accounting standards				

According to international accounting standards	358,459,603	371,821,819	10,491,487,490	10,447,884,183
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2) Differences of net profit and net asset in the financial report disclosed according to both foreign accounting standards and PRC accounting standards

Available Not available

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

3) Explanation of the differences in accounting data under domestic and foreign accounting standards

Available Not available

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

Available Not available

Unit: CNY

Item	Amount	Explanation
Profits and losses on disposal of non-current assets (including the write-off part of the provision for asset impairment has been made)	-8,239,072	
Government grants included in the current profits and losses(except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper basis of calculation)	23,129,245	
Other non-operating income and expenditure besides above-mentioned items	1,105,081	
Less: Amount affected by income tax	4,584,591	
Amount affected by minority equity (after tax)	-2,739,918	
Total	14,150,581	

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

Available Not available

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

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

Available Not available

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

III. Discussion and Analysis of Management Team

1. Main businesses during the report period

1) Basic information of main business during the report period

During the report period, the Company's main businesses are production and operation of wine and brandy, thus providing domestic and foreign consumers with healthy and fashionable alcoholic drinks. Compared with earlier stage, there are no significant changes happened to the Company's main businesses. The wine industry that the Company involved in is still in growth stage. Although being affected by many factors for the short-term, the competition in the market is fierce and the demand in wine consumption is still weak. However, seen from the long term, the whole domestic wine market is on the rising trend. The Company is at the forefront in the domestic wine market.

2) License obtained

As of June 30th, 2022, the Company and its subsidiaries have obtained 10 food production licenses (alcohol), of which the food production licenses having been obtained since the beginning of 2021 are as follows:

Producer name	Food category	Obtaining time	Obtaining method	Food production license number
Yantai Chateau Koya Brandy Co., Ltd.	Alcohol	2021.04.02	Approval from government authority	SC11537063601165
Yantai Changyu Pioneer Wine Co., Ltd.	Alcohol	2021.06.01	Approval from government authority	SC11537060100050
Yantai Chateau Changyu-Castel Co., Ltd.	Alcohol	2021.06.08	Approval from government authority	SC11537063600172
Chateau Changyu Icewine Co., Ltd. Liaoning	Alcohol	2021.03.25	Approval from government authority	SC11521052200370

3) Explanation for other significant events

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

Brand operation

The Company's products were divided into two series: wine and brandy. For wine, main brands included Changyu, Noble Dragon, AFIP, Changyu Moser XV, Longyu, Golden Icewine Valley, Zenithwirl, Vermouth, Rena, Baron Balboa, J.LORMIN, Atrio, Kilikanoon and IWCC and so on. For Brandy, main brands included Koya, Mminni, Pageese, Roullet Fransac and so on.

Major sales mode

The Company's main sales mode was the distribution mode, and main sales channel was

offline sales, that is, the Company's products were distributed to sales terminals through approximately 4600 distributors at home and abroad and ultimately provided to consumers.

Distribution mode

Available Not available

① The Company adopted the settlement method of cash and carry with the distributors, and mainly adopted buyout distribution mode. Situation of change in the number of distributors is shown as follows.

Region	Number at the end of 2021	Increased number during this report period	Number on June 30 th , 2022
Eastern China	1857	20	1877
South China	565	4	569
Central China	476	-18	458
North China	365	-1	364
Northwest China	184	-12	172
Southwest China	493	5	498
Northeast China	318	-1	317
HongKong, Macao, Taiwan China and overseas	573	18	591
Total	4831	15	4846

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

No.	Customer name	Sales amount (CNY)	Proportion in total sales (%)
1	Rank 1 st	35,061,506	1.80%
2	Rank 2 nd	24,698,618	1.26%
3	Rank 3 rd	22,310,450	1.14%
4	Rank 4 th	14,031,860	0.72%
5	Rank 5 th	13,530,153	0.69%
Total	--	109,632,587	5.61%

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

Available Not available

Sales of online direct sales

Available Not available

Sales model	First half of 2022			First half of 2021		
	Operating income (CNY)	Operating cost (CNY)	Gross margin	Operating income (CNY)	Operating cost (CNY)	Gross margin
Distribution	1,719,362,579	721,760,539	58.02%	1,641,730,422	666,704,868	59.39%
Direct sales	233,729,556	100,094,927	57.17%	232,730,015	94,808,676	59.26%
Total	1,953,092,135	821,855,466	57.92%	1,874,460,437	761,513,544	59.37%

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

Available Not available

Procurement mode and procurement content

Unit: CNY'0000

Procurement mode	Procurement content	Amount of major procurement contents
Qualitative and price comparison	Raw materials including grape/bulk wine	25,743.36
Invitation for bids / qualitative and price comparison	Packaging materials	18,474.16
Invitation for bids / qualitative and price comparison	Brewing materials	618.61
Invitation for bids / qualitative and price comparison	Goods and materials for vineyard	209.67
Contract	Fuel and power	1,251.54
Qualitative and price comparison	Other alcoholic products and derivatives	1,001.56

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

Available Not available

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

Available Not available

Major production mode

The production mode of the Company is self-produce.

Commissioned processing and production

Available Not available

Major components of operating costs

Unit: CNY

Sector	Project	First half of 2022		First half of 2021		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Liquor	Blending liquor	373,837,363	46.27%	338,779,444	45.80%	0.47%

and alcoholic beverage	Packing material	240,932,715	29.82%	220,802,800	29.85%	-0.03%
	Wages	26,180,979	3.24%	22,817,933	3.08%	0.16%
	Manufacturing /transporting expenses	167,043,018	20.67%	157,299,021	21.27%	-0.59%

Unit: CNY

Sector	Project	First half of 2022		First half of 2021		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	267,277,422	45.81%	242,011,692	45.36%	0.45%
	Packing material	165,812,423	28.42%	155,025,713	29.06%	-0.64%
	Wages	22,169,970	3.80%	18,985,077	3.56%	0.24%
	Manufacturing expenses	128,178,818	21.97%	117,508,189	22.02%	-0.06%
Brandy	Blending liquor	106,559,941	47.45%	96,767,752	46.94%	0.52%
	Packing material	75,120,293	33.45%	65,777,088	31.90%	1.55%
	Wages	4,011,009	1.79%	3,832,855	1.86%	-0.07%
	Manufacturing expenses	38,864,200	17.31%	39,790,832	19.30%	-1.99%

Yield and inventory

Year	Category	Yield (ton)	Sales volume (ton)	Inventory (ton)
First half of 2022	Wine	30,563	32,315	13,645
	Brandy	5,661	13,198	6,927
First half of 2021	Wine	28,229	31,428	13,697
	Brandy	8,449	14,191	5,962

2. Analysis of core competitiveness

In the competitive landscape of China's wine industry, the Company has the following competitive advantages over the players in the industry:

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

Secondly, the Company has set up a nationwide marketing network. The Company has formed a "three-level" marketing network system mainly composed of the Company's

salesmen and distributors and the online sales platform has had a certain scale and influence, owing strong marketing ability and market exploitation ability.

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

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

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

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

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

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

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

3. Analysis in main business

Summarization

During the report period, affected by various factors such as COVID-19 epidemic, the domestic wine demand still weak, the market competition was very fierce, and the marketing activities were severely restricted. The Company insisted in taking the market as the center, insisted the development strategy of "Focus on high quality, Focus on middle-and-high level,

Focus on big product” and the marketing concept of “Increasing sales from the terminal and continuously-cultivated consumers” without wavering, and actively explored and created a new development pattern for wine and brandy in China. In the first half year, the Company realized the business income of CNY1953.09million with a year-on-year increase of 4.19% and the net profit attributable to shareholders of the parent company realized CNY358.45million with a year-on-year decrease of 3.59%. During the report period, the Company mainly did following work:

Firstly, the reform of the market system has been advanced both in scope and in depth, and the significant progress has been made in the comprehensive digital transformation. During the report period, the Longyu business division, Chateau Wine business division, Noble Dragon business division, Brandy business division, Imported Wine business division, Online business division and Tourism business division established by the Company have basically taken shape. People, funds and materials have been basically configured in place, and a corresponding compensation assessment and responsibility system have been formulated. The business divisions adjusted and optimized the distribution of distributors, established a sales structure, which is both independent and coordinated, covering all business segments, all items and different consumer groups, and established marketing strategies with their own characteristics, in order to provide organizational guarantee for further refinement and deepening of the market;enable consumer data assets to empower customer experience, products, marketing, dealers and business, and comprehensive improve the digital execution level of all employees and the digital operation team.

Secondly, continue to promote marketing innovation, strive to expand new marketing channels, and promote product sales. During the reporting period, the Company continued to deepen cooperation with e-commerce platforms such as JD.com and Tmall, increased investment in self-operated e-commerce business resources and talent introduction, and launched a large number of high-quality short videos on platforms such as Kuaishou and TikTok (Chinese version), which achieved good communication effects that boosted product sales and achieved a significant increase in online sales amount. Actively expand emerging sales channels such as “circle marketing”, give full play to the leading role of consumer leaders, and continuously expand the consumer group of high-end products.

Thirdly, continue to strengthen quality management, and steadily improved the product quality. The Company further strengthened the brand winemaker system, promoted the production unit to assume the main responsibility for external packaging quality and the supplier roles of A and B, so as to steadily improve product quality. The Company participated in the 2022 Berlin Wine Competition, in which 10 products including Longyu M12 Cabernet Sauvignon dry red wine, Longyu M8 blended dry red wine, Changyu Noble Dragon N398 dry red wine, Changyu Riesling N118 dry white wine, Chateau Tinlot dry red wine, Xingjiang Chateau Baron Balboa dry red wine, Shanxi Chateau Rena R388 Shiraz dry red wine and R588 Shiraz dry red wine, Liaoning Golden Icewine Valley Golden Diamond and Black Diamond Icewine won gold award. The Company participated in the The Thirtieth Session Mundus Vini World Wine Competition, in which Longyu 2021 M6 Cabernet Sauvignon dry white wine, Xingjiang Chateau Baron Balboa 2019 Chardonnay dry white

wine, Liaoning Golden Icewine Valley 2019 Golden Diamond Icewine and 2019 Black Diamond Icewine respectively won the gold awards.

Fourthly, accelerate technological and product innovation, research and develop special varieties, and promote the institutional reform of production units to better meet market demand, reduce production costs and improve production efficiency.

Fifthly, complete the teasing out of domestic grape bases, introduce and absorb advanced planting technology, and further improve the management level of grape bases, which is conducive to improving grape products and quality and optimizing the variety structure.

Sixthly, intensify the crackdown on cross-regional price reduction of products, strengthen financial management and audit supervision, maintain the good market order, and prevent operational risk. During the reporting period, the Company intensified the punishment for cross-regional price reduction of products, which better maintained the market order; strengthened financial budget management, and in-depth analysis and evaluate tax-related risk matters to avoid major financial and tax risks; audit the key expenses of the production and sales system, the 2021 profit authenticity and the integrity and effectiveness of assets of 17 business units; complete the outgoing audit of 35 unit managers in sales and tourism system; complete special audits such as non-performing assets and economic responsibility investigation to effectively prevent and control business risks.

The Company has actively taken the above measures to promote product sales; however, in the first half of this year, the COVID-19 epidemic occurred frequently across the country, which led to the restrictions on catering, on-site meetings, entertainment and other gathering activities for people in the affected areas. The wine consumption scene was greatly reduced, and a large number of marketing activities were difficult to carry out normally, especially the Yangtze River Delta region, which is an important sales area for the Company, has been affected by the epidemic for a long time. The flow of people and logistics have been blocked resulted in the inability of products to be delivered to customers and consumers in time, which dragged down the Company's overall sales performance.

In order to achieve the Company's business target set at the beginning of the year, in the second half of 2022, the Company will focus on following tasks:

The first is to further improve the market system with seven major business divisions as the main body, deepen the reform of the production system, and enhance the ability of enterprise to adapt to market changes.

The second is to strengthen the construction of talent team, increase talent introduction and recruitment, establish and improve the management trainee system, form a scientific and reasonable talent echelon, and continuously inject new impetus into the Company's development.

The third is to take the opportunity of the Company's 130th anniversary of the establishment, do a good job of the celebration, increase the promotion of Changyu brand, improve brand awareness and reputation, and promote product sales.

The fourth is to do a good job in field management before grape harvesting, and strive to improve the quality of grapes; scientifically organize the harvesting of grapes and other raw materials, complete the task of grape harvesting with quality and quantity, and provide

reliable raw material guarantee for the future development of the Company.

The fifth is to continue to strengthen safety production management, check and eliminate safety hazards one by one, ensure that safety responsibilities and various safety management measures are fully implemented, and prevent major production and operation accidents and risks.

Year-on-year change in key financial data

Unit: CNY

	This period	The same period of last year	Year-on-year increase or decrease	Cause of significant changes
Operating revenue	1,953,092,135	1,874,460,437	4.19%	Mainly due to increase in the average price of products.
Operating cost	821,855,466	761,513,544	7.92%	Mainly due to the increase in the price of raw materials and packaging materials
Sales expense	417,764,419	388,385,610	7.56%	Mainly due to the increase in marketing expense
Management expense	127,504,270	123,384,629	3.34%	Mainly due to the increase in administrative expenses and depreciation expenses
Financial expense	6,085,438	9,363,032	-35.01%	Mainly due to the decrease in interest expenses and the increase in interest income
Income tax expense	128,189,749	136,579,849	-6.14%	No significant changes
R&D expense	5,509,656.00	2,477,835	122.36%	Mainly due to the increase in new product and new process research
Net amount of cash flow generated in operating activities	606,273,595	455,935,149	32.97%	Mainly due to the increase in cash received from sales of goods, provision of labor services and cash received from tax refunds
Net amount of cash flow generated in investment activities	-82,230,822	-113,095,884	27.29%	Mainly due to the increase in net cash recovered from disposal of fixed assets, intangible assets and other long-term assets
Net amount of cash flow generated in capital-raising activities	-186,701,705	-2,719,043	-6,766.45%	Mainly due to the decrease in cash received from borrowings
Net increased amount of cash and cash equivalents	337,529,905	339,719,689	-0.64%	No significant changes

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

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

Composition of operating revenue

Unit: CNY

	This report period		The same period of last year		Year-on-year increase or decrease (%)
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	1,953,092,135	100%	1,874,460,437	100%	4.19%
Sector-classified					
Sector of liquor and alcoholic beverage	1,953,092,135	100%	1,874,460,437	100%	4.19%
Product-classified					
Wine	1,396,641,243	71.51%	1,307,676,111	70.92%	6.80%
Brandy	512,003,369	26.22%	501,728,940	26.61%	2.05%
Tourism	29,847,803	1.53%	52,119,124	1.59%	-42.73%
Others	14,599,720	0.75%	12,936,262	0.89%	12.86%
Area-classified					
Domestic	1,660,239,304	85.01%	1,627,153,708	84.45%	2.03%
Overseas	292,852,831	14.99%	247,306,729	15.55%	18.42%

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

Available Not available

Unit: CNY

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease (%) of operating revenue	Year-on-year increase or decrease (%) of operating cost	Year-on-year increase or decrease (%) of gross margin
Sector-classified						
Sector of liquor and alcoholic beverage	1,953,092,135	821,855,466	57.92%	4.19%	7.92%	-1.45%
Product-classified						
Wine	1,396,641,243	583,438,632	58.23%	6.80%	9.35%	-0.97%
Brandy	512,003,369	224,555,443	56.14%	2.05%	8.92%	-2.77%
Tourism	29,847,803	9,709,207	67.47%	-42.73%	-42.86%	0.07%
Others	14,599,720	4,152,183	71.56%	12.86%	-13.92%	8.85%
Area-classified						
Domestic	1,660,239,304	615,799,260	62.91%	2.03%	1.36%	0.25%

Abroad	292,852,831	206,056,206	29.64%	18.42%	33.84%	-8.11%
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Under the condition that the statistical caliber of the Company's main business data is adjusted during the report period, the Company's main business data adjusted on the basis of caliber at the end of report period in recent one year.

Available Not available

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

Available Not available

4. Analysis in non-main business

Available Not available

5. Analysis in assets and liabilities

1) Significant change in assets composition

Unit: CNY

	At the end of this report period		At the end of last year		Proportion increase or decrease (%)	Explanation on significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Monetary funds	1,904,942,625	14.34%	1,567,095,993	11.63%	2.71%	No significant changes
Account receivables	217,886,837	1.64%	291,006,410	2.16%	-0.52%	No significant changes
Contract assets				0%	0%	-
Inventory	2,833,824,908	21.33%	2,802,622,520	20.80%	0.53%	No significant changes
Investment real estate	23,031,335	0.17%	24,502,258	0.18%	-0.01%	No significant changes
Long-term equity investments	45,575,193	0.34%	46,496,510	0.35%	-0.01%	No significant changes
Fixed assets	5,546,334,638	41.75%	5,687,867,314	42.22%	-0.47%	No significant changes
Construction in progress	660,727,258	4.97%	590,172,099	4.38%	0.59%	No significant changes
Right-of-use asset	149,020,444	1.12%	134,569,039	1%	0.12%	No significant changes
Short-term borrowings	488,464,425	3.68%	622,066,457	4.62%	-0.94%	No significant changes
Contract liability	141,073,446	1.06%	147,120,716	1.09%	-0.03%	No significant changes
Long-term borrowings	132,856,562	1%	176,047,043	1.31%	-0.31%	No significant changes
Lease liability	111,496,142	0.84%	101,811,588	0.76%	0.08%	No significant changes

2) Main overseas assets situation
 Available Not available

Unit: CNY

Details of assets	Formation reasons	Assets scale	Location	Operation mode	Control measures for safeguarding of asset security	Earning condition	Proportion of overseas assets in the Company's net assets	Whether there are significant impairment risks
Hacienda Y Vinedos Marques Del Atrio. SL	Acquisition of equity	529,203,276	Spain	Independent operation	The Company participates in making important decisions through board of directors and appoints CFO on financial management.	7,091,623	5.04%	No
Indomita Wine Company Chile, S.p.A.	Establishment of joint venture	523,412,313	Chile	Independent operation	The Company participates in making important decisions through board of directors.	4,315,754	4.99%	No
Kilikanoon Estate Pty., Ltd.	Acquisition of equity	158,839,501	Australia	Independent operation	The Company participates in making important decisions through board of directors.	-316,838	1.51%	No
Francs Champs Participations SAS	Sole proprietorship establishment	220,100,542	France	Independent operation	The Company participates in making important decisions through board of directors.	-665,481	2.10%	No
Other information explanation		None						

3) Assets and liabilities measured at fair value
 Available Not available
4) Limitations of assets rights up to the end of the report period

- ① At the end of report period, the Company has no assets sealed up, detained or frozen.
- ② For information about assets mortgage and pledge, please refer to *Announcement on External Guarantee* and *Announcement on Guarantee provided by Spanish Atrio Company for Bank Loan* disclosed on *China Securities Journal*, *Securities Times* and CNINFO (<http://www.cninfo.com.cn>) in 2016, 2017, 2018, 2019 and 2020.
- ③ For the types and amounts of mortgaged and pledged assets, please refer to “7.55 Assets with ownership or use right restrictions” in “7. Notes to

items in the consolidated financial statements” in the note to the financial statements of this report.

6. Analysis in investment condition

1) Overall situation

Available Not available

Investment amount during the report period (CNY)	Investment amount of the same period of last year (CNY)	Variation
46,420,000	80,000,000	-41.98%

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

Available Not available

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

Available Not available

Unit: CNY

Project name	Investment mode	Whether belongs to fixed assets investment	Involved sectors of investment projects	Investment amount during the report period	Accumulated actual investment amount up to the end of the report period	Capital source	Project progress	Estimated earnings	Accumulated realized earnings up to the end of the report period	Reasons for unreached planning schedule and estimated earnings	Disclosure date	Disclosure index (if have)
Yantai Changyu International Wine City Blending and Cooling Center	Self-constructed	Yes	Liquor and alcoholic beverage sector	10,190,000	1,695,214,100	Owned fund	100%	0	0	—	2017.04.22	Please refer to <i>Resolution Announcement of Seventh Session Board of Directors 4th Meeting, Resolution Announcement</i>

Yantai Changyu International Wine City Bottling Center	Self-constructed	Yes		0	1,090,110,000	Owned fund	100%	0	0	—	2017.04.22	of Seventh Session Board of Directors 8 th Meeting, Resolution Announcement of Seventh Session Board of Directors 10 th Meeting, Resolution Announcement of Eighth Session Board of Directors 4 th Meeting, Resolution Announcement of Eighth Session Board of Directors 7 th Meeting and Resolution Announcement of Eighth Session Board of Directors 11 th Meeting disclosed on China Securities Journal, Securities Times and CNINFO (http://www.cninfo.com.cn)
Yantai Changyu International Wine City Logistics Center	Self-constructed	Yes		0	462,677,200	Owned fund	100%	0	0	—	2017.04.22	
Changyu Vineand Wine Research Institute	Self-constructed	Yes		0	179,854,800	Owned fund	100%	0	0	—	2017.04.22	
Treasure Wine Chateau	Self-constructed	Yes		50,000	211,370,000	Owned fund	95%	0	0	—	2017.04.22	
Koya Brandy Chateau	Self-constructed	Yes		480,000	207,575,500	Owned fund	100%	0	0	—	2017.04.22	
Oak barrel procurement project	Self-constructed	Yes		0	148,084,200	Owned fund	70%	0	0	—	2021.04.28	
Changyu Wine Culture Museum intelligent upgrade and	Self-constructed	Yes	Tourism	35,700,000	35,700,000	Owned fund	60%	0	0	—	2022.04.27	

reconstruction project												
Total	--	--	--	46,420,000	4,030,585,800	--	--	0	0	--	--	--

4) Financial assets investment

① Security investment situation

Available Not available

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

② Derivatives investment

Available Not available

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

5) The usage situation of raised capital

Available Not available

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

7. Sale of significant assets and equities**1) Sale of significant assets** Available Not available

The Company did not sell significant assets during the report period.

2) Sale of significant equities Available Not available**8. Analysis of main holding and joint stock companies** Available Not available

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

Unit: CNY

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Yantai Changyu Pioneer Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY8million	761,104,139	94,472,441	1,112,462,616	288,211,876	236,193,494
Yantai Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY5million	112,264,768	110,784,805	341,489,367	12,088,947	9,513,544
Changyu Trading Co., Ltd. in Development Zone of Yantai	Subsidiary	Sales of alcoholic products	CNY5million	67,025,331	14,398,027	86,929,541	21,820,485	16,336,467
Laizhou Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY1million	60,212,142	1,000,000	144,954,763	5,248,798	3,936,574

Acquisition and disposal of subsidiaries during the report period

 Available Not available

Explanation on main holding and joint stock companies

No

9. Situation of the structured subjects controlled by the Company Available Not available

10. Risks and response measures

1) Risk in price fluctuation of raw materials

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

2) Risk in uncertainty of market input and output

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

3) Risk in product transport

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

4) Risk in investment faults

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

5) Risk in exchange rate

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

6)Risk in epidemic risk

The Company's products are currently mainly used for people's consumption at gatherings. If the chance of gathering declines due to the epidemic, it may have a greater negative impact on the Company's product sales.

IV. Corporate Governance

1. Information for the shareholders' meeting and interim shareholders' meeting held during the report period

1) Information for the shareholders' meeting during the report period

Session	Meeting type	Participation ratio of investors	Convening date	Disclosure date	Meeting Resolution
2021 Annual Shareholders' Meeting	Annual Shareholders' Meeting	60.42%	2022.05.27	2022.05.28	At this meeting, it deliberated and approved <i>2021 Annual Board of Directors' Work Report, 2021 Annual Board of Supervisors' Work Report, 2021 Annual Report, Proposal on 2021 Annual Profit Distribution, Proposal on 2022 Annual Financial Budget, Proposal on Changing License Use Mode of Changyu Trademarks, Proposal on Appointment of Certified Public Accounting Firm, Proposal on Reelection of Board of Directors, Proposal on Appointment of Independent Directors and Proposal on Reelection of Board of Supervisors</i> by the way of open ballot. For detailed information, please refer to <i>Resolution Announcement of 2021 Annual Shareholders' Meeting</i> (Announcement no.: 2022-Temporary 12) published on http://www.cninfo.com.cn

2) Request for convening interim shareholders' meeting by priority shareholders owing recovered voting right

Available Not available

2. Changes in the Company's directors, supervisors and senior executives

Available Not available

Name	Position	Type	Date	Reason
Bin LENG	Director	Expiration of appointment	2022.05.27	Leaving the post of director owing to the expiration of the eighth session board of directors
Fei LUO	Independent Director	Expiration of appointment	2022.05.27	Leaving the post of independent director owing to the expiration of the eighth session board of directors
Lanlan ZHANG	Supervisor	Expiration of appointment	2022.05.27	Leaving the post of supervisor owing to the expiration of the seventh session board of directors
Jianxun JIANG	Director	Being elected	2022.05.27	Being elected as the director at the 2021 Annual Shareholders' Meeting
Zhuquan WANG	Independent Director	Being appointed	2022.05.27	Being elected as the independent director at the 2021 Annual Shareholders' Meeting
Qingkun KONG	General manager assistant	Being appointed	2022.06.09	Being appointed as the general manager assistant by the board of directors
Wenping ZHENG	Supervisor	Being elected	2022.05.27	Being elected as the supervisor at the Workers and Employees' Congress

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

Available Not available

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

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

Available Not available

There are no implementation of the Company's equity incentive plan, employee stock ownership plan and other employee incentive measures during the report period.

V. Environmental and Social Responsibility

1. Major environmental situation

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

Yes No

Name of company or subsidiary	Name of major pollutants and particular pollutants	Mode of discharge	Quantity of discharge outlet	Distribution situation of discharge outlet	Discharge concentration	Implemented pollution discharge standard	Total volume of discharge	Total approved volume of discharge	Condition of excessive discharge
Chateau Changyu Icewine Co., Ltd. Liaoning	Organized exhaust gas, inorganized exhaust gas, wastewater, noise	Discharge outlet of boiler chimney and discharge outlet of factory waste water	2	Confirmed in line with national standard <i>Graphical Signs for Environmental Protection</i> (GB15562.1-1995) (GB15562.2-1995)	Meeting the national standards	<i>Emission Standard for Air Pollutants of Boiler</i> (GB13271-2014), <i>Emission Standard for Odor Pollutants</i> (GB14554-93), 4a in Class 2 of <i>Emission Standard for Environmental Noise at the Boundary of Industrial Enterprises</i> (GB12348-2008),, <i>Comprehensive Wastewater Discharge Standard of Liaoning Province</i> (DB21/1627-2008)	35m ³ /d	120m ³ /d	No

Construction and operation of pollution prevention facilities

The exhaust gas, SO₂ and NO_x produced by this company's boiler are discharged through ceramic tube dust removers and bag dust removers. A wastewater treatment station has been constructed. The wastewater treatment process adopts the treatment process of hydrolysis-aerobiont. Production waste water and domestic sewage are treated by the in-plant wastewater treatment station and then discharged into the wastewater treatment plant in Beidianzixiang Town.

Environmental impact assessment of construction projects and other environmental

protection administrative permits

It has been approved in the Huanhuanjianzi (2016) No.24 issued by the Environmental Protection Bureau of Huanren Manchu Autonomous County.

Emergency plan for emergentenvironmentalincident

The Company has formulated a comprehensive emergency plan for emergentenvironmentalincident.

Environmental self-monitoring program

The Company has formulated a complete environmental self-monitoring program.

Administrative penalties due to environmental issues during the reporting period

Name of Company or Subsidiary	Penalty Reason	Violation Situation	Penalty Result	Impact on the Production and Operation of the Listed Company	Rectification Measures of the Company
None	None	None	None	None	None

Other environmental information that should be made public

No

Measures taken for reducing carbon emissions and effects

Available Not available

Other related environmental information

No

2.Social responsibility performance

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

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

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

VI. Major issues

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

Available Not available

Commitments	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co., Ltd.	Solve horizontal competition	Non-horizontal competition	May 18 th , 1997	Forever	Has been performing
	Yantai Changyu Group Co., Ltd.	Clear the use of trademark royalty	According to <i>Trademark License Contract</i> , the trademark royalty of Changyu and other trademarks paid by the Company to Yantai Changyu Group Co., Ltd. every year is mainly used for advertising Changyu and other trademarks and this contract products by Yantai Changyu Group Co., Ltd.	May 18 th , 1997	From May 18 th , 1997 to April 4 th , 2019	According to <i>Trademark License Contract</i> , the trademark royalty annually paid by the Company to Changyu Group shall be mainly used by Changyu Group to publicize trademarks including Changyu and contract products. Except 2013 to 2017 during which the commitment was not strictly performed, Yantai Changyu Group Co., Ltd. has been performing its commitment.
Commitments to middle and small shareholders of the Company	Yantai Changyu Group Co., Ltd.	Compensating unredeemed commitment	The CNY231,768,615 that was not used for publicity of trademarks and contract products as promised will be offset by the four-year trademark royalty from 2019 to 2022. If insufficient, the shortfall would be filled in one time in 2023. If there is any excess, the excess portion of the trademark royalty would be collected from the year with excess occurrence.	April 4 th , 2019	From April 4 th , 2019 to December 31 st , 2023	Has been performing

Commitment under timely implementation or not	Yes
Whether or not to have specific reasons of the unimplemented commitment and next steps	<p>According to the <i>Trademark License Contract</i> (hereafter referred to as “the Contract”), Changyu Group promises that the trademark royalty annually paid by the Company to Changyu Group shall be mainly used by Changyu Group to publicize trademarks and contract products. But above-mentioned ‘mainly’ is not a specific number, which is easy to cause divergence due to different understanding and leads to problem appearance during the implementation process.</p> <p>From 2013 to 2017, Changyu Group collected a total of CNY420,883,902 trademark royalty, of which 51% was used to publicize trademarks including Changyu and contract products with amount of CNY214,650,790. The amount has been used to publicize trademarks including Changyu and contract products is CNY50,025,181, with a balance of CNY164,625,609. In 2018 and 2019, the trademark royalty collected of 2017 and 2018 is CNY155,623,907, of which 51% is used to publicize trademarks including Changyu and contract products with amount of CNY79,368,193. The amount has been used to publicize trademarks including Changyu and contract products is CNY12,225,187, with a balance of CNY67,143,006. From 2013 to 2018, the accumulated balance of Changyu Group using to publicize trademarks including Changyu and contract products is CNY231,768,615. Changyu Group promises that the four-year trademark royalty from 2019 to 2022 will be used for offset. If insufficient, the shortfall would be filled in one time in 2023. If there is any excess, the excess portion of the trademark royalty would be collected from the year with excess occurrence.</p> <p>If Changyu Group is not able to implement the above-mentioned commitment owing to various reasons, the Company will timely supervise and urge Changyu Group to fulfill its commitment and request Changyu Group to raise funds through bank loaning, assets sales and equity sales etc. in order to implement the commitment.</p> <p>For detailed information, please refer to <i>Announcement on Commitment Issues of Yantai Changyu Group Co., Ltd.</i> disclosed on April 4, 2019.</p>

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

Available Not available

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

3. Illegal external guarantee

Available Not available

There is no illegal guarantee situation during the report period.

The appointment and dismissal of certified public accountants

4. Appointment and dismissal of accounting firms

Whether the semi-annual report has been audited

Yes No

The semi-annual report has not been audited.

5. Explanation from the board of directors and the board of supervisors for the “Non-standard Audit Report” during this report period

Available Not available

6. Explanation from the board of directors for the “Non-standard Audit Report” of last year

Available Not available

7. Issues related with bankruptcy reorganization

Available Not available

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

8. Litigation Issue

Material litigation and arbitration

Available Not available

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

Other Litigation Issue

Available Not available

9. Penalty and rectification

Available Not available

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

Available Not available

11. Major related transactions

1) Related transactions in relation to routine operations

Available Not available

There are no related transactions in relation to routine operations during the reporting period.

2) Related transactions in relation to acquisition and sales of assets or equity Available Not available

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

3) Related transactions in relation to common foreign investment Available Not available

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

4) Related credit and debt dealings Available Not available

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

 Yes No

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

5) Deals of related financial companies Available Not available

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

6) Deals between financial companies controlled by the Company and related parties Available Not available

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

7) Other major related transactions Available Not available

For other major related transactions, please refer to the *Announcement of 2022 Annual Expected Routine Related Transaction* and the Section XI “Related Parties and Related Transaction” of the Financial Report of this report.

Disclosure website of interim report for major related transaction

Name of interim announcement	Disclosure date of interim announcement	Name of disclosure website for interim announcement
Announcement of 2022 Annual Expected Routine Related Transaction	April 27, 2022	www.cninfo.com.cn

12. Major contracts and execution conditions**1) Trusteeship, contract and lease issues****① Trusteeship situation** Available Not available

There is no trusteeship situation during the report period.

② Contract situation Available Not available

There is no such contract situation during the report period.

③ Lease situation

Available Not available

Explanation for lease situation

On January 1st, 2022, the Company renewed the Space Lease Agreement with the controlling shareholder Yantai Changyu Group Company Limited. The Company leased the space with 15,196.94 square meters locating at No. 174 Shihuiyao Road, Zhifu District, Yantai City. The rent per year is CNY 1.4645 million with a rental period of 5 years from January 1st, 2022 to December 31st, 2026. On January 1st, 2022, the Company's subordinate Sales & Marketing Co. of Yantai Changyu Pioneer Wine Company Limited Brandy Sales Division renewed the Space Lease Agreement with the controlling shareholder Yantai Changyu Group Company Limited, leasing the space with 42,552.83 square meters locating at No. 1 Jichang Road, Zhifu District, Yantai City and the space with 3,038 square meters locating at 56 Dama Road, Zhifu District, Yantai City, which are all under the name of controlling shareholder. The rent of above spaces per year is CNY 4.3935 million with a rental period of 5 years from January 1st, 2022 to December 31st, 2026.

On July 1st, 2017, this Company signed a house-leasing contract with Yantai Shenma Packaging Company Limited. According to this contract, since July 1st, 2017, this Company leased property to Yantai Shenma Packaging Company Limited for a business purpose with the annual rent of CNY 1,626,880. This contract expires on June 30th, 2022.

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

Available Not available

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

2) Major guarantee
 Available Not available

Unit: CNY'0000

External guarantee of the Company and its subsidiaries (excluding guarantee to subsidiaries)										
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral	Counter Guarantee	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee
Yantai Economic and Technological Development Zone Management Council.	2016.12.22	34,160	2016.12.21	34,160	Joint and several liability guarantee	None	Tendering guarantee for Yantai Changyu Wine Research and Development Company Limited's loans	10 years	No	No
Total of the external guarantee quota approved during the report period (A1)				0	Total of the actual external guarantee amount during the report period (A2)		0			
Total of the external guarantee quota approved by the end of the report period (A3)				34,160	Balance of the actual external guarantee by the end of the report period (A4)		34,160			
Guarantee situations between the Company and subsidiaries										
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral	Counter Guarantee	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee
Yantai Changyu Wine Research and Development Company Limited	2016.12.22	72,176	2016.12.21	72,176	Joint and several liability guarantee; Mortgage	Plant and other fixed assets	None	10 years	No	Yes
Kilikanoon Estate Pty Ltd	2018.12.05	8,528	2018.12.13	7,518	Joint and several liability guarantee	None	None	5 year	No	Yes
Total of the guarantee quota approved to subsidiaries by the end of the report period (B3)				80,704	Balance of the actual guarantee for subsidiaries by the end of the report period (B4)		79,694			
Guarantee situations between subsidiaries										
Guarantee object name	Disclosure date of related announcement	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral	Counter Guarantee	Guarantee Period	Whether or not complete	Whether or not belong to related-party

	about guarantee quota		of agreement)						implementation	guarantee	
—	—	—	—	—	—	—	—	—	—	—	
Total guarantee amount of the Company (Total of above three major items)											
Total of the approved guarantee quota by the end of the report period (A3+B3+C3)		114,864	Balance of the actual guarantee by the end of the report period (A4+B4+C4)							113,854	
The proportion of actual total guarantee amount (A4+B4+C4) accounting for the Company's net asset										10.85%	
Among :											
The amount of guarantee for shareholders, actual controllers and their related parties (D)											0
The amount of debt guarantee for the guaranteed objects whose asset-liability ratio is more than 70% directly or indirectly (E)											0
Total amount of guarantee of the part that exceeds 50% of net assets (F)											0
Total amount of the above-mentioned three items (D+E+F)											0
Explanation for undue guarantees that have happened warranty liability or may take joint payback liabilities during the report period (if have)				No							
Explanation for violating due process to provide external guarantee (if have)				No							

Explanation on specific situations of adapting guarantee by complex methods

No.

3) Financial management entrustment

Available Not available

There is no financial management entrustment during the report period.

4) Other important contracts

Available Not available

There are no other important contracts during the report period.

13. Other Major issues

Available Not available

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

14. Major issues of Company's subsidiaries

Available Not available

VII. Changes in Shares and Shareholders' Situation

1. Changes in shares

1) Changes in shares

Unit: share

	Amount before this change		Change (+, -)					Amount after this change	
	Amount	Percentage %	Allot new share	Distribute bonus share	Transfer other capital to share capital	Others	Subtotal	Amount	Percentage %
I. Shares with trading limited condition									
1. State-owned holdings									
2. State-owned legal person holdings									
3. Other domestic holdings									
Among which: domestic legal person									
domestic natural person									
4. Foreign-owned holdings									
Among which: foreign legal person									
foreign natural person									
II. Shares without trading limited condition	685,464,000	100%						685,464,000	100%
1. A shares	453,460,800	66.15%						453,460,800	66.15%
2. B shares	232,003,200	33.85%						232,003,200	33.85%
3. Oversea listed foreign shares									
4. Others									
III. Total shares	685,464,000	100%						685,464,000	100%

Cause of share change

Available Not available

Approval of share change

Available Not available

Transfer ownership of changed shares

Available Not available

Implementation progress of share buy-back

Available Not available

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

Available Not available

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

Available Not available

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

Available Not available

2) Changes in restricted shares

Available Not available

2. Securities issuance and listing situation

Available Not available

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

Total shareholders in the report period	49,522	Total number of preferred shareholder recovering voting power by the end of report period (if have) (see note 8)	0					
Shareholders holding more than 5% or the top 10 shareholders holding situation								
Name of Shareholders	Character of shareholders	Percentage (%)	Shares held until the end of the report period	Changes during the report period	Number of restricted shares	Number of unrestricted shares	Pledged or frozen	
							Share status	Amount
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state legal person	50.40%	345,473,856	0		345,473,856	-	-
GAOLING FUND, L.P.	Foreign legal person	3.08%	21,090,219	0		21,090,219	-	-
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	1.12%	7,683,016	-1,457,200		7,683,016	-	-
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	1.06%	7,293,952	-120,000		7,293,952		
Fengdi JIANG	Domestic natural person	0.75%	5,112,000	258,000		5,112,000	-	-
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.73%	5,006,502	-54,200		5,006,502	-	-
GUOTAI JUNAN SECURITIES (HK) LIMITED	Foreign legal person	0.67%	4,621,503	-390,368		4,621,503	-	-
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	Foreign legal person	0.60%	4,089,162	-2,261,600		4,089,162	-	-
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.59%	4,026,863	-144,000		4,026,863	-	-
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	State-own legal person	0.58%	4,000,228	-589,432		4,000,228	-	-
Strategic investors or legal result of the placement of new shares to become a top 10 shareholders (if have) (see note 3)	No							
The explanation for the associated relationship and accordant action	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, while the relationship among the other shareholders is unknown.							
Explanation of the above-mentioned shareholders' entrustment/ fiduciary voting rights and waiver of the voting rights	No							
Special explanation for the existence of a special repurchase account among the top 10 shareholders (if have) (see note 11)	No							
The top 10 shareholders with shares without trading limited condition								
Name of Shareholders	Number of shares without trading limited condition held until the end of the year					Type of share		

		Type of share	Amount
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A	345,473,856
GAOLING FUND, L.P.	21,090,219	B	21,090,219
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	7,683,016	B	7,683,016
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	7,293,952	B	7,293,952
Fengdi JIANG	5,112,000	A	5,112,000
Haitong International Securities Company Limited-Account Client	5,006,502	B	5,006,502
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	4,621,503	B	4,621,503
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	4,089,162	B	4,089,162
VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,026,863	B	4,026,863
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED	4,000,228	B	4,000,228
The explanation for the associated relationship and accordant action of the top 10 shareholders with unrestricted shares, the the associated relationship and accordant action between the top 10 shareholders with unrestricted shares and the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the top 10 shareholders who involved in financing activities and stock trading business (if have) (see note 4)	The top 10 shareholders do not involve in financing activities and stock trade business.		

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

Yes No

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

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

Available Not available

Name	Position	Status	Number of Shares held at the beginning period (shares)	Increased number of shares held in the current period (shares)	Decreased number of shares held in the current period (shares)	Number of shares held at the end period (shares)	Number of restricted shares granted at the beginning period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares granted at the end period (shares)
Hongjiang ZHOU	Chairman	Incumbent	37,800	0	0	37,800	0	0	0
Jian SUN	Director, General manager	Incumbent	60,000	30,000	0	90,000	0	0	0
Hua JIANG	Deputy general manager	Incumbent	0	10,000	0	10,000	0	0	0
Total	-	-	97,800	40,000	0	137,800	0	0	0

5. Changes in controlling shareholders or actual controllers

Changes in the controlling shareholders during the report period

Available Not available

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

Changes in the actual controllers during the report period

Available Not available

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

VIII. Related Situation of Preferred Shares

Available Not available

There are no preferred shares during the report period.

IX. Related Situation of Bonds

Available Not available

X. Financial Report

1. Audit report

Whether the semiannual report has been audited

Yes No

2. Financial statement

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

2.1 Consolidated balance sheet

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

June 30, 2022

Unit: Yuan

Item	Note	June 30, 2022	December 31, 2021
Current assets:			
Monetary fund	7.1	1,904,942,625	1,567,095,993
Settlement reserves			
Lending funds			
Tradable financial assets			
Derivative financial assets			
Bills receivable	7.2	400,000	42,827,666
Accounts receivable	7.3	217,886,837	291,006,410
Receivables financing	7.4	293,023,621	364,457,497
Advance payment	7.5	39,189,201	75,235,879
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Other receivables	7.6	24,225,429	30,125,270
Including: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	7.7	2,833,824,908	2,802,622,520
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	7.8	32,053,687	217,152,601
Total current assets		5,345,546,308	5,390,523,836
Non-current assets:			
Offering loans and imprest			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7.9	45,575,193	46,496,510
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	7.10	23,031,335	24,502,258
Fixed assets	7.11	5,546,334,638	5,687,867,314
Construction in progress	7.12	660,727,258	590,172,099
Productive biological assets	7.13	187,656,289	193,712,942

Item	Note	June 30, 2022	December 31, 2021
Oil-and-gas assets			
Right-of-use assets	7.14	149,020,444	134,569,039
Intangible assets	7.15	607,903,340	617,866,879
Development expenditure			
Goodwill	7.16	112,374,541	112,374,541
Long-term prepaid expenses	7.17	283,582,115	284,593,163
Deferred income tax assets	7.18	189,437,218	245,210,731
Other non-current assets	7.19	132,977,617	144,120,442
Total non-current assets		7,938,619,988	8,081,485,918
Total assets		13,284,166,296	13,472,009,754
Current liabilities:			
Short-term loans	7.20	488,464,425	622,066,457
Borrowings from the Central Bank			
Borrowing funds			
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	7.21	449,973,807	493,453,816
Advances from customers			
Contract liabilities	7.22	141,073,446	147,120,716
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee remunerations payable	7.23	144,795,172	195,019,441
Taxes and dues payable	7.24	186,592,112	342,322,300
Other payables	7.25	661,264,913	453,033,491
Including: Interest payable		1,906,063	323,074
Dividends payable		308,809,220	68,392
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	7.26	135,659,360	110,865,126
Other current liabilities	7.27	18,339,549	18,374,193
Total current liabilities		2,226,162,784	2,382,255,540
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	7.28	132,856,562	176,047,043
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	7.29	111,496,142	101,811,588
Long-term accounts payable	7.30	42,000,000	64,000,000
Long-term employee remunerations payable			
Estimated liabilities			

Item	Note	June 30, 2022	December 31, 2021
Deferred income	7.31	36,784,847	41,295,338
Deferred income tax liabilities	7.18	11,074,738	11,803,970
Other non-current liabilities	7.32	2,100,502	2,119,671
Total non-current liabilities		336,312,791	397,077,610
Total liabilities		2,562,475,575	2,779,333,150
Owner's equity:			
Capital stock	7.33	685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus	7.34	524,968,760	524,968,760
Minus: Treasury stock			
Other comprehensive income	7.35	-41,104,673	-34,707,177
Special reserves			
Surplus reserves	7.36	342,732,000	342,732,000
General risk preparation			
Undistributed profit	7.37	8,979,427,403	8,929,426,600
Total owner's equities attributable to the parent company		10,491,487,490	10,447,884,183
Minority equity		230,203,231	244,792,421
Total owner's equities		10,721,690,721	10,692,676,604
Total liabilities and owner's equities		13,284,166,296	13,472,009,754

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

2.2 Balance sheet of the parent company

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

Unit: Yuan

Item	Note	June 30, 2022	December 31, 2021
Current assets:			
Monetary fund		1,084,199,585	562,588,819
Tradable financial assets			
Derivative financial assets			
Bills receivable		250,000	9,800,000
Accounts receivable			
Receivables financing		45,275,364	62,411,636
Advance payment		2,698,735	406,500
Other receivables	16.1	278,054,466	398,072,976
Including: Interest receivable			
Dividends receivable		3,153,780	
Inventories		393,705,945	383,294,208
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		17,401,633	20,637,860
Total current assets		1,821,585,728	1,437,211,999
Non-current assets:			
Debt investments			

Item	Note	June 30, 2022	December 31, 2021
Other debt investments			
Long-term receivables			
Long-term equity investments	16.2	7,709,394,955	7,599,421,494
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate		23,031,335	24,502,258
Fixed assets		219,898,957	231,284,799
Construction in progress		2,750,247	255,996
Productive biological assets		110,798,299	114,753,306
Oil and gas assets			
Right-of-use assets		41,153,484	36,826,342
Intangible assets		76,670,966	78,043,888
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred income tax assets		15,306,224	18,033,185
Other non-current assets		1,757,200,000	2,023,500,000
Total non-current assets		9,956,204,467	10,126,621,268
Total assets		11,777,790,195	11,563,833,267
Current liabilities:			
Short-term loans		100,000,000	150,000,000
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		51,262,746	90,339,903
Advances from customers			
Contract liabilities			
Employee remunerations payable		58,573,274	66,770,838
Taxes and dues payable		26,291,298	32,588,429
Other payables		741,100,131	445,874,937
Including: Interest payable		88,889	
Dividends payable		308,458,800	
Liabilities held for sale			
Non-current liabilities due within one year		3,593,017	1,485,190
Other current liabilities			
Total current liabilities		980,820,466	787,059,297
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		43,905,471	43,312,517
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			

Item	Note	June 30, 2022	December 31, 2021
Deferred income		1,555,787	2,268,527
Deferred income tax liabilities		88,555	88,555
Other non-current liabilities		1,123,425	1,164,471
Total non-current liabilities		46,673,238	46,834,070
Total liabilities		1,027,493,704	833,893,367
Owner's equities:			
Capital stock		685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus		560,182,235	560,182,235
Minus: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		342,732,000	342,732,000
Undistributed profit		9,161,918,256	9,141,561,665
Total owner's equities		10,750,296,491	10,729,939,900
Total liabilities and owner's equities		11,777,790,195	11,563,833,267

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

2.3 Consolidated profit statement

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

Unit: Yuan

Item	Note	Sum of current period	Sum of prior period
1. Total operating income		1,953,092,135	1,874,460,437
Including: Operating income	7.38	1,953,092,135	1,874,460,437
Interest income			
Earned premium			
Handling fee and commission income			
2. Total operating costs		1,493,458,867	1,385,344,667
Including: Operating costs	7.38	821,855,466	761,513,544
Interest expenditure			
Handling fees and commission expenditure			
Premium rebate			
Net amount of indemnity expenditure			
Net amount of the withdrawn reserve fund for insurance contract			
Policy bonus payment			
Amortized reinsurance expenditures			
Taxes and surcharges	7.39	114,739,618	100,220,017
Selling expenses	7.40	417,764,419.00	388,385,610
Administrative expenses	7.41	127,504,270.00	123,384,629
Research and development expenses	7.42	5,509,656.00	2,477,835
Financial expenses	7.43	6,085,438	9,363,032
Including: Interest expenses		11,201,775	14,239,535
Interest income		10,191,697	5,827,243
Plus: Other profit	7.44	21,629,245	21,978,695

Item	Note	Sum of current period	Sum of prior period
Investment profit (loss is listed with “-”)	7.45	-921,317	-1,621,780
Including: Investment profit for joint-run business and joint venture		-921,317	-1,621,780
Financial assets measured at amortized cost cease to be recognized as income			
Exchange income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)	7.46	486,076	-6,176,948
Asset impairment loss (loss is listed with “-”)	7.47	1,490,900	3,680,018
Income from asset disposal (loss is listed with “-”)	7.48	-8,239,072	
3. Operating profit (loss is listed with “-”)		474,079,100	506,975,755
Plus: Non-operating income	7.49	2,448,613	2,488,778
Minus: Non-operating expenses	7.50	1,343,532	569,721
4. Total profits (total loss is listed with “-”)		475,184,181	508,894,812
Minus: Income tax expenses	7.51	128,189,749	136,579,849
5. Net profit (net loss is listed with “-”)		346,994,432	372,314,963
5.1 Classification by operation continuity			
5.1.1 Net profit from continuing operation (net loss is listed with “-”)		346,994,432	372,314,963
5.1.2 Net profit from terminating operation (net loss is listed with “-”)			
5.2 Classification by ownership			
5.2.1 Net profit attributable to owner of the parent company		358,459,603	371,821,819
5.2.2 Minority interest income		-11,465,171	493,144
6. Net after-tax amount of other comprehensive income	7.52	-7,384,531	-24,776,238
Net after-tax amount of other comprehensive income attributable to owner of the parent company		-6,397,496	-21,618,495
6.1 Other comprehensive income not to be reclassified into profit and loss later			
6.1.1 Changes after remeasuring and resetting the benefit plans			
6.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
6.1.3 Changes in the fair value of other investments in equity instruments			
6.1.4 Changes in the fair value of the enterprise’s own credit risk			
6.1.5 Other			
6.2 Other comprehensive income to be reclassified into profit and loss later		-6,397,496	-21,618,495
6.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
6.2.2 Changes in the fair value of other debt investments			
6.2.3 Amount of financial assets reclassified into other comprehensive income			

Item	Note	Sum of current period	Sum of prior period
6.2.4 Provision for credit impairment of other credit investments			
6.2.5 Provision for cash-flow hedge			
6.2.6 Difference in translation of Foreign Currency Financial Statement		-6,397,496	-21,618,495
6.2.7 Other			
Net after-tax amount of other comprehensive income attributable to minority shareholders		-987,035	-3,157,743
7. Total comprehensive income		339,609,901	347,538,725
Attributable to owner of the parent company		352,062,107	350,203,324
Attributable to minority shareholders		-12,452,206	-2,664,599
8. Earnings per share:			
8.1 Basic earnings per share		0.52	0.54
8.2 Diluted earnings per share		0.52	0.54

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

2.4 Profit statement of the parent company

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

Unit: Yuan

Item	Note	Sum of current period	Sum of prior period
1. Operating income	16.3	229,587,143	206,300,566
Minus: Operating costs	16.3	193,114,244	169,012,171
Taxes and surcharges		14,680,577	11,779,088
Selling expenses			
Administrative expenses		20,654,280	29,404,865
Research and development expenses		529,139	522,997
Financial expenses		-1,835,540	1,903,108
Including: Interest expenses		2,152,536	3,316,692
Interest income		3,670,286	1,700,240
Plus: Other profit		893,236	3,949,823
Investment profit (loss is listed with “-”)	16.4	328,290,041	494,528,070
Including: Investment profit for joint-run business and joint venture		-26,539	-477,762
Financial assets measured at amortized cost cease to be recognized as income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)			-443
Asset impairment loss (loss is listed with “-”)			
Income from asset disposal (loss is listed with “-”)		30,882	-30,921
2. Operating profit (loss is listed with “-”)		331,658,602	492,124,866
Plus: Non-operating income		106,249	83,440
Minus: Non-operating expenses		325,220	371,527
3. Total profits (total loss is listed with “-”)		331,439,631	491,836,779

Item	Note	Sum of current period	Sum of prior period
Minus: Income tax expenses		2,624,240	-376,545
4. Net profit (net loss is listed with “-”)		328,815,391	492,213,324
4.1 Net profit from continuing operation (net loss is listed with “-”)		328,815,391	492,213,324
4.2 Net profit from terminating operation (net loss is listed with “-”)			
5. Net after-tax amount of other comprehensive income			
5.1 Other comprehensive income not to be reclassified into profit and loss later			
5.1.1 Changes after remeasuring and resetting the benefit plans			
5.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
5.1.3 Changes in the fair value of other investments in equity instruments			
5.1.4 Changes in the fair value of the enterprise’s own credit risk			
5.1.5 Other			
5.2 Other comprehensive income to be reclassified into profit and loss later			
5.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
5.2.2 Changes in the fair value of other debt investments			
5.2.3 Amount of financial assets reclassified into other comprehensive income			
5.2.4 Provision for credit impairment of other credit investments			
5.2.5 Provision for cash-flow hedge			
5.2.6 Difference in translation of Foreign Currency Financial Statement			
5.2.7 Other			
6. Total comprehensive income		328,815,391	492,213,324
7. Earnings per share:			
7.1 Basic earnings per share		0.48	0.72
7.2 Diluted earnings per share		0.48	0.72

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

2.5 Consolidated cash flow statement

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

Unit: Yuan

Item	Note	Sum of current period	Sum of prior period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		2,087,979,514	1,888,979,284
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			

Item	Note	Sum of current period	Sum of prior period
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Cash received from collecting interest, handling fees and commissions			
Net increase in borrowing funds			
Net increase in repurchasement business funds			
Net cash received for buying and selling securities			
Tax refund received		165,095,342	25,489,549
Other cash received related to operating activities	7.53	30,136,317	26,262,022
Subtotal of cash flows of operating activities		2,283,211,173	1,940,730,855
Cash paid for goods and services		636,965,411	528,698,794
Net increase in customer loans and advances			
Net increase in deposits in central bank and interbank deposits			
Cash paid to original insurance contract payments			
Net increase in lending funds			
Cash paid to interest, handling fees and commissions			
Cash paid to policy bonus			
Cash paid to and on behalf of employees		266,617,445	260,016,591
Cash paid for taxes and expenses		482,260,853	429,710,784
Other cash paid related to operating activities	7.53	291,093,869	266,369,537
Sub-total of cash outflows of operating activities		1,676,937,578	1,484,795,706
Net cash flow from operating activities		606,273,595	455,935,149
2. Cash flow from investing activities:			
Cash received from disinvestment			
Cash received from withdrawal of fixed deposits		86,000,000	5,200,000
Cash received from obtaining investment income			
Cash received from obtaining interest income		474,434	97,241
Cash received from disposal of fixed assets, intangible assets and other long-term assets		24,186,808	11,531
Net cash received from disposal of branch and other business unit			
Other cash received related to investing activities			
Subtotal of cash flows of investment activities		110,661,242	5,308,772
Cash paid to acquire fixed assets, intangible assets and other long-term assets		106,892,064	112,686,656
Cash for investment			518,000
Cash paid for purchasing fixed deposits		86,000,000	5,200,000
Net increase in hypothecated loan			
Net cash paid for acquiring branch and other business unit			
Other cash paid related to investment activities			
Subtotal of cash outflows of investment activities		192,892,064	118,404,656
Net cash flow from investing activities		-82,230,822	-113,095,884
3. Cash flow from financing activities			

Item	Note	Sum of current period	Sum of prior period
Cash received from acquiring investment			7,430,000
Including: cash received from acquiring minority shareholders investment by branch			7,430,000
Cash received from acquiring loans		428,548,896	596,450,339
Other cash received related to financing activities			21,654,861
Subtotal cash flows of financing activities		428,548,896	625,535,200
Cash paid for paying debts		590,123,879	609,426,516
Cash paid for distributing dividend and profit or paying interest		15,360,912	11,683,409
Including: dividend and profit paid to minority shareholders by branch		1,793,435	
Other cash paid related to financing activities		9,765,810	7,144,318
Subtotal of cash outflows of financing activities		615,250,601	628,254,243
Net cash flow from financing activities		-186,701,705	-2,719,043
4. Influences of exchange rate fluctuation on cash and cash equivalents		188,837	-400,533
5. Net Increase in cash and cash equivalents		337,529,905	339,719,689
Plus: balance at the beginning of the period of cash and cash equivalents		1,502,327,029	1,052,665,105
6. Balance at the end of the period of cash and cash equivalents		1,839,856,934	1,392,384,794

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

2.6 Cash flow statement of the parent company

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

Unit: Yuan

Item	Sum of current period	Sum of prior period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	264,608,586	219,352,502
Tax refund received		
Other cash received related to operating activities	53,941,562	4,587,865
Subtotal of cash flows of operating activities	318,550,148	223,940,367
Cash paid for goods and services	149,862,593	119,811,768
Cash paid to and on behalf of employees	28,951,681	31,143,555
Cash paid for taxes and expenses	22,087,575	22,678,777
Other cash paid related to operating activities	12,091,557	98,483,900
Sub-total of cash outflows of operating activities	212,993,406	272,118,000
Net cash flow from operating activities	105,556,742	-48,177,633
2. Cash flow from investing activities:		
Cash received from disinvestment		
Cash received from withdrawal of fixed deposits	86,000,000	5,200,000
Cash received from obtaining investment income	321,605,820.39	695,005,832
Cash received from obtaining interest income	474,433.61	97,241
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	31,808	47,954
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities	302,000,000	
Subtotal of cash flows of investment activities	710,112,062	700,351,027

Item	Sum of current period	Sum of prior period
Cash paid to acquiring fixed assets, intangible assets and other long-term assets	5,975,121	2,688,616
Cash for investment	110,000,000	
Cash paid for purchasing fixed deposits	86,000,000	5,200,000
Net cash paid for acquiring branch and other business unit		
Other cash paid related to investment activities	35,700,000	290,000,000
Subtotal of cash outflows of investment activities	237,675,121	297,888,616
Net cash flow from investing activities	472,436,941	402,462,411
3. Cash flow from financing activities:		
Cash received from acquiring investment		
Cash received from acquiring loans	100,000,000	150,000,000
Other cash received related to financing activities		
Subtotal cash flows of financing activities	100,000,000	150,000,000
Cash paid for debts	150,000,000	150,000,000
Cash paid to distribute dividend, profit or pay interest	2,387,083	2,442,943
Other cash paid related to financing activities	4,517,699	2,809,688
Subtotal of cash outflows of financing activities	156,904,782	155,252,631
Net cash flow from financing activities	-56,904,782	-5,252,631
4. Influences of exchange rate fluctuation on cash and cash equivalents		
5. Net Increase in cash and cash equivalents	521,088,901	349,032,147
Plus: balance at the beginning of the period of cash and cash equivalents	513,809,440	182,123,070
6. Balance at the end of the period of cash and cash equivalents	1,034,898,341	531,155,217

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

2.7 Consolidated owner's equity changing list

Unit: Yuan

Item	This period														
	Owners' equity of the parent company													Minority shareholders' equity	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other	Subtotal		
	Preferred stock	Perpetual bonds	Other												
1. Balance at the end of last year	685,464,000				524,968,760		-34,707,177		342,732,000		8,929,426,600		10,447,884,183	244,792,421	10,692,676,604
Plus: Accounting policies changing															
Previous error correction															
Business combination under common control															
Other															
2. Balance at the beginning of this year	685,464,000				524,968,760		-34,707,177		342,732,000		8,929,426,600		10,447,884,183	244,792,421	10,692,676,604
3. Increased or decreased amount in this period (reducing amount is listed with "-")							-6,397,496				50,000,803		43,603,307	-14,589,190	29,014,117
3.1 Total comprehensive income							-6,397,496				358,459,603		352,062,107	-12,452,206	339,609,901
3.2 Owners' invested and reduced capital															
3.2.1 Owner' invested common stock															
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owners' equity															
3.2.4 Other															
3.3 Profit distribution											-308,458,800		-308,458,800	-2,136,984	-310,595,784
3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)											-308,458,800		-308,458,800	-2,136,984	-310,595,784
3.3.4 Other															

Item	This period															
	Owners' equity of the parent company													Minority shareholders' equity	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other	Subtotal			
	Preferred stock	Perpetual bonds	Other													
3.4 Internal transfer of owners' equity																
3.4.1 Capital reserves transferred and increased capital (or capital stock)																
3.4.2 Surplus reserves transferred and increased capital (or capital stock)																
3.4.3 Surplus reserves covering deficit																
3.4.4 Retained earnings carried over from the benefit plan variation																
3.4.5 Retained earnings carried over from other comprehensive income																
3.4.6 Other																
3.5 Special reserves																
3.5.1 Withdrawal in this period																
3.5.2 Usage in this period																
3.6 Other																
4. Balance at the end of this period	685,464,000				524,968,760		-41,104,673		342,732,000				8,979,427,403	10,491,487,490	230,203,231	10,721,690,721

Unit: Yuan

Item	Last period															
	Owners' equity of the parent company													Minority shareholders' equity	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other	Subtotal			
	Preferred stock	Perpetual bonds	Other													
1. Balance at the end of last year	685,464,000				524,968,760		576,129		342,732,000				8,714,091,755	10,267,832,644	236,597,990	10,504,430,634
Plus: Accounting policies changing													-10,582,161	-10,582,161		-10,582,161
Previous error correction																
Business combination under common control																
Other																
2. Balance at the beginning of this year	685,464,000				524,968,760		576,129		342,732,000				8,703,509,594	10,257,250,483	236,597,990	10,493,848,473

Item	Last period														
	Owners' equity of the parent company												Minority shareholders' equity	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other			Subtotal
	Preferred stock	Perpetual bonds	Other												
3. Increased or decreased amount in this period (reducing amount is listed with "-")							-35,283,306				225,917,006		190,633,700	8,194,431	198,828,131
3.1 Total comprehensive income							-35,283,306				500,102,606		464,819,300	2,551,124	467,370,424
3.2 Owners' invested and reduced capital														7,840,000	7,840,000
3.2.1 Owner' invested common stock														7,840,000	7,840,000
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owners' equity															
3.2.4 Other															
3.3 Profit distribution											-274,185,600		-274,185,600	-2,196,693	-276,382,293
3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)											-274,185,600		-274,185,600	-2,196,693	-276,382,293
3.3.4 Other															
3.4 Internal transfer of owners' equity															
3.4.1 Capital reserves transferred and increased capital (or capital stock)															
3.4.2 Surplus reserves transferred and increased capital (or capital stock)															
3.4.3 Surplus reserves covering deficit															
3.4.4 Retained earnings carried over from the benefit plan amount															
3.4.5 Retained earnings carried over from other comprehensive income															

Item	Last period														Minority shareholders' equity	Total owners' equity
	Owners' equity of the parent company												Other	Subtotal		
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits					
	Preferred stock	Perpetual bonds	Other													
3.4.6 Other																
3.5 Special reserves																
3.5.1 Withdrawal in this period																
3.5.2 Usage in this period																
3.6 Other																
4. Balance at the end of this period	685,464,000				524,968,760		-34,707,177		342,732,000			8,929,426,600		10,447,884,183	244,792,421	10,692,676,604

2.8 Owner's equity changing list of the parent company

Unit: Yuan

Item	This period												Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other		
		Preferred stock	Perpetual bonds	Other									
1. Balance at the end of last year	685,464,000				560,182,235				342,732,000	9,141,561,665		10,729,939,900	
Plus: Accounting policies changing													
Previous error correction													
Other													
2. Balance at the beginning of this year	685,464,000				560,182,235				342,732,000	9,141,561,665		10,729,939,900	
3. Increased or decreased amount in this period (reducing amount is listed with "-")										20,356,591		20,356,591	
3.1 Total comprehensive income										328,815,391		328,815,391	
3.2 Owners' invested and reduced capital													
3.2.1 Owners' invested common stock													
3.2.2 Other equity instrument holder' invested capital													
3.2.3 Amount of shares paid and													

Item	This period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
reckoned in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-308,458,800		-308,458,800
3.3.1 Drew surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-308,458,800		-308,458,800
3.3.3 Other												
3.4 Internal transfer of owners' equity												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from the benefit plan amount												
3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Other												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Other												
4. Balance at the end of this period	685,464,000				560,182,235				342,732,000	9,161,918,256		10,750,296,491

Unit: Yuan

Item	Last period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
1. Balance at the end of last year	685,464,000				560,182,235				342,732,000	8,567,313,551		10,155,691,786
Plus: Accounting policies changing										-6,620,268		-6,620,268
Previous error correction												
Other												
2. Balance at the beginning of this year	685,464,000				560,182,235				342,732,000	8,560,693,283		10,149,071,518
3. Increased or decreased amount in this period (reducing amount is listed with "-")										580,868,382		580,868,382
3.1 Total comprehensive income										855,053,982		855,053,982
3.2 Owners' invested and reduced capital												
3.2.1 Owners' invested common stock												
3.2.2 Other equity instrument holder' invested capital												
3.2.3 Amount of shares paid and reckoned in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-274,185,600		-274,185,600
3.3.1 Drew surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-274,185,600		-274,185,600
3.3.3 Other												
3.4 Internal transfer of owners' equity												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from												

Item	Last period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
the benefit plan amount												
3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Other												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Other												
4. Balance at the end of this period	685,464,000				560,182,235				342,732,000	9,141,561,665		10,729,939,900

3. Company profile

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

As at June 30, 2022, the Company issued 685,464,000 shares accumulatively. Refer to Note 7.33 for details.

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

The financial statement and the consolidated financial statement of the Company were approved by the Board of Directors on August 24, 2022.

The details of scope of the consolidated financial statement in this period can be seen in Note 8 “Equity in other entities”.

4. Preparation basis of financial statement

4.1 Preparation basis

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

Since January 1, 2019 and January 1, 2020, the Group has respectively implemented new financial instrument standards revised by the Ministry of Finance of the People’s Republic of China (hereinafter referred to as the “Ministry of Finance”) in 2017 including *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instrument* and *Accounting Standards for Business Enterprises No. 14 - Revenue*, and since January 1, 2021, it has implemented *Accounting Standards for Business Enterprises No. 21 - Leases* revised by the Ministry of Finance in 2018.

4.2 Continuous operation

The Group has appraised the ability of continuous operation for 12 months from June 30, 2022, and no issues or situations causing major doubts to this ability are found. Therefore, this financial statement is prepared on the basis of the continuous operation assumption.

5. Main accounting policies and accounting estimates

5.1 Statement on compliance with ASBE

This financial statement fulfills the requirement of Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and gives a true and integrated view of the consolidated financial status and the financial status as at June 30, 2022, as well as the consolidated operating result, the operating result, the consolidated cash flow and the cash flow of the Company from January to June 2022.

In addition, the financial statement of the Company also complies with the related disclosure requirements for statement and its notes stipulated by *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports* (2014 Revision) by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”).

5.2 Accounting period

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

5.3 Operating cycle

The operating cycle refers to the period from the enterprise purchases the assets used for processing to the cash or cash equivalent is realized. The operating cycle of the Company is 12 months.

5.4 Recording currency

Since Renminbi (RMB) is the currency of the main economic environment in which the Company and the domestic subsidiary companies thereof are situated, the Company and the subsidiary companies thereof adopt RMB as the recording currency. The overseas subsidiary companies thereof determine EUR, CLP and AUD as the recording currency according to the main economic environment in which they are situated. The currency in this financial statement prepared by the Group is RMB.

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

5.5.1 Business combination under common control

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

5.5.2 Business combination under non-common control

A business combination under non-common control is a business combination in which all of

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

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

5.6 Compiling methods of consolidated financial statement

5.6.1 General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

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

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the

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

5.6.2 Subsidiaries acquired through a business combination

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

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

5.6.3 Disposal of subsidiaries

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

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

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

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

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets

(calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

5.6.4 Changes in non-controlling interests

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

5.7 Determination standard of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposit, and short-term highly liquid investments which are readily convertible into known amount of cash with an insignificant risk of changes in value.

5.8 Foreign currency transaction and foreign currency statement translation

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

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

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

5.9 Financial instruments

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

5.9.1 Recognition and initial measurement of financial assets and financial liabilities

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

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Accounts receivable containing no significant financing component are measured initially at transaction prices determined by the accounting policies set out in Note 5.22.

5.9.2 Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

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

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

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

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

that would otherwise arise.

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

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

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

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

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

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

- Equity investments at FVOCI

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

to retained earnings.

5.9.3 Classification and subsequent measurement of financial liabilities

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

- Financial liabilities at FVTPL

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

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

- Financial liabilities at amortised cost

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

5.9.4 Offsetting

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

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

5.9.5 Derecognition of financial assets and financial liabilities

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

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

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

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

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

5.9.6 Impairment

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

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

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

Measurement of ECLs

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

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

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

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

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

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

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

Financial instruments that have low credit risk

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed 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 shared credit risk characteristics, such as past due status and credit risk ratings.

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

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

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

Write-off

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

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

5.9.7 Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

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

5.10 Inventories

5.10.1 Classification and cost

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

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

5.10.2 Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

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

5.10.3 Basis for determining the net realisable value and method for provision for obsolete inventories

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

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

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

5.10.4 Inventory count system

The Group maintains a perpetual inventory system.

5.11 Long-term equity investments

5.11.1 Investment cost of long-term equity investments

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

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a

business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

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

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

5.11.2 Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

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

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

For the impairment of the investments in subsidiaries, refer to Note 5.20.

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

(b) Investments in joint ventures and associates

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

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

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

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is

initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

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

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

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

For the impairment of the investments in joint ventures and associates, refer to Note 5.20.

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

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

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

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

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

5.12 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights, unless the investment property is classified as held for sale. For the impairment of the investment properties, refer to Note 5.20.

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

5.13 Fixed assets

5.13.1 Recognition of fixed assets

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

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note 5.14.

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

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

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

5.13.2 Depreciation of fixed assets

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

The estimated useful lives, residual value rates and annual depreciation rates of each class of

fixed assets are as follows:

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

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

5.13.3 For the impairment of the fixed assets, refer to Note 5.20.

5.13.4 Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

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

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

5.14 Construction in progress

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

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

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note 5.20).

5.15 Borrowing costs

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

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

- Where funds are borrowed specifically for the acquisition and construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated

using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

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

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

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

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

5.16 Biological assets

The biological assets of the Group are productive biological assets.

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

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

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

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

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

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

5.17 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 5.20). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective amortisation periods for intangible assets are as follows:

Item	Amortisation period (years)
Land use rights	40-50 years
Software licenses	5-10 years
Trademark	10 years

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

5.18 Goodwill

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

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note 5.20). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

5.19 Long-term deferred expenses

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

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

5.20 Impairment of assets other than inventories and financial assets

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

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

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

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

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

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

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

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

5.21 Fair value measurement

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

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

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

5.22 Revenue

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

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

If there are two or more performance obligations under the contract, which shall be fulfilled, the Group will apportion the transaction price to various individual performance obligations in accordance with the relative proportion of separate selling prices of various goods or services under these performance obligations on the commencement date of the contract, and measure and recognize the revenue in accordance with the transaction prices apportioned to various individual performance obligations. The stand-alone selling price refers to the price at

which the Group sells goods or provides services to customers separately. If the stand-alone selling price cannot be directly observed, the Group comprehensively considers all the relevant information that can be reasonably obtained, and uses observable input values to the greatest extent to estimate the stand-alone selling price.

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

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

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

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

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

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

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

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

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

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

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

5.23 Contract cost

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

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

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

asset.

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

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

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

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

5.24 Employee benefits

5.24.1 Short-term employee benefits

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

5.24.2 Post-employment benefits – defined contribution plans

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

5.24.3 Termination benefits

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

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

5.25 Government grants

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

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

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

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

5.26 Income tax

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

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

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

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

which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

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

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

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

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

5.27 Lease

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

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

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

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

the use of the identified asset throughout the period of use; and

- Whether the lessee has the right to direct the use of an identified asset throughout this period of use.

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

5.27.1 Where the Group is the lessee

Upon the commencement of the lease term, the Group recognizes right-of-use assets and lease liabilities for leases. The right-of-use assets are initially measured at cost, including initially measured amount of leased liability; amount of lease payments made on or before the commencement date of the lease term (the related amount of lease incentive having been enjoyed shall be deducted); initial direct costs incurred and costs that the Group expects to incur to disassemble and remove leased assets, restore the site where leased assets are located or restore leased assets to the agreed condition under the terms of the lease.

The Group employs the straight-line method to depreciate right-of-use assets. Where it can be reasonably recognized that the ownership of leased assets will be obtained by the Group upon expiration of the lease term, leased assets will be depreciated during the service life; otherwise, leased assets will be depreciated during the lease term or the remaining service life of such leased assets by the Group, whichever is shorter. Right-of-use assets shall be provided for impairment in accordance with the accounting policies stated in Note 5.20.

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

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

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

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

renewal option or option of termination of lease or the actual exercising of the termination of the renewal option or option of termination of lease is inconsistent with the original assessment result.

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

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

5.27.2 The Group as the lessor

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

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

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

The Group calculates and recognizes the interest income in each period within the lease term according to a fixed periodic rate. Derecognition and impairment of finance lease receivables shall be subject to accounting treatment in accordance with the accounting policies stated in Note 5.9. The variable lease payment which is not included in the net investment in a lease, shall be recognized in current profits and losses when it actually occurs.

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

5.28 Assets held for sale

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

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

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

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

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

5.29 Profit distributions

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

5.30 Related parties

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

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

5.31 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organisation structure, management requirements and internal reporting system, the Group's

operation is divided into four parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2022, over 86% of revenue, more than 98% of profit and over 98% of non-current assets derived from China / are located in China. Therefore the Group does not need to disclose additional segment report information.

5.32 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

5.32.1 Significant accounting estimates

Except for accounting estimates relating to depreciation and amortisation of assets such as investment properties, fixed assets, bearer biological assets and intangible assets (see Notes 5.12, 13, 16 and 17) and provision for impairment of various types of assets (see Notes 7.3, 6, 7, 11, 12, 13, 14, 15 and Notes 16.2). Other significant accounting estimates are as follows:

- (i) Note 7.18 – Recognition of deferred tax asset;
- (ii) Note 10 – Fair value measurements of financial instruments.

5.33 Changes in significant accounting policies and accounting estimates

5.33.1 Changes in significant accounting policies

Nil

5.33.2 Changes in significant accounting estimates

Nil

6. Taxes

6.1 The main taxes and tax rates are as follows:

Tax category	Taxation basis	Tax rates
Value added tax	Levied on the balance between the output tax calculated based on taxable income and the input tax allowed to be deducted in current period	13%, 9%, 6% (China), 20% (France), 21% (Spain), 19% (Chile), 10% (Australia)
Consumption tax	Levied on taxable income	10% of the price, 20% of the price and 1,000 Yuan each ton (China)
City development tax	Levied on circulation tax actually paid	7% (China)
Corporate income tax	Levied on taxable income	25% (China), 25% (France 2022), 26.5% (France 2021), 28% (Spain), 27% (Chile), 30% (Australia)

6.2 Tax incentives

Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”), a subsidiary of the Group, whose principal activity is grape growing, is incorporated in Ningxia Huizu Autonomous

Region. According to clause 27 of *PRC Corporate Income Tax* and clause 86 of *PRC Corporate Income Tax Measures for Implementation*, Ningxia Growing enjoys an exemption of corporate income tax.

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

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

Beijing Changyu AFIP Agriculture Development Co., Ltd (“Agriculture Development”), a subsidiary of the Group, whose principal activity is grape growing, is incorporated in Miyun County, Beijing. According to clause 27 of the *Corporate Income Tax Law of the People’s Republic of China* and clause 86 of the *Implementation Rules of Enterprise Income Tax Law of the People’s Republic of China*, Agriculture Development enjoys an exemption of corporate income tax.

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

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

Ningxia Changyu Longyu Estate Co., Ltd. (previous name: Chateau Changyu Moser XV Co., Ltd., Ningxia, referred to as “Ningxia Chateau”), a subsidiary of the Company, is an enterprise of wine production and sales incorporated in Yinchuan City, Ningxia Huizu Autonomous Region. In accordance with *Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Announcement No. 23 [2020] of the Ministry of Finance), Ningxia Chateau is qualified to

enjoy preferential taxation policies, which means it can pay corporate income tax at a preferential rate of 15% for the period from 2021 to 2030.

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

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (Announcement No. 13 of [2022] of the Ministry of Finance and the State Taxation Administration), the annual taxable income of a small low-profit enterprise that is not less than 1 Million Yuan and not more than 3 Million Yuan shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. Beijing Changyu Wine Industry Marketing Co., Ltd (“Beijing Allotting”), a subsidiary of the Group, has been identified as eligible small low-profit enterprise.

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Exempting Small-Scale Value-Added Tax Taxpayers from Value-Added Tax* (Announcement No. 15 of [2022] of the Ministry of Finance and the State Taxation Administration), small-scale VAT taxpayers with taxable sales income subject to a 3% tax rate are exempted from VAT payment from April 1 to December 31, 2022. Xinjiang Changyu Sales Co., Ltd., a subsidiary of the Group, has enjoyed this exemption policy.

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

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the “Six Taxes and Two Fees” Reduction and Exemption Policies for Micro and Small Enterprises* (Announcement No. 10 of [2022]), as determined by the people’s government of a province, autonomous region, or municipality directly under the Central Government in light of the actual circumstances of the local region, from January 1, 2022 to December 31, 2024, a small-scale VAT taxpayer, a small low-profit enterprise or an individual industrial and commercial household may be pay resource tax, urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities trading stamp tax), farmland occupation tax, educational surtax, or local education surcharges at the reduced tax rate of 50% or less. Shandong, Xinjiang, Ningxia, Shaanxi and other provinces (autonomous regions and municipalities) have reduced the “six

taxes and two fees” by 50%, and some of the Company’s subsidiaries are eligible for the reduction.

According to the provisions of the *Notice of Shaanxi Provincial Finance Department and Shaanxi Provincial Tax Service, State Taxation Administration on Clarifying the Relevant Issues Concerning the Reduction and Exemption of Urban Land Use Tax and Property Tax for Difficulty in Tax Payment in the First Quarter of 2022* (Shaan Cai Shui [2022] No. 6), if the taxpayer is affected by the epidemic with sales in the first quarter of 2022 have fallen by more than 30% (inclusive) year-on-year or month-on-month, and has indeed difficult to pay urban land use tax and property tax, the finance and taxation department shall approve taxpayer’s application for reduction or exemption for difficulty in tax payment. Shaanxi Chateau Changyu Rena Co., Ltd. and Changyu (Jingyang) Wine Co., Ltd., both subsidiaries of the Company, have met the application conditions, and property tax and urban land use tax have been reduced or exempted in the first quarter of 2022.

7. Notes to items in the consolidated financial statement

7.1 Monetary capital

Unit: Yuan

Item	Ending balance	Beginning balance
Cash on hand	64,720	71,486
Bank deposit	1,896,192,608	1,558,134,072
Other monetary capital	8,685,297	8,890,435
Total	1,904,942,625	1,567,095,993
Including: Total overseas deposits	24,435,576	28,691,521
Total amount of funds that have restrictions on use due to mortgages, pledges, or freezes	11,363,826.00	11,568,964.00

As at June 30, 2022, the restricted bank deposit details are listed as follows:

Unit: Yuan

Item	Ending balance	Beginning balance
Housing fund of the unit	2,678,529	2,678,529
Total	2,678,529	2,678,529

As at June 30, 2022, the details of other monetary funds are listed as follows:

Unit: Yuan

Item	Ending balance	Beginning balance
Guaranteed deposits paid for the letter of credit	7,900,850	7,900,850
Account balance of Alipay	774,447	859,558
Guaranty money for ICBC platform	10,000	10,000
Guaranty money for customs		120,027
Total	8,685,297	8,890,435

As at June 30, 2022, the bank deposits of the Group including short-term fixed deposits ranging from 3 months to 12 months and Renminbi amounted to 53,721,866 Yuan (including interest receivable of 521,866 Yuan), with the interest rates ranging from 1.75% to 2.25% (December 31, 2021: RMB 53,200,000 Yuan).

7.2 Bills receivable

Classification of bills receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	400,000	42,827,666
Total	400,000	42,827,666

The above bills receivable are all due within one year.

7.3 Accounts receivable

7.3.1 Accounts receivable disclosed by type

Unit: Yuan

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivable for which provision for bad debts is accrued on a single item basis										
Accounts receivable for which provision for bad debts is accrued on a combined basis	236,709,664	100%	18,822,827	7.95%	217,886,837	311,270,160	100%	20,263,750	6.50%	291,006,410
Total	236,709,664	100%	18,822,827	7.95%	217,886,837	311,270,160	100%	20,263,750	6.50%	291,006,410

Provision for bad debts accrued on a combined basis:

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Accrued proportion
Amounts due from related parties	379,160	1,057	0.28%
Amounts due from other customers	236,330,504	18,821,770	7.96%
Total	236,709,664	18,822,827	--

Disclosed by age:

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	224,050,457
1-2 years	7,902,290
2-3 years	4,756,917
Over 3 years	

Total	236,709,664
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As at June 30, 2022, the accounts receivable with ownership restrictions were RMB 48,257,808 Yuan (December 31, 2021: 49,061,015 Yuan). Please refer to Note 7.20 for details.

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

Provision for bad debts accrued in this period:

Unit: Yuan

Type	Beginning balance of the year	Changes in this period			Ending balance
		Accrued	Withdrawn or transferred back	Cancelled	
Accounts receivable for which provision for bad debts is accrued	20,263,750	-486,076		954,847	18,822,827
Total	20,263,750	-486,076	-	954,847	18,822,827

7.3.3 Accounts receivable actually cancelled after verification in this period

Unit	Nature of accounts receivable	Amount of cancel after verification	Reason for cancel after verification	Procedures of cancel after verification performed	Whether the payment is caused by a related transaction
Shanghai Shangshu Yonghui Fresh Food Co., Ltd.	Payment for goods	954,847	Bankruptcy liquidation	Examined and approved by management	No
Total	--	954,847	--	--	--

7.3.4 Accounts receivable collected by the borrowers of top 5 units ranked by the ending balance

Unit: Yuan

Unit	Relationship with the Group	Amount	Period	Percentage in total accounts receivable	Ending balance of provision for bad and doubtful debts
Customer 1	Third party	32,417,663	Within 1 year	13.7%	152,239
Customer 2	Third party	25,143,196	Within 1 year	10.6%	70,101
Customer 3	Third party	8,919,126	Within 1 year	3.8%	1,646,585
Customer 4	Third party	6,161,123	1 to 2 years	2.6%	6,161,123
Customer 5	Third party	4,633,427	Within 1 year	2.0%	102,054
Total	--	77,274,535	--	32.7%	8,132,102

7.3.5 Accounts receivable terminating recognition due to transfer of financial assets

Nil

7.3.6 Accounts receivable transferred and included in assets and liabilities

Nil

7.4 Receivables financing

Unit: Yuan

Item	Ending balance	Beginning balance
Bills receivable	293,023,621	364,457,497

Total	293,023,621	364,457,497
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7.4.1 The pledged bills receivable of the Group at the end of the year

Nil

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

Item	Amount derecognised at year end
Bank acceptance bills	44,374,124
Total	44,374,124

As at June 30, 2022, bills endorsed by the Group to other parties which are not yet due at the end of the period is RMB 44,374,124 Yuan (December 31, 2021: RMB 449,373,119 Yuan). The notes are used for payment to suppliers and constructions. The Group believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Group would undertake limited liability for the notes.

7.5 Advance payment

7.5.1 Advance payment listed by age

Unit: Yuan

Age	Ending balance		Beginning sum	
	Amount	Proportion	Amount	Proportion
Within 1 year	39,188,781	99.99%	75,207,094	99.90%
1-2 years	420	0.01%	28,785	0.10%
2-3 years				
More than 3 years				
Total	39,189,201	--	75,235,879	--

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

Unit: Yuan

Category of client	Relationship with the Group	Amount	Age	Reason for unsettlement	Percentage in the total advance payment%
Unit 1	Third party	27,057,504	Within 1 year	Prepayments	69.0%
Unit 2	Third party	1,775,554	Within 1 year	Prepayments	4.5%
Unit 3	Third party	1,368,820	Within 1 year	Prepayments	3.5%
Unit 4	Third party	1,112,707	Within 1 year	Prepayments	2.8%
Unit 5	Third party	1,073,128	Within 1 year	Prepaid electricity fees	2.7%
Total	--	32,387,713	--		82.5%

7.6 Other receivables

Unit: Yuan

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	24,225,429	30,125,270
Total	24,225,429	30,125,270

Other receivables

7.6.1 Other receivables classified by nature

Unit: Yuan

Nature	Ending book balance	Beginning book balance
Deposit and guaranty money receivable	4,085,568	4,568,157
Consumption tax and added-value tax export rebate	9,503,583	7,204,557
Imprest receivable	394,945	252,481
Compensation for land acquisition and storage receivable		11,550,000
Other	10,241,333	6,550,075
Total	24,225,429	30,125,270

7.6.2 Disclosed by age

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	19,135,648
1-2 years	2,273,769
2-3 years	155,825
More than 3 years	2,660,187
Total	24,225,429

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

The provision for bad debts accrued in this period was RMB 0 Yuan; and that withdrawn or transferred back in this period was RMB 0 Yuan.

7.6.4 Other receivables actually cancelled after verification in this period

Nil

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

Unit: Yuan

Unit	Nature	Ending balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Unit 1	Value-added tax export rebate	8,294,068	Within 1 years	34.2%	
Unit 2	Value-added tax export rebate	1,209,515	Within 1 years	5.0%	
Unit 3	Utilities receivable	983,511	Within 1 years	4.1%	
Unit 4	Guaranty money	657,000	Within 1 year	2.7%	

Unit 5	Guaranty money	572,880	Within 1 years	2.4%	
Total	--	11,716,974	--	48.4%	

7.6.6 Accounts receivable involving government subsidies

Nil

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

Nil

7.6.8 Other receivables transferred and then included in assets and liabilities

Nil

7.7 Inventories

7.7.1 Inventory classification

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	55,287,545		55,287,545	245,114,403		245,114,403
Goods in process	2,144,712,118		2,144,712,118	1,937,081,109		1,937,081,109
Commodity stocks	646,119,559	12,294,314	633,825,245	634,212,222	13,785,214	620,427,008
Total	2,846,119,222	12,294,314	2,833,824,908	2,816,407,734	13,785,214	2,802,622,520

7.7.2 Inventory depreciation provision

Unit: Yuan

Item	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Accrual	Other	Transfer back or write-off	Other	
Raw materials						
Goods in process						
Commodity stocks	13,785,214	12,294,314		13,785,214		12,294,314
Total	13,785,214	12,294,314		13,785,214		12,294,314

7.8 Other current assets

Unit: Yuan

Item	Ending balance	Beginning balance
Prepaid corporate income tax	12,675,977	16,697,663
Deductible input tax	17,281,881	198,516,812
Expense to be amortized	2,095,829	1,938,126
Total	32,053,687	217,152,601

7.9 Long-term equity investments

Unit: Yuan

Investee	Beginning balance (book value)	Movements during the period								Ending balance (book value)	Ending balance of provision for impairment
		Increase in capital	Decrease in capita	Losses from investments under equity-method	Other omprehensive income adjustment	Other equity changing	Declare cash dividend or profit	Accrual provision for impairment	Others		
1. Joint ventures											
SAS L&M Holdings (“L&M Holdings”)	39,652,834			-798,152						38,854,682	
Subtotal	39,652,834			-798,152						38,854,682	
2. Associates											
Weimeisi (Shanghai) Enterprise Development Co., Ltd. (“Weimeisi Shanghai”)	2,366,811			-43,743						2,323,068	
Yantai Santai Real Estate Development Co., Ltd.	3,519,656			17,204						3,536,860	
Chengdu Yufeng Brand Management Co., Ltd. (“Chengdu Yufeng”) (Note)	481,472			-33,972						447,500	
Yantai Guolong Wine Industry Co., Ltd. (“Guolong Wine Industry”) (Note)	475,737			-62,654						413,083	
Subtotal	6,843,676			-123,165						6,720,511	
Total	46,496,510			-921,317						45,575,193	

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

7.10 Investment real estate

7.10.1 Investment real estate by cost measurement method

Unit: Yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I Original book value				
1. Beginning balance	70,954,045			70,954,045
2. Increase in this period				
2.1 Outsourcing				
2.2 Transfer in from inventories/fixed assets\ construction in progress				
2.3 Business merger				

Item	Houses and buildings	Land use right	Construction in progress	Total
increase				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	70,954,045			70,954,045
II Accumulated depreciation & accumulated amortization				
1. Beginning balance	46,451,787			46,451,787
2. Increase in this period	1,470,923			1,470,923
2.1 Accrual or amortization	1,470,923			1,470,923
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	47,922,710			47,922,710
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance				
IV Book value				
1. Ending book value	23,031,335			23,031,335
2. Beginning book value	24,502,258			24,502,258

7.11 Fixed assets

Unit: Yuan

Item	Ending balance	Beginning balance
Fixed assets	5,546,334,638	5,687,867,314
Disposal of fixed assets		
Total	5,546,334,638	5,687,867,314

7.11.1 Particulars of fixed assets

Unit: Yuan

Item	Houses and buildings	Machinery equipment	Transportation tools	Total
I Original book value:				
1. Beginning balance	5,294,917,836	2,820,909,563	27,181,876	8,143,009,275
2. Increase in this period	7,765,560	22,210,575	27,004	30,003,139
2.1 Acquisition	7,765,560	20,743,022	27,004	28,535,586
2.2 Transfer in from construction in progress		1,467,553		1,467,553
2.3 Business merger increase				

Item	Houses and buildings	Machinery equipment	Transportation tools	Total
3. Decrease in this period	25,842,528	69,336,780	1,394,520	96,573,828
3.1 Disposal or retirement	25,842,528	69,336,780	1,394,520	96,573,828
4. Ending balance	5,276,840,868	2,773,783,358	25,814,360	8,076,438,586
II Accumulated depreciation				
1. Beginning balance	1,017,892,171	1,397,163,895	22,607,868	2,437,663,934
2. Increase in this period	71,676,682	76,661,614	1,078,182	149,416,478
2.1 Accrual	71,676,682	76,661,614	1,078,182	149,416,478
3. Decrease in this period	7,742,902	50,634,316	1,268,628	59,645,846
3.1 Disposal or retirement	7,742,902	50,634,316	1,268,628	59,645,846
4. Ending balance	1,081,825,951	1,423,191,193	22,417,422	2,527,434,566
III Impairment provision				
1. Beginning balance		17,478,027		17,478,027
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period		14,808,645		14,808,645
3.1 Disposal or retirement		14,808,645		14,808,645
4. Ending balance		2,669,382		2,669,382
IV Book value				
1. Ending book value	4,195,014,917	1,347,922,783	3,396,938	5,546,334,638
2. Beginning book value	4,277,025,665	1,406,267,641	4,574,008	5,687,867,314

As at June 30, 2022, the net value of the fixed assets with ownership restrictions was RMB 305,466,716 Yuan (December 31, 2021: RMB 313,012,605 Yuan). Please refer to Note 7.55 for details.

7.11.2 Particulars of temporarily idle fixed assets

Unit: Yuan

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Remarks
Buildings	23,740,839	11,593,042		12,147,797	
Machinery equipment	19,121,524	16,176,842	2,669,382	275,300	
Other equipment	3,217,761	3,060,653		157,108	
Total	46,080,124	30,830,537	2,669,382	12,580,205	

7.11.3 Particulars of fixed assets under finance leases

Nil

7.11.4 Fixed assets under operating lease

Unit: Yuan

Item	Ending book value
Machinery equipment	8,583

7.11.5 Particulars of fixed assets without property certificates

Unit: Yuan

Item	Book value	Reason for not receiving the property certificate
Dormitory Building, Main Building and Reception Building of Chang'an Chateau	269,046,579	Under transaction
European Town, Main Building and Service Building of Chateau AFIP	167,418,191	Under transaction
Office Building and Packaging Workshop of Icewine Valley	8,938,513	Under transaction
Wine-making Workshop of Changyu (Jingyang)	4,900,454	Under transaction
Office Building, Laboratory Building and Workshop of Fermentation Center	3,063,698	Under transaction
Finished Goods Warehouse and Workshop of Kylin Packaging	2,079,477	Under transaction
Total	455,446,912	

7.12 Construction in progress

Unit: Yuan

Item	Ending balance	Beginning balance
Construction in progress	660,727,258	590,172,099
Engineering materials		
Total	660,727,258	590,172,099

7.12.1 Particulars of construction in progress

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Research, Development & Manufacture Center ("Changyu Wine City Complex")	630,106,088		630,106,088	577,328,351		577,328,351
Construction Project of Ningxia Chateau	2,731,835		2,731,835	2,835,598		2,835,598
Construction Project of Chang'an Chateau	1,245,742		1,245,742	1,245,742		1,245,742
Construction Project of Shihezi Chateau	5,328,785		5,328,785	1,028,512		1,028,512
Museum Upgrading and Rebuilding Project	14,173,081		14,173,081			
Construction Projects of Other Companies	7,141,727		7,141,727	7,733,896		7,733,896
Total	660,727,258		660,727,258	590,172,099		590,172,099

7.12.2 Changes of major construction in progress in this period

Unit: Yuan

Item	Budget	Beginning balance	Increase in this period	Transferred to fixed assets in this period	Other decrease in this period	Ending balance	Proportion of accumulative project input in budget	Accumulative capitalized amount of interest	Including: capitalized amount of interest in this period	Capitalization ratio of interest in this period	Capital source
Changyu Wine City Complex	4,505,780,000	577,328,351	52,777,737			630,106,088	83.9%	17,155,308		1.2% and 4.3%	Loans form financial institutions and self-raised funds
Construction Project of Ningxia Chateau	428,256,552	2,835,598	1,363,790	1,467,553		2,731,835	100%				Self-raised funds
Construction Project of Chang'an Chateau	698,120,331	1,245,742				1,245,742	100%				Self-raised funds
Construction Project of Shihezi Chateau	780,000,000	1,028,512	4,300,273			5,328,785	97.3%				Self-raised funds
Museum Upgrading and Rebuilding Project	51,000,000		14,173,081			14,173,081	27.8%				Self-raised funds
Total	6,463,156,883	582,438,203	72,614,881	1,467,553		653,585,531	--	17,155,308			--

As at June 30, 2022, there was no indication for impairment of construction in progress of the Group, so no provision for impairment was made.

7.13 Productive biological assets

7.13.1 Productive biological assets by cost measurement method

Unit: Yuan

Item	Plantation		Total
	Immature	Mature	
I Original book value			
1. Beginning balance	17,909,982	252,353,951	270,263,933
2. Increase in this period	834,755		834,755
2.1 Outsourcing			
2.2 Self cultivation	834,755		834,755
The immature turn to the mature			
3. Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance	18,744,737	252,353,951	271,098,688
II Accumulated depreciation			
1. Beginning balance		76,550,991	76,550,991
2. Increase in this period		6,891,408	6,891,408
2.1 Accrual		6,891,408	6,891,408
3. Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance		83,442,399	83,442,399
III Impairment provision			
1. Beginning balance			
2. Increase in this period			
2.1 Accrual			
3. Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance			
IV Book value			
1. Ending book value	18,744,737	168,911,552	187,656,289
2. Beginning book value	17,909,982	175,802,960	193,712,942

As at June 30, 2022, no ownership of the biological assets was restricted.

As at June 30, 2022, there was no indication for impairment of biological assets of the Group, so no provision was made.

7.14 Right-of-use assets

Unit: Yuan

Item	Building	Land	Others	Total
I Original book value				
1. Beginning balance	57,368,820	137,980,409	1,697,986	197,047,215
2. Increase in this period	25,502,888			25,502,888
3. Decrease in this period				
4. Ending balance	82,871,708	137,980,409	1,697,986	222,550,103
II Accumulated amortization				
1. Beginning balance	17,898,529	43,900,453	679,194	62,478,176
2. Increase in this period	7,983,339	2,898,345	169,799	11,051,483
2.1 Accrual	7,983,339	2,898,345	169,799	11,051,483
3. Decrease in this period				
3.1 Disposal				
4. Ending balance	25,881,868	46,798,798	848,993	73,529,659
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
4. Ending balance				
IV Book value				
1. Ending book value	56,989,840	91,181,611	848,993	149,020,444
2. Beginning book value	39,470,291	94,079,956	1,018,792	134,569,039

7.15 Intangible assets

7.15.1 Particulars of intangible assets

Unit: Yuan

Item	Land use right	Software use right	Trademark	Total
I Original book value				
1. Beginning balance	500,566,714	100,664,699	189,491,618	790,723,031
2. Increase in this period		36,844		36,844
2.1 Acquisition		36,844		36,844
2.2 Internal R&D				
2.3 Business merger increase				
3. Decrease in this period				
3.1 Disposal				
4. Ending balance	500,566,714	100,701,543	189,491,618	790,759,875
II Accumulated amortization				
1. Beginning balance	104,622,145	53,525,938	14,708,069	172,856,152
2. Increase in this period	5,155,063	4,661,661	183,659	10,000,383
2.1 Accrual	5,155,063	4,661,661	183,659	10,000,383
3. Decrease in this period				

Item	Land use right	Software use right	Trademark	Total
3.1 Disposal				
4. Ending balance	109,777,208	58,187,599	14,891,728	182,856,535
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
4. Ending balance				
IV Book value				
1. Ending book value	390,789,506	42,513,944	174,599,890	607,903,340
2. Beginning book value	395,944,569	47,138,761	174,783,549	617,866,879

As at June 30, 2022, the net value of the intangible assets with ownership restrictions was RMB 165,465,123 Yuan (December 31, 2021: RMB 201,345,477 Yuan). Please refer to Note 7.55 for details.

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

Nil

7.16 Goodwill

7.16.1 Original book value of goodwill

Unit: Yuan

Name of the invested unit or matter forming goodwill	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Formed by business merger	Other	Disposal	Other	
Etablissements Roulet Fransac (“Roulet Fransac”)	13,112,525					13,112,525
Dicot Partners, S.L (“Atrio Group”)	92,391,901					92,391,901
Indomita Wine Company Chile, SpA	6,870,115					6,870,115
Kilikanoon Estate, Australia	37,063,130					37,063,130
Total	149,437,671					149,437,671

7.16.2 Provision for impairment of goodwill

Unit: Yuan

Name of the invested unit or matter forming goodwill	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Formed by business merger	Other	Disposal	Other	
Etablissements Roulet Fransac (“Roulet Fransac”)						
Dicot Partners, S.L (“Atrio Group”)						

Indomita Wine Company Chile, SpA					
Kilikanoon Estate, Australia	37,063,130				37,063,130
Total	37,063,130				37,063,130

7.17 Long-term unamortized expenses

Unit: Yuan

Item	Beginning balance	Increase in this period	Amortization in this period	Other decrease	Ending balance
Land acquisition fees	46,822,724		732,503		46,090,221
Afforestation fees	127,686,106		4,345,051		123,341,055
Renovation costs	104,279,631	8,169,883	4,133,831		108,315,683
Other	5,804,702	664,358	633,904		5,835,156
Total	284,593,163	8,834,241	9,845,289		283,582,115

7.18 Deferred income tax assets/liabilities

7.18.1 Un-offset deferred income tax assets

Unit: Yuan

Item	Ending Balance		Beginning Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	33,786,523	8,568,322	51,526,991	11,522,575
Unrealized profits from inter-company transactions	250,982,414	62,745,604	481,484,528	120,371,131
Deductible loss	313,844,349	76,145,269	266,833,106	63,160,456
Unpaid bonus	123,119,447	30,779,862	150,325,085	37,581,271
Dismission welfare	10,563,292	2,640,823	14,132,191	3,533,048
Deferred income	36,784,847	7,691,157	41,295,338	8,642,716
Others	3,464,726	866,181	1,598,132	399,534
Total	772,545,598	189,437,218	1,007,195,371	245,210,731

7.18.2 Un-offset deferred income tax liabilities

Unit: Yuan

Item	Ending Balance		Beginning Balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets appraisal appreciation in business merger under non-common control	44,565,823	10,869,198	46,411,478	11,300,970
Others	822,161	205,540	2,012,000	503,000
Total	45,387,984	11,074,738	48,423,478	11,803,970

7.18.3 Details of unconfirmed deferred income tax assets

Unit: Yuan

Item	Ending balance	Beginning balance
------	----------------	-------------------

Deductible temporary difference		
Deductible loss	284,308,486	234,250,359
Total	284,308,486	234,250,359

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

Unit: Yuan

Year	Ending sum	Beginning sum	Remark
2022	21,367,869	21,367,869	
2023	22,801,737	22,801,737	
2024	42,088,453	42,088,453	
2025	75,794,409	75,794,409	
2026	72,197,891	72,197,891	
2027	50,058,127		
Total	284,308,486	234,250,359	--

7.19 Other non-current assets

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Royalty	132,977,617		132,977,617	144,120,442		144,120,442
Total	132,977,617		132,977,617	144,120,442		144,120,442

7.20 Short-term loans

7.20.1 Classification of short-term loans

Unit: Yuan

Item	Ending balance	Beginning balance
Pledge loan		
Mortgage loan	121,244,283	118,469,193
Guaranteed loan	37,018,640	25,266,108
Fiduciary loan	330,201,502	478,331,156
Total	488,464,425	622,066,457

As at June 30, 2022, EUR mortgaged loan was Hacienday Viñedos Marques del Atrio, S.L.U (“Atrio”) factoring of accounts receivable from banks including Banco de Sabadell, S.A. of EUR 6,885,710 (equivalent of RMB 48,257,808 Yuan) (December 31, 2021: RMB 49,061,015 Yuan).

As at June 30, 2022, USD mortgaged loan was Chile Indomita Wine Group mortgaged USD 10,875,000 (equivalent of RMB 72,986,475 Yuan) of its fixed assets to Banco Scotiabank (December 31, 2021: RMB 69,408,178 Yuan).

On June 30, 2022, AUD guaranteed loan was Australia Kilikanoon Estate has borrowed from ANZ Bank AUD 8,022,243 (equivalent of RMB 37,018,640 Yuan) (December 31, 2021: RMB 25,266,108 Yuan), and it is guaranteed by this Company.

7.21 Accounts payable

7.21.1 List of accounts payable

Unit: Yuan

Item	Ending balance	Beginning balance
Accounts payable for materials, etc.	449,973,807	493,453,816
Total	449,973,807	493,453,816

7.21.2 Explanation of significant accounts payable aged more than one year

As at June 30, 2022, there were no significant accounts payable aged more than one year.

7.22 Contract liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Advances from customers	141,073,446	144,013,594
Withholding of goods with sales rebate		3,107,122
Total	141,073,446	147,120,716

7.23 Employee remunerations payable**7.23.1 List of employee remunerations payable**

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Short-term remuneration	180,557,897	191,324,599	237,679,442	134,203,054
2. Post-employment welfare – defined contribution plan	329,353	22,512,552	22,813,079	28,826
3. Dismissal welfare	14,132,191	3,343,352	6,912,251	10,563,292
4. Other welfare due within one year				
Total	195,019,441	217,180,503	267,404,772	144,795,172

7.23.2 List of short-term remunerations

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Salaries, bonuses, allowances and subsidies	178,842,535	166,229,721	212,218,271	132,853,985
2. Staff welfare	1,640,965	8,922,308	9,014,401	1,548,872
3. Social insurance charges	303,836	7,340,710	7,582,499	62,047
Including: Medical insurance	303,836	6,574,512	6,818,896	59,452
Injury insurance		764,230	761,635	2,595
Maternity insurance		1,968	1,968	
4. Housing fund	38,582	6,417,598	6,417,598	38,582
5. Union fee and staff education fee	1,851,650	2,414,262	2,465,842	1,800,070
6. Short-term compensated absences				
7. Short-term profit-sharing plan				
Minus: Those divided into non-current liabilities	2,119,671		19,169	2,100,502
Total	180,557,897	191,324,599	237,679,442	134,203,054

7.23.3 List of defined contribution plan

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic endowment insurance	328,120	21,904,799	22,204,093	28,826
2. Unemployment insurance	1,233	607,753	608,986	
3. Enterprise annuity payment				
Total	329,353	22,512,552	22,813,079	28,826

7.23.4 Dismission welfare

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for server of labor relation				
2. Compensation for early retirement	14,132,191	3,343,352	6,912,251	10,563,292
Total	14,132,191	3,343,352	6,912,251	10,563,292

7.24 Taxes and dues payable

Unit: Yuan

Item	Ending balance	Beginning balance
Value added tax	39,368,304	54,103,944
Consumption tax	33,341,114	70,563,701
Corporate income tax	95,575,114	194,566,746
Individual income tax	788,493	872,252
Urban maintenance and construction tax	4,951,319	7,128,647
Education surcharges	3,657,848	5,199,891
Urban land use tax	2,440,761	2,441,121
Other	6,469,159	7,445,998
Total	186,592,112	342,322,300

7.25 Other payables

Unit: Yuan

Item	Ending balance	Beginning balance
Interest payable	1,906,063	323,074
Dividends payable	308,809,220	68,392
Other payables	350,549,630	452,642,025
Total	661,264,913	453,033,491

7.25.1 Interest payable

Unit: Yuan

Item	Ending balance	Beginning balance
Interest of long-term loans with interest paid by installment and principal paid on maturity		
Interest of corporate bonds		
Interest payable of short-term loans	1,906,063	323,074
Interest of preferred shares\ perpetual bonds divided into financial liabilities		

Item	Ending balance	Beginning balance
Other		
Total	1,906,063	323,074

7.25.2 Dividends payable

Unit: Yuan

Item	Ending balance	Beginning balance
Ordinary stock dividends	308,458,800	
Preferred stock dividends/sustainable debt dividends divided into equity instruments		
Other	350,420	68,392
Total	308,809,220	68,392

7.25.3 Other payables

7.25.3.1 Other payables listed by nature

Unit: Yuan

Item	Ending balance	Beginning balance
Dealer's deposit payable	213,691,158	241,414,134
Equipment purchase and construction costs payable	34,679,454	44,345,312
Transportation charges payable	12,884,489	29,192,798
Advertisement expenses payable	10,575,334	41,264,460
Employee cash deposit	309,282	5,037,925
Supplier's deposit payable	10,846,533	12,966,789
Contracting fees payable	4,328,466	8,668,872
Other	63,234,914	69,751,735
Total	350,549,630	452,642,025

7.25.3.2 Explanation of significant accounts payable aged more than one year

As at June 30, 2022, there were no significant accounts payable aged more than one year.

7.26 Non-current liabilities due within one year

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term loans due within one year	91,720,966	74,520,037
Bonds payable due within one year		
Long-term accounts payable due within one year	22,000,000	22,000,000
Lease liabilities due within one year	21,938,394	14,345,089
Total	135,659,360	110,865,126

7.27 Other current liabilities

Item	Ending balance	Beginning balance
Unamortized VAT amount	18,339,549	18,374,193
Total	18,339,549	18,374,193

7.28 Long-term loans

7.28.1 Classification of long-term loans

Unit: Yuan

Item	Ending balance	Beginning balance
Pledged loan		
Mortgage loan		
Guaranteed loan	43,912,958	57,092,000
Fiduciary loan	180,664,570	193,475,080
Minus: Long-term loans due within one year	91,720,966	74,520,037
Total	132,856,562	176,047,043

As at June 30, 2022, fiduciary loans (EUR) were EUR 25,778,290 borrowed by Atrio from Banco Sabadell, Bankia, Banco Santander, BBVA and Caja Rural de Navarr etc. (equivalent of RMB 180,664,570 Yuan) (December 31, 2021: RMB 193,475,080 Yuan). Guaranteed loans (AUD) were Australia Kilikanoon Estate has borrowed AUD 9,516,298 (equivalent of RMB 43,912,957 Yuan) (December 31, 2021: RMB 50,842,000 Yuan) from ANZ Bank and it is guaranteed by this Company.

7.29 Lease Liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term lease liabilities	133,434,536.00	116,156,677
Minus: Lease liabilities due within one year	21,938,394.00	14,345,089
Total	111,496,142.00	101,811,588

7.30 Long-term accounts payable

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term accounts payable	42,000,000	64,000,000
Special accounts payable		
Total	42,000,000	64,000,000

7.30.1 Long-term accounts payable listed by nature

Unit: Yuan

Item	Ending balance	Beginning balance
Agricultural Development Fund of China ("CADF")	64,000,000	86,000,000
Minus: Long-term payables due within one year	22,000,000	22,000,000
Balance of long-term payables	42,000,000	64,000,000

In 2016, Agricultural Development Fund invested RMB 305,000,000 Yuan in the Research, Development & Manufacture Company, accounting for 37.9% of the registered capital. According to the investment agreement, it is agreed that Agricultural Development Fund will take back the investment fund in ten years and obtain fixed income according to year, which

is 1.2% of the remaining principal. Except for the above fixed income, the Agricultural Development Fund shall not enjoy other profits of the Research, Development & Manufacture Company or bear the losses of the Research, Development & Manufacture Company. Accordingly, the investment of the Agricultural Development Fund in the Research, Development & Manufacture Company is equity investment nominally, which is debt investment (finance discount interest loan) in deed. The Group included the investment of the Agricultural Development Fund in long-term accounts payable measured by amortized cost. From January to June 2022, the Group gave back the principal of RMB 22,000,000 Yuan. Refer to Note 7.55 for details of mortgaged and pledged assets.

7.31 Deferred income

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance	Forming reason
Governmental subsidy	41,295,338		4,510,491	36,784,847	
Total	41,295,338		4,510,491	36,784,847	--

Projects related to governmental subsidy

Unit: Yuan

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in this period	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/income
Industrial development support project	20,500,000			2,050,000			18,450,000	Related to assets
Fixed asset investment reward of Shihezi Chateau project	156,600			156,600				Related to assets
Xinjiang industrial revitalisation and technological transformation project	11,376,000			711,000			10,665,000	Related to assets
Special government grant for infrastructure	1,060,000			530,000			530,000	Related to assets
Wine fermentation capacity construction (Huanren) project	2,000,000			200,000			1,800,000	Related to assets
Engineering technology transformation of information system project	1,160,000			290,000			870,000	Related to assets
Liquor electronic tracking project	524,095			333,528			190,567	Related to assets
Special fund for efficient water-saving irrigation project	1,153,000			81,000			1,072,000	Related to assets
Subsidy for economic and energy-saving technological transformation projects	641,500			64,150			577,350	Related to assets

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in this period	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/income
Subsidy for mechanic development of Penglai Daluohang Base	225,588			6,635			218,953	Related to assets
Special fund for cellar maintenance	2,079,711						2,079,711	Related to assets
Subsidy for boiler reconstruction and demolition	60,000			5,000			55,000	Related to income
Prize for Yantai Mayor's Cup Industrial Design Competition	50,000			25,000			25,000	Related to income
Special fund for Yantai City Innovation Driven Development	308,844			57,578			251,266	Related to income
Total	41,295,338			4,510,491			36,784,847	

7.32 Other non-current liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Employee remunerations payable	2,100,502	2,119,671
Total	2,100,502	2,119,671

As at June 30, 2022, the employee remunerations payable referred to the job security deposit deducted from the year-end bonus of the employees higher than sales manager of the Group in proportion, which will be paid from 2022 to 2023 as predicted.

7.33 Share capital

Unit: Yuan

	Beginning balance	Increase or decrease (+,-) in this period					Ending balance
		Newly issued shares	Allocated shares	Share transferred from accumulation fund	Other	Subtotal	
Total shares	685,464,000						685,464,000

7.34 Capital reserves

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Capital premium (Share capital premium)	519,052,172			519,052,172
Other capital reserves	5,916,588			5,916,588
Total	524,968,760			524,968,760

7.35 Other comprehensive income

Unit: Yuan

Item	Beginning balance	Amount incurred in this period						Ending balance
		Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income not to be reclassified into profit and loss later								
Including: Changes after remeasuring and resetting the benefit plans								
Other comprehensive income not to be reclassified into profit and loss under equity method								
Changes in the fair value of other investments in equity instruments								
Changes in the fair value of the enterprise's own credit risk								
2. Other comprehensive income to be reclassified into profit and loss later	-34,707,177	-7,384,531				-6,397,496	-987,035	-41,104,673
Including: Other comprehensive income to be reclassified into profit and loss under equity method								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other credit investments								
Provision for cash-flow hedge								

Item	Beginning balance	Amount incurred in this period						Ending balance
		Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Difference in translation of Foreign Currency Financial Statement	-34,707,177	-7,384,531				-6,397,496	-987,035	-41,104,673
Total other comprehensive income	-34,707,177	-7,384,531				-6,397,496	-987,035	-41,104,673

7.36 Surplus reserves

Unit: Yuan

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

7.37 Undistributed profit

Unit: Yuan

Item	Ending balance	Beginning balance
Undistributed profit at the end of prior period before adjustment	8,929,426,600	8,714,091,755
Total Undistributed profit at the beginning of the period before adjustment (increase listed with +, and decrease listed with -)		-10,582,161
Undistributed profit at the beginning of the period after adjustment	8,929,426,600	8,703,509,594
Plus: Net profit for owner of the parent company	358,459,603	500,102,606
Minus: Drawn legal surplus		
Drawn free surplus		
Drawn common risk provision		
Common dividend payable	308,458,800	274,185,600
Common dividend transferred to share capital		
Undistributed profit at the end of period	8,979,427,403	8,929,426,600

7.38 Operating income and operating cost

7.38.1 Details of operating income

Unit: Yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	1,929,907,550	817,568,906	1,841,427,492	753,630,446
Other business	23,184,585	4,286,560	33,032,945	7,883,098
Total	1,953,092,135	821,855,466	1,874,460,437	761,513,544
Including: Income from contracts	1,952,022,192	821,152,102	1,873,414,304	760,879,897
Income from house rents	1,069,943	703,364	1,046,133	633,647

7.38.2 Situation of income from contracts

Unit: Yuan

Contract classification	Amount incurred in this period
Type of merchandise	
- Alcoholic beverage	1,929,907,550
- Others	22,114,642
Classified by the time of merchandise transfer	
- Revenue recognized at a point in time	1,952,022,192

7.39 Taxes and surcharges

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Consumption tax	75,570,111	58,366,205
Urban maintenance and construction tax	11,339,556	11,929,833
Education surcharges	8,217,554	8,695,431
Building tax	13,700,072	13,513,343
Land use tax	5,662,279	5,585,762
Stamp duty	155,653	1,806,604
Other	94,393	322,839
Total	114,739,618	100,220,017

7.40 Selling expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Salary and welfare expenses	129,577,551.00	129,002,823
Marketing expenses	131,324,948.00	108,808,265
Labor expenses	18,445,967.00	16,356,442
Depreciation expenses	29,955,199.00	29,724,959
Storage expenses	13,459,898.00	13,455,458
Advertisement expenses	24,366,253.00	19,485,798
Trademark use fees	10,512,100	11,313,578
Travel expenses	9,343,468	9,275,034
Design & production expenses	9,037,718	9,396,703
Conference expenses	3,106,738	6,652,432
Water, electricity and gas charges	5,393,494	4,969,919

Other	33,241,085	29,944,199
Total	417,764,419	388,385,610

7.41 Management expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Employee remunerations	32,561,222	32,695,621
Depreciation expenses	39,755,608	38,197,467
Contracting expenses	2,119,800	3,852,345
Repair expenses	6,115,206	6,025,536
Office expenses	10,774,571	6,964,669
Amortization expenses	9,457,449	9,827,020
Afforestation fees	6,811,054	6,759,616
Safe production costs	5,358,613	5,159,685
Rental expenses		2,789,523
Business entertainment expenses	1,498,647	1,938,253
Public security & clean-keeping expenses	3,385,138	3,339,145
Travel expenses	832,989	675,373
Other	8,833,973	5,160,376
Total	127,504,270	123,384,629

7.42 R&D expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
R&D expenses	5,509,656	2,477,835
Total	5,509,656	2,477,835

7.43 Financial expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest expenditure	11,201,775	14,239,535
Minus: Interest income	10,191,697	5,827,243
Plus: Commission charges	701,200	1,020,633
Exchange gain or loss	4,374,160	-69,893
Total	6,085,438	9,363,032

7.44 Other income

Unit: Yuan

Source of other income	Amount incurred in this period	Amount incurred in prior period
Supporting fund for industrial development	2,050,000	2,050,000
Reward for investment in fixed assets		1,140,000
Special fund for construction of peninsula blue economic zone		1,000,000
Other – related to assets	2,372,913	2,750,646
Special fund for supporting corporate development	8,222,076	14,283,100
Other – related to income	8,984,256	754,949

Source of other income	Amount incurred in this period	Amount incurred in prior period
Total	21,629,245	21,978,695

7.45 Investment income

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Investment income from long-term equity by equity method	-921,317	-1,621,780
Investment income from disposal of long-term equity		
Investment income gained from trading financial assets during the holding period		
Investment income gained from disposal of trading financial assets		
Dividend income gained from other equity instruments during the holding period		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Interest income gained from equity investment during the holding period		
Interest income gained from other equity investments during the holding period		
Investment income gained from disposal of other equity investments		
Total	-921,317	-1,621,780

7.46 Loss on impairment of credit

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Loss on bad debts of accounts receivable	486,076	-6,176,948
Total	486,076	-6,176,948

7.47 Loss on impairment of assets

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
1. Loss on bad debts		
2. Inventory falling price loss and loss on impairment of contract execution cost	1,490,900	3,680,018
3. Loss on impairment of long-term equity investment		
4. Loss on impairment of investment real estate		
5. Loss on impairment of fixed assets		
6. Loss on impairment of engineering materials		
7. Loss on impairment of construction in progress		
8. Loss on impairment of productive biological assets		
9. Loss on impairment of oil and gas assets		
10. Loss on impairment of intangible assets		
11. Loss on impairment of goodwill		
12. Loss on impairment of contract assets		
13. Other		

Item	Amount incurred in this period	Amount incurred in prior period
Total	1,490,900	3,680,018

7.48 Income from asset disposal

Unit: Yuan

Source of income from asset disposal	Amount incurred in this period	Amount incurred in prior period
Income from disposal of fixed assets	-8,239,072	
Total	-8,239,072	

7.49 Non-operating income

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Gains on debt recombination			
Gains on exchange of non-monetary assets			
Grains on donations			
Governmental subsidy			
Gains on scrap of non-current assets	9,800	364	9,800
Others	2,438,813	2,488,414	2,438,813
Total	2,448,613	2,488,778	2,448,613

7.50 Non-operating expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Loss on debt recombination			
Loss on exchange of non-monetary assets			
Donation	310,000		310,000
Loss on scrap of non-current assets	139,401	45,482	139,401
Fine, penalty and overdue fine paid due to violation of laws and administrative regulations	579,688	152,960	579,688
Others	314,443	371,279	314,443
Total	1,343,532	569,721	1,343,532

7.51 Income tax expenses

7.51.1 List of income tax expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Current income tax expenses	73,145,468	111,247,007
Deferred income tax expenses	55,044,281	25,332,842
Total	128,189,749	136,579,849

7.51.2 Adjustment process of accounting profit and income tax expenses

Unit: Yuan

Item	Amount incurred in this period
Total profit	475,184,181
Income tax expenses calculated according to the legal/applicable tax rate	118,796,045
Influence of different tax rates applicable to subsidiary	147,803
Influence of income tax in the term before adjustment	-4,516,274
Influence of nontaxable income	
Influence of non-deductible costs, expenses and losses	1,340,490
Influence of deductible loss from use of unconfirmed deferred income tax assets in prior period	-92,847
Influence of deductible temporary difference or deductible loss of unconfirmed deferred income tax assets in this period	12,514,532
Income tax expense	128,189,749

7.52 Other comprehensive income

Refer to Note 7.35 for details.

7.53 Items of cash flow statement

7.53.1 Other cash received related to operating activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Governmental subsidy income	17,118,754	14,779,461
Interest income	9,195,398	4,075,142
Net amercement income	276,749	71,929
Other	3,545,416	7,335,490
Total	30,136,317	26,262,022

7.53.2 Other cash paid related to operating activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Selling expenses	232,451,841	218,063,727
Administrative expenses	45,725,346	41,685,752
Other	12,916,682	6,620,058
Total	291,093,869	266,369,537

7.53.3 Other cash received related to financing activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest income from pledged time deposits by R&D Company		1,654,861
Time deposits pledged by R&D Company for long-term loans		20,000,000
Total		21,654,861

7.53.4 Other cash paid related to financing activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Cash paid to repay the principal and interest of the lease liability	9,765,810	7,144,318
Total	9,765,810	7,144,318

7.54 Supplementary information to cash flow statement

7.54.1 Supplementary information to cash flow statement

Unit: Yuan

Supplementary materials	Amount incurred in this period	Amount incurred in prior period
1. Cash flows from operating activities calculated by adjusting the net profit:	--	--
Net profit	346,994,432	372,314,963
Plus: Provision for impairment of assets	-1,976,976	2,496,930
Depreciation of fixed assets, oil-and-gas assets and productive biological assets	157,778,809	150,175,106
Depreciation of right-of-use assets	11,051,483	7,149,627
Amortization of intangible assets	10,000,383	10,597,877
Amortization of long-term deferred expenses	9,845,289	10,256,376
Losses on disposal of fixed assets, intangible assets and other long-term assets (profit listed with “-”)	8,239,072	
Losses on retirement of fixed assets (profit listed with “-”)	129,601	45,118
Losses on fair value change (profit listed with “-”)		
Financial costs (profit listed with “-”)	9,960,206	12,767,220
Investment losses (profit listed with “-”)	921,317	1,621,780
Decrease in deferred income tax assets (increase listed with “-”)	55,773,513	25,720,341
Increase of deferred income tax liabilities (decrease listed with “-”)	-729,232	-387,499
Decrease in inventories (increase listed with “-”)	-29,711,487	28,288,254
Decrease in operating receivables (increase listed with “-”)	389,398,124	9,205,099
Increase in operating payable (decrease listed with “-”)	-361,400,939	-174,316,043
Other		
Net cash flows from operating activities	606,273,595	455,935,149
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Debt transferred into assets		
Convertible corporate bond due within 1 year		
Fixed assets under financing lease		
3. Net changes of cash and cash equivalent:		
Ending balance of cash	1,839,856,934	1,392,384,794
Minus: Beginning balance of cash	1,502,327,029	1,052,665,105
Plus: Ending balance of cash equivalent		
Minus: Beginning balance of cash equivalent		
Net increase amount of cash and cash equivalent	337,529,905	339,719,689

7.54.2 Composition of cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
1. Cash	1,839,856,934	1,502,327,029
Including: Cash on hand	64,720	71,486
Bank deposits on demand	1,839,792,214	1,502,255,543
Other monetary capital on demand		
Due from central bank available for payment		
Due from the industry		
Inter-bank lending		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of period	1,839,856,934	1,502,327,029
Including: Restricted use of parent company or subsidiaries in the group		

7.55 Assets with ownership or use right restrictions

Unit: Yuan

Item	Ending book value	Reason for restriction
Monetary capital	11,363,826	L/C deposit, housing fund, etc.
Accounts receivable	48,257,808	Pledge of short-term loans
Fixed assets	305,466,716	Pledge of short-term loans, long-term loans and long-term accounts payable
Intangible assets	165,465,123	Pledge of long-term accounts payable
Total	530,553,475	--

7.56 Monetary items of foreign currency

7.56.1 Monetary items of foreign currency

Item	Ending balance at foreign currency	Converted exchange rate	Ending balance at RMB equivalent
Monetary capital	--	--	2,803,336
Including: USD	417,588	6.7114	2,802,600
EUR	105	7.0084	736
HKD			
Accounts receivable	--	--	65,297,700
Including: USD	8,464,972	6.7114	56,811,813
EUR	651,261	7.0084	4,564,298
CAD	119,481	5.2058	621,994
GBP	405,530	8.1365	3,299,595
Short-term borrowing	--	--	103,187,977
Including: USD	15,375,030	6.7114	103,187,977
EUR			

Item	Ending balance at foreign currency	Converted exchange rate	Ending balance at RMB equivalent
HKD			
	--	--	

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

8. Equity in other entities

8.1 Equity in the subsidiaries

8.1.1 Constitution of enterprise group

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Xinjiang Tianzhu Wine Co., Ltd. (“Xinajing Tianzhu”)	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	60%		Acquired from a business combination under non-common control
Etablissements Roulet Frasnac (“Roulet Frasnac”)	Cognac, France	Cognac, France	Trading		100%	Acquired from a business combination under non-common control
Dicot Partners, S.L (“Dicot”)	Navarre, Spain	Navarre, Spain	Sales	90%		Acquired from a business combination under non-common control
Viña Indómita, S.A., Viña Dos Andes, S.A., and Bodegas Santa Alicia SpA. (“Chile Indomita Wine Group”)	Santiago, Chile	Santiago, Chile	Sales	85%		Acquired by establishment or investment
Kilikanoon Estate Pty Ltd (“Australia Kilikanoon Estate”)	Adelaide, Australia	Adelaide, Australia	Sales	97.50%		Acquired from a business combination under non-common control
Beijing Changyu Sales and Distribution Co., Ltd. (“Beijing Sales”)	Beijing, China	Beijing, China	Sales	100%		Acquired by establishment or investment
Yantai Kylin Packaging Co., Ltd. (“Kylin Packaging”)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd. (“Chateau Changyu”) (a)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	70%		Acquired by establishment or investment
Changyu (Jingyang) Wine Co., Ltd. (“Jingyang Wine”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	90%	10%	Acquired by establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. (“Sales Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100%		Acquired by establishment or investment

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Langfang Development Zone Castel-Changyu Wine Co., Ltd. (“Langfang Castel”)	Langfang, Hebei, China	Langfang, Hebei, China	Manufacturing	39%	10%	Acquired by establishment or investment
Changyu (Jingyang) Wine Sales Co., Ltd. (“Jingyang Sales”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Sales	10%	90%	Acquired by establishment or investment
Langfang Changyu Pioneer Wine Sales Co., Ltd. (“Langfang Sales”)	Langfang, Hebei, China	Langfang, Hebei, China	Sales	10%	90%	Acquired by establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. (“Shanghai Sales”)	Shanghai, China	Shanghai, China	Sales	100%		Acquired by establishment or investment
Beijing Changyu AFIP Agriculture development Co., Ltd. (“Agriculture Development”)	Miyun, Beijing, China	Miyun, Beijing, China	Sales		100%	Acquired by establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. (“AFIP”) (b)	Beijing, China	Beijing, China	Manufacturing	91.53%		Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wines Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	90%	10%	Acquired by establishment or investment
Yantai Changyu Pioneer International Co., Ltd. (“Pioneer International”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	70%	30%	Acquired by establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. (“Hangzhou Changyu”)	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Sales		100%	Acquired by establishment or investment
Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”)	Yinchuan, Ningxia, China	Ningxia, China	Planting	100%		Acquired by establishment or investment
Huanren Changyu National Wines Sales Co., Ltd. (“National Wines”)	Benxi, Liaoning, China	Benxi, Liaoning, China	Sales	100%		Acquired by establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. (“Golden Icewine Valley”)	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	51%		Acquired by establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. (“Development Zone Trading”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100%	Acquired by establishment or investment
Beijing AFIP Meeting Center (“Meeting Center”)	Miyun, Beijing, China	Miyun, Beijing, China	Services		100%	Acquired by establishment or investment
Beijing AFIP Tourism and Culture (“AFIP Tourism”)	Miyun, Beijing, China	Miyun, Beijing, China	Tourism		100%	Acquired by establishment or investment
Changyu (Ningxia) Wine Co., Ltd. (“Ningxia Wine”)	Ningxia, China	Ningxia, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Changyu Chateau Tinlot Co., Ltd. (“Chateau Tinlot”)	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	65%	35%	Acquired by establishment or investment
Xinjiang Chateau Changyu	Shihezi, Xinjiang,	Shihezi, Xinjiang,	Manufacturing	100%		Acquired by

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Baron Balboa Co., Ltd. (“Chateau Shihezi”)	China	China				establishment or investment
Ningxia Changyu Longyu Estate Co., Ltd. (“Chateau Ningxia”)	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	100%		Acquired by establishment or investment
Shaanxi Chateau Changyu Rena Co., Ltd. (“Chateau Chang’an”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Changyu Wine Research & Development Centre Co., Ltd. (“R&D Centre”) (c)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	88.65%		Acquired by establishment or investment
Changyu (HuanRen) Wine Co., Ltd. (“Huan Ren Wine”)	Benxi, Liaoning, China	Benxi, Liaoning, China	Wine-making project	100%		Acquired by establishment or investment
Xinjiang Changyu Sales Co., Ltd. (“Xinjiang Sales”)	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Sales		100%	Acquired by establishment or investment
Ningxia Changyu Trading Co., Ltd. (“Ningxia Trading”)	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Sales		100%	Acquired by establishment or investment
Shaanxi Changyu Rena Wine Sales Co., Ltd. (“Shaanxi Sales”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Sales		100%	Acquired by establishment or investment
Penglai Changyu Wine Sales Co., Ltd. (“Penglai Wine”)	Penglai, Shandong, China	Penglai, Shandong, China	Sales		100%	Acquired by establishment or investment
Laizhou Changyu Wine Sales Co., Ltd. (“Laizhou Sales”)	Laizhou, Shandong, China	Laizhou, Shandong, China	Sales		100%	Acquired by establishment or investment
Francs Champs Participations SAS (“Francs Champs”)	Cognac, France	Cognac, France	Investment and trading	100%		Acquired by establishment or investment
Yantai Rouillet Fransac Wine Sales Co., Ltd. (“Yantai Rouillet Fransac”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100%	Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wine Sales Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100%		Acquired by establishment or investment
Shaanxi Chateau Changyu Rena Tourism Co., Ltd. (“Chateau Tourism”)	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism		100%	Acquired by establishment or investment
Longkou Changyu Wine Sales Co., Ltd. (“Longkou Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100%	Acquired by establishment or investment
Yantai Changyu Cultural Tourism Development Co., Ltd. (“Changyu Cultural Tourism Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	100%		Acquired by establishment or investment
Yantai Changyu Wine Culture Museum Co., Ltd. (“Museum”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100%	Acquired by establishment or investment
Yantai Changyu Cultural Tourism Product Sales Co., Ltd. (“Cultural Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100%	Acquired by establishment or investment

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Yantai Changyu Window of International Wine City Co. Ltd. (“Window of Wine City”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100%	Acquired by establishment or investment
Yantai Chateau Koya Brandy Co., Ltd. (“Chateau Koya”)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100%		Acquired by establishment or investment
Changyu (Shanghai) International Digital Marketing Center Co., Ltd. (“Digital Marketing”)	Shanghai, China	Shanghai, China	Sales	100%		Acquired by establishment or investment
Tianjin Changyu Yixin Digital Technology Co., Ltd. (“Tianjin Yixin”)	Tianjin, China	Tianjin, China	Sales		51%	Acquired by establishment or investment
Shanghai Changyu Guoqu Digital Technology Co., Ltd. (“Shanghai Guoqu”)	Shanghai, China	Shanghai, China	Sales		51%	Acquired by establishment or investment
Yantai Christon Catering Co., Ltd. (“Christon Catering”)	Yantai, Shandong, China	Yantai, Shandong, China	Catering		100%	Acquired by establishment or investment

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

(a) Chateau Changyu is a Sino-foreign joint venture established by the Group and a foreign investor, accounting for 70% of Changyu Chateau’s equity interest. Through agreement arrangement, the Group has the full power to control Changyu Chateau’s strategic operating, investing and financing policies. The agreement arrangement will be terminated on December 31, 2022.

(b) AFIP is a limited liability company jointly established by the Group and Yantai De’an and Beijing Qinglang. In June 2019, Yantai Dean transferred 1.31% of its equity to Yantai Changyu. After the equity change, the Group holds 91.53% of its equity. Through agreement arrangement, the Group has the full power to control AFIP’s strategic operating, investing and financing policies. The agreement arrangement will be terminated on September 2, 2024.

(c) The Research, Development & Manufacture Company is a joint venture established by the Group and Agricultural Development Fund, whose 88.65% of the shares were held by the Group on June 30, 2022. As stated in Note 7.30, the Group exercises full control over the operation, investment and financing policies of the Research, Development & Manufacture Company by contract arrangement. The contract arrangement will expire on May 22, 2026. Up to June 30, 2022, the remaining investment of the Agricultural Development Fund accounted for 11.35% of the registered capital.

8.1.2 Important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Shareholding proportion of minority shareholders	Profit/loss attributable to minority shareholders in this period	Other comprehensive income attributable to minority shareholders in this period	Dividend declared to be distributed to minority shareholders in this period	Balance of minority shareholder's interest at the end of period
Xinjiang Tianzhu	40%	-4,070,921			40,655,069
AFIP	8.47%				56,409,393
Icewine Valley	49%	-1,605,774			31,713,288
Indomita Wine	15%	647,363	-801,822	1,793,435	52,765,086

Explanation for difference between the proportion of shareholding and proportion of voting power of the minority shareholders in the subsidiaries: See details in Note 8.1.1.

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

Unit: Yuan

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Tianzhu	33,644,817	23,298,089	56,942,906	894,225	5,336,114	6,230,339	22,333,906	43,852,510	66,186,417	-39,567	5,336,114	5,296,547
AFIP	254,271,705	407,381,967	661,653,672	25,383,086	3,020,582	28,403,668	249,865,391	414,851,163	664,716,554	27,459,352	3,641,941	31,101,292
Icewine Valley	34,788,463	23,378,433	58,166,896	25,951,609		25,951,609	24,018,451	24,450,344	48,468,795	12,976,418		12,976,418
Indomita Wine	205,144,925	318,267,388	523,412,313	155,135,237	8,906,387	164,041,624	196,488,084	314,756,823	511,244,907	130,027,677	8,906,387	138,934,064

Unit: Yuan

Name of subsidiary	Amount incurred in this period				Amount incurred in prior period			
	Operating income	Net profit	Total comprehensive income	Operating cash flow	Operating income	Net profit	Total comprehensive income	Operating cash flow
Xinjiang Tianzhu	4,587	-10,177,303	-10,177,303	574,997	18,349	-1,595,672	-1,595,672	-347,811
AFIP	88,990,033	-365,257	-365,257	1,740,771	102,787,989	2,945,093	2,945,093	13,822,216
Icewine Valley	4,409,589	-3,277,090	-3,277,090	5,054,712	9,007,185	-4,854,101	-4,854,101	2,755,011
Indomita Wine	100,634,284	4,315,754	-1,029,729	9,000,393	91,401,584	2,429,411	-14,681,641	13,380,180

8.2 Equity in joint ventures or associates

Summary financial information of unimportant joint ventures and associates

Unit: Yuan

	Ending balance/ amount incurred in this period	Beginning balance / amount incurred in prior period
Joint ventures	--	--
Total book value of investment	38,854,682	39,652,834
Total of the following items calculated according to the shareholding ratio		
-- Net profit	-798,152	-1,125,662
-- Other comprehensive income		
-- Total comprehensive income	-798,152	-1,125,662
Associates:		
Total book value of investment	6,720,511	6,843,676
Total of the following items calculated according to the shareholding ratio		
-- Net profit	-123,165	-496,118
-- Other comprehensive income		
-- Total comprehensive income	-123,165	-496,118

9. Risks related to financial instruments

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

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

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

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

9.1 Credit risk

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

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

As at June 30, 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at June 30, 2022, 32.7% of the Group trade receivables are due from top five customers (December 31, 2021: 42.8%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

9.2 Liquidity risk

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

its liquidity requirements in the short and longer term.

9.3 Interest rate risk

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

(1) As at June 30, 2022, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Unit: Yuan

Item	June 30, 2022		December 31, 2021	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	1.75%-2.25%	53,200,000	1.75%-2.25%	53,200,000
Financial liabilities				
- Short-term loans	0.65%-4.57%	-188,464,425	0.35%-3.35%	-172,066,457
- Long-term loans (including the portion due within one year)	0.95%-4.28%	-180,664,570	0.95%-3.28%	-193,475,080
- Long-term payables (including the portion due within one year)	1.20%	-64,000,000	1.20%	-86,000,000
- Lease liabilities (including the portion due within one year)	4.65%	-131,934,536	4.65%	-116,156,677
Total		-511,863,531		-514,498,214

Variable rate instruments:

Unit: Yuan

Item	June 30, 2022		December 31, 2021	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	0.3%-1.8225%	1,851,677,905	0.3%-1.8225%	1,513,824,507
Financial liabilities				
- Short-term loans	1-year LPR-0.005	-300,000,000	1-year LPR-0.005	-450,000,000
- Long-term loans (including the portion due within one year)	90% of 5-year LPR		90% of 5-year LPR	-6,250,000
- Long-term loans (AUD)	BBSY+1.10%	-43,912,958	BBSY+1.10%	-50,842,000
Total		1,507,764,947		1,006,732,507

(2) Sensitivity analysis

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

As at June 30, 2022, based on assumptions above, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group's equity by RMB 644,836 Yuan (2021: RMB 2,351,189 Yuan), and net profit by RMB 644,836 Yuan (2021: RMB 2,351,189 Yuan).

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

9.4 Foreign currency risk

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

- (1) As at June 30, 2022, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

Unit: Yuan

Item	June 30, 2022		December 31, 2021	
	Balance at foreign currency	Balance at RMB equivalent	Balance at foreign currency	Balance at RMB equivalent
Monetary capital		2,803,336		13,406,984
- USD	417,588	2,802,600	1,984,323	12,640,136
- EUR	105	736	106,216	766,848
Short-term borrowings		103,187,977		98,759,593
- USD	15,375,030	103,187,977	15,490,000	98,759,593

(2) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and Euro at June 30, 2022 would have impact on the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

Unit: Yuan

Item	Equity	Net profit
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June 30, 2022		
USD	5,019,269	5,019,269
EUR	-37	-37
Total	5,019,232	5,019,232
December 31, 2021		
USD	4,305,973	4,305,973
EUR	-38,342	-38,342
Total	4,267,631	4,267,631

A 5% weakening of the Renminbi against the US dollar and Euro dollar at June 30, 2022 would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

10. Fair value disclosure

All financial assets and financial liabilities held by the Group are carried at amounts not materially different from their fair value at June 30, 2022.

11. Related parties and related transactions

11.1 Particulars of the parent company of the Company

Name of parent company	Registration place	Business nature	Registered capital	Proportion of shareholding of the parent company in the Company	Proportion of voting powers of the parent company in the Company
Changyu Group	Yantai City	Manufacturing industry	50,000,000	50.40%	50.40%

From January to June 2022, there was no fluctuation in the registered capital of the parent company and its share in equity interest and voting right.

11.2 Particulars of the subsidiaries of the Company

See particulars of the subsidiaries of the Company in Note 8.

11.3 Information about joint ventures and associates of the Company

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

Name of entity	Relationship with the Company
L&M Holdings	Joint venture of the Group
Weimeisi Shanghai	Associates of the Group
Chengdu Yufeng	Associates of the Group

Guolong Wine Industry	Associates of the Group
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11.4 Particulars of other related parties

Name of other related parties	Relationship between other related parties and the Company
Yantai God Horse Packing Co., Ltd. (“God Horse Packing”)	A company controlled by the same parent company
Yantai Zhongya Medical Health Wine Co., Ltd. (“Zhongya Medical”)	A company controlled by the same parent company
Mirefleurs	Subsidiaries of the joint venture
CHATEAU DE LIVERSAN (“LIVERSAN”)	Subsidiaries of the joint venture

11.5 Related transactions

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

List of purchasing goods/receiving services

Unit: Yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
God Horse Packing	Purchasing goods	40,568,193	35,161,524
Zhongya Medical	Purchasing goods	17,879	164,039
Weimeisi Shanghai	Purchasing goods		90,265

List of selling goods/providing services

Unit: Yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
Zhongya Medical	Selling goods	3,027,005	1,456,492
God Horse Packing	Selling goods	31,576	6,538
Chengdu Yufeng	Selling goods	850,304	1,639,925
Weimeisi Shanghai	Selling goods	305,328	
Guolong Wine Industry	Selling goods	3,687,055	

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

11.5.2 Related trusteeship/contracting and mandatory administration/outsourcing

Nil

11.5.3 Leasing with related parties

The Group as a lessor:

Unit: Yuan

Name of the lessee	Type of leased assets	Rental income recognized in this period	Rental income recognized in prior period
God Horse Packing	Office building and plant	774,705	774,705
Zhongya Medical	Office building	295,238	271,428

The Group as a lessee:

Unit: Yuan

Name of the lessor	Type of leased assets	Rental expenses for short-term leases and leases of low-value assets of simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Right-of-use assets increased	
		Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Office building, plant, commercial building		2,929,000			5,980,362	7,480,362	935,678	597,698	25,502,888	

11.5.4 Related guarantee

Nil

11.5.5 Inter-bank borrowing and lending of related parties

Nil

11.5.6 Asset transfer and debt recombination of related parties

Nil

11.5.7 Other related transactions

Unit: Yuan

Related party	Item	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Trademark use fee	10,512,100	11,313,578

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

11.6 Accounts receivable and payable of the related parties

11.6.1 Accounts receivable

Unit: Yuan

Item	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhongya Medical	379,160	1,057	287,788	956
Other receivables	Zhongya Medical	983,511			
Other receivables	God Horse Packing			341,880	
Advance payment	Zhongya Medical	81,940			
Other non-current assets	Changyu Group	132,977,617		144,120,442	

11.6.2 Accounts payable

Unit: Yuan

Item	Related parties	Ending book balance	Beginning book balance
Accounts payable	God Horse Packing	15,739,178	30,184,072
Accounts payable	Zhongya Medical	1,907,341	
Accounts payable	Changyu Group	19,434,600	19,434,600
Accounts payable	Chengdu Yufeng		344,464
Liabilities of contracts	Weimeisi Shanghai	30,240	
Liabilities of contracts	Chengdu Yufeng	288,832	
Liabilities of contracts	Zhongya Medical		653
Liabilities of contracts	Guolong Wine Industry	320,850	

12. Share-based payment

Nil

13. Commitment and contingency

13.1 Significant commitment

Unit: Yuan

Item	Ending balance	Beginning balance
Making long-term asset commitments	49,263,700	84,963,700

13.2 Contingency

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

14. Matters after balance sheet**14.1 Important non-adjusting events**

Nil

14.2 Profit distribution

Unit: Yuan

Profits or dividends to be distributed	308,458,800
Allocated profits or dividends approved to declare upon discussion	308,458,800

14.3 Other statement of events after the balance sheet date

According to the decision of the Shareholders' Meeting dated May 27, 2022, based on the issued capital stock of 685,464,000 shares in 2021, the Group allocated RMB 4.5 Yuan in cash (including tax) for every 10 shares to all shareholders with the total cash dividends of RMB 308,458,800 Yuan. Such cash dividends were distributed on July 13, 2022 and July 15, 2022 respectively.

15. Other important matters

Nil

16. Notes on major items in financial statements of the parent company**16.1 Other receivable**

Unit: Yuan

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable	3,153,780	
Other receivables	274,900,686	398,072,976
Total	278,054,466	398,072,976

16.1.1 Dividends receivable

Unit: Yuan

Item (or the invested unit)	Ending balance	Beginning balance
Dividends receivable from subsidiaries	3,153,780	
Total	3,153,780	

16.1.2 Other receivables

16.1.2.1 Particulars of other receivables classified by nature

Unit: Yuan

Nature	Ending book balance	Beginning book balance
Accounts receivable from subsidiaries	273,325,297	397,998,281
Accounts receivable from related parties	983,511	
Other	591,878	74,695
Total	274,900,686	398,072,976

16.1.2.2 Disclosed by age

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	274,880,686
1-2 years	
2-3 years	
More than 3 years	20,000
Total	274,900,686

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

The provision for bad debts accrued in this period was RMB 0 Yuan; and the provision for bad debts withdrawn or transferred back in this period was RMB 0 Yuan

16.1.2.4 Other accounts receivable actually cancelled after verification in this period

Nil

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

Unit: Yuan

Unit	Nature of fund	Ending balance	Age	Percentage in the total ending balance of other accounts receivable	Ending balance of provision for bad debts
Sales company	Accounts receivable from subsidiaries	230,397,008	Within 1 year	83.8%	
Digital marketing	Accounts receivable from subsidiaries	5,703,640	Within 1 year	2.1%	
Atrio Group	Accounts receivable from subsidiaries	5,543,544	Within 1 year	2.0%	
Castel	Accounts receivable from subsidiaries	1,314,633	Within 1 year	0.5%	

Unit	Nature of fund	Ending balance	Age	Percentage in the total ending balance of other accounts receivable	Ending balance of provision for bad debts
Zhongya Medical	Account receivable from related parties	983,511	Within 1 year	0.4%	
Total		243,942,336		88.8%	

16.1.2.6 Accounts receivable related to governmental subsidy

Nil

16.1.2.7 Other accounts receivable derecognized due to transfer of financial assets

Nil

16.1.2.8 Other accounts receivable transferred and included in assets and liabilities

Nil

16.2 Long-term equity investment

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	7,703,535,027		7,703,535,027	7,593,535,027		7,593,535,027
Investment in associated enterprises and joint ventures	5,859,928		5,859,928	5,886,467		5,886,467
Total	7,709,394,955		7,709,394,955	7,599,421,494		7,599,421,494

16.2.1 Investment in subsidiaries

Unit: Yuan

Invested unit	Beginning balance (book value)	Increase and decrease in this period				Ending balance (book value)	Ending balance of provision for impairment
		Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
Xinjiang Tianzhu	60,000,000					60,000,000	
Kylin Packaging	23,176,063					23,176,063	
Changyu Chateau	28,968,100					28,968,100	
Pioneer International	3,500,000					3,500,000	
Ningxia Growing	36,573,247					36,573,247	
National Wine	2,000,000					2,000,000	

Invested unit	Beginning balance (book value)	Increase and decrease in this period				Ending balance (book value)	Ending balance of provision for impairment
		Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
Icewine Valley	30,440,500					30,440,500	
AFIP	588,389,444					588,389,444	
Sales Company	7,200,000					7,200,000	
Langfang Sales	100,000					100,000	
Langfang Castel	19,835,730					19,835,730	
Wine Sales	4,500,000					4,500,000	
Shanghai Marketing	1,000,000					1,000,000	
Beijing Marketing	850,000					850,000	
Jingyang Sales	100,000					100,000	
Jingyang Wine	900,000					900,000	
Ningxia Wine	222,309,388					222,309,388	
Ningxia Chateau	453,463,500					453,463,500	
Chateau Tinlot	212,039,586					212,039,586	
Shihezi Chateau	812,019,770					812,019,770	
Chang'an Chateau	803,892,258					803,892,258	
R&D Company	3,288,906,445					3,288,906,445	
Huanren Wine	22,200,000					22,200,000	
Wine Sales Company	5,000,000					5,000,000	
Francs Champs	236,025,404					236,025,404	
Marques del Atrio	233,142,269					233,142,269	
Indomita Wine	274,248,114					274,248,114	
Kilikanoon Estate, Australia	129,275,639					129,275,639	
Digital Marketing	1,000,000					1,000,000	
Changyu Cultural Tourism Company	92,479,570					92,479,570	
Chateau Koya		110,000,000				110,000,000	
Total	7,593,535,027	110,000,000				7,703,535,027	

16.2.2 Investment in associates

Unit: Yuan

Invested unit	Beginning	Increase and decrease in this period			Ending	Ending
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		Increase in investment	Decrease in investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividend or profit	Provision for impairment accrued	Others		
Weimeisi Shanghai	2,366,811			-43,743						2,323,068	
Yantai Santai Real Estate Development Co., Ltd.	3,519,656			17,204						3,536,860	
Total	5,886,467			-26,539						5,859,928	

16.3 Operating income and operating cost

16.3.1 Details of operating income

Unit: Yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Income
Main business	200,506,811	166,176,180	189,490,544	153,868,830
Other business	29,080,332	26,938,064	16,810,022	15,143,341
Total	229,587,143	193,114,244	206,300,566	169,012,171
Including: Income from contracts	228,517,200	192,410,880	205,254,433	168,378,524
Income from house rents	1,069,943	703,364	1,046,133	633,647

16.3.2 Situation of income from contracts

Unit: Yuan

Contract classification	Amount incurred in this period	Amount incurred in prior period
Type of merchandise		
- Alcoholic beverage	200,506,811	189,490,544
- Others	28,010,389	15,763,889
Classified by the time of merchandise transfer		
- Revenue recognized at a point in time	228,517,200	205,254,433

16.4 Investment income

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Income from long-term equity investment by cost method	328,316,580	495,005,832

Item	Amount incurred in this period	Amount incurred in prior period
Income from long-term equity investment by equity method	-26,539	-477,762
Investment income from disposal of long-term equity investment		
Investment income of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses during the holding period		
Investment income gained from disposal of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses		
Investment income of held-to-maturity investment during the holding period		
Investment income of financial assets held for sale during the holding period		
Investment income gained from disposal of financial assets held for sale		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Total	328,290,041	494,528,070

17. Supplementary materials

17.1 List of non-current profits/losses in this period

Unit: Yuan

Item	Amount	Remark
Profits/losses on disposal of non-current assets	-8,239,072	
Tax return, deduction and exemption approved beyond the authority or without formal approval document		
Governmental subsidy included in the current profits/losses (excluding those closely related to the enterprise business and enjoyed in accordance with the unified standard quota or ration of the state)	23,129,245	
Payment for use of funds by non-financial enterprises included in the current profits/losses		
Income obtained when the investment cost obtained by the enterprise from subsidiaries, joint-run business and joint venture is less than the fair value of the net identifiable assets obtained from the invested units when the investment is made		
Profits/losses on exchange of non-monetary assets		
Profits/losses on entrusting other people to make investment or manage assets		
Asset impairment provision accrued due to force majeure such as natural disaster		
Profits/losses on debt restructuring		
Enterprise reorganization expenses such as staffing expenditure and integration expenses, etc.		
Profits/losses on those beyond the fair value generated from transactions with unfair transaction price		
Current net profits/losses on subsidiaries acquired from a business		

Item	Amount	Remark
combination under common control from the beginning to the consolidation date		
Profits/losses on contingencies unrelated to the normal business of the Company		
Profits/losses on changes of fair value of tradable financial assets, derivative financial assets, tradable financial liabilities and derivative financial liabilities, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liabilities, derivative financial liabilities and other investment in creditor's rights, excluding effective hedging operations relevant to the normal business of the Company		
Transfer-back of accounts receivable with single impairment test and provision for impairment of contract assets		
Profits/losses on external entrusted loans		
Profits/losses on fair value changes of investment real estate with fair value mode for follow-up measurement		
Influence of the one-time adjustment of the current profits/losses in accordance with tax and accounting laws and regulations on the current profits/losses		
Trustee fee income from entrusted operation		
Other non-operating income and expenditure besides the above items	1,105,081	
Other profits/losses conforming to the definition of non-current profits/losses		
Minus: Influenced amount of income tax	4,584,591	
Influenced amount of minority shareholders' equity	-2,739,918	
Total	14,150,581	--

17.2 Return on net assets and earnings per share

Profit incurred in this period	Weighted average return on net assets	Earnings per share	
		Basic EPS (Yuan/Share)	Diluted EPS (Yuan/Share)
Net profit attributable to common shareholders of the Company	3.39%	0.52	0.52
Net profit attributable to common shareholders of the Company deducting non-incidental profits/losses	3.26%	0.50	0.50

17.3 Accounting data difference under domestic and foreign accounting standard

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

Unit: Yuan

	Net profits		Net assets	
	Amount incurred in this period	Amount incurred in prior period	Ending balance	Beginning balance

In accordance with the Chinese accounting standard	358,459,603	371,821,819	10,491,487,490	10,447,884,183
Item & amount adjusted in accordance with the international accounting standard:				
In accordance with the international accounting standard	358,459,603	371,821,819	10,491,487,490	10,447,884,183

Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
August 26, 2022