

YANTAI CHANGYU PIONEER WINE COMPANY LIMITED

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS  
FOR THE YEAR 1 JANUARY 2023 TO 31 DECEMBER 2023  
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH  
TRANSLATION, THE CHINESE VERSION WILL PREVAIL

## AUDITOR'S REPORT

KPMG Huazhen Shen Zi No. 2405429

All Shareholders of Yantai Changyu Pioneer Wine Company Limited:

### Opinion

We have audited the accompanying financial statements of Yantai Changyu Pioneer Wine Company Limited (“Yantai Changyu”), which comprise the consolidated balance sheet and company balance sheet as at 31 December 2023, the consolidated income statement and company income statement, the consolidated cash flow statement and company cash flow statement, the consolidated statement of changes in shareholders’ equity and company statement of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position and company financial position of Yantai Changyu as at 31 December 2023, and of its consolidated financial performance and company financial performance and its consolidated cash flows and company cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China.

### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants (“CSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Yantai Changyu in accordance with the China Code of Ethics for Certified Public Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2405429

### Key Audit Matters

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

<b>Recognition of Sales Revenue from Distributors</b>	
Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 25 and "V. Notes to the consolidated financial statements" 38.	
<b>The Key Audit Matters</b>	<b>How the Matter was Addressed in Our Audit</b>
<p>The principal activities of Yantai Changyu and its subsidiaries (hereinafter referred to as "Yantai Changyu Group") include manufacture and sales of wine, brandy and sparkling wine.</p> <p>The revenue of Yantai Changyu Group is mainly derived from sales of distributors. All distributor transaction terms adopt the unified transaction terms formulated by Yantai Changyu Group.</p> <p>Based on the contractual agreement and the business arrangement, Yantai Changyu sells products to distributors and the transfer of product ownership is completed and the revenue is recognised when the goods are delivered to distributors and signed for acceptance.</p> <p>As revenue is one of the key performance indicators of Yantai Changyu Group, there is a risk that management may recognise revenue earlier or later in order to meet specific performance targets or expectations, therefore, the risk of cut-off misstatement arising from distributors' sales revenue is identified as a key audit matter.</p>	<p>Our audit procedures to evaluate revenue recognition of sales revenue from distributors included the following:</p> <ul style="list-style-type: none"><li>• Understand and evaluate the Management's design and operation effectiveness of key internal controls related to distributor sales revenue recognition;</li><li>• Selecting the sales contracts Yantai Changyu signed with distributors in order to examine whether Yantai Changyu has adopted the unified transaction terms, and evaluate whether the accounting policy of revenue recognition meets the requirements of the Accounting Standards for Business Enterprises;</li><li>• On a sampling basis, reconcile the revenue recorded for the year to relevant supporting files such as relevant orders and signed delivery notes, etc. to evaluate whether revenue is recognised in accordance with the accounting policy of Yantai Changyu;</li></ul>

## AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2405429

### Key Audit Matters (continued)

<b>Recognition of Sales Revenue from Distributors (continued)</b>	
Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 25 and "V. Notes to the consolidated financial statements" 38.	
<b>The Key Audit Matters</b>	<b>How the Matter was Addressed in Our Audit</b>
	<ul style="list-style-type: none"><li>• On a sampling basis, reconcile the sales transaction before and after balance sheet date to relevant supporting files such as relevant orders, signed delivery notes, etc. to evaluate whether revenue is recognised in appropriate accounting period;</li><li>• Check the sales record after the balance sheet date to identify significant sales returns and check relevant supporting files (If applicable) in order to evaluate whether relevant revenue is recorded in the appropriate accounting period;</li><li>• Select revenue accounting entries that meet specific risk criteria and check related supporting documents.</li></ul>

## **AUDITOR'S REPORT (continued)**

KPMG Huazhen Shen Zi No. 2405429

### **Other Information**

Management of Yantai Changyu is responsible for the other information. The other information comprises all the information included in the 2023 annual report, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## **AUDITOR'S REPORT (continued)**

KPMG Huazhen Shen Zi No. 2405429

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Yantai Changyu's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Yantai Changyu to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express our audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

## AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2405429

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

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

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

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

KPMG Huazhen LLP  
(Stamp)

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

Wang Ting (Engagement Partner)  
(Signature and stamp)

Beijing, China

Jiang Hui  
(Signature and stamp)

Date: 10 April 2024

Yantai Changyu Pioneer Wine Company Limited  
Consolidated balance sheet  
as at 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	31 December 2023	31 December 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and on hand	V.1	2,217,693,647	1,651,454,115
Bills receivable	V.2	1,260,000	2,712,460
Accounts receivable	V.3	382,132,334	343,982,985
Receivables under financing	V.4	408,316,028	309,329,918
Prepayments	V.5	61,497,933	60,415,508
Other receivables	V.6	71,496,276	70,542,398
Inventories	V.7	2,765,390,587	2,903,398,515
Other current assets	V.8	88,368,542	185,337,393
<b>Total current assets</b>		<b>5,996,155,347</b>	<b>5,527,173,292</b>
<b>Non-current assets</b>			
Long-term equity investments	V.9	38,285,620	41,371,385
Investment properties	V.10	24,482,831	22,115,318
<b>Fixed assets</b>	V.11	<b>5,795,082,569</b>	<b>6,028,137,972</b>
Construction in progress	V.12	3,323,241	40,934,161
Bearer biological assets	V.13	177,461,983	184,420,741
Right-of-use assets	V.14	121,745,910	139,887,159
Intangible assets	V.15	542,625,776	578,240,846
Goodwill	V.16	107,163,616	107,163,616
Long-term deferred expenses	V.17	306,662,107	274,699,232
Deferred tax assets	V.18	221,518,204	227,362,656
Other non-current assets	V.19	1,760,000	-
<b>Total non-current assets</b>		<b>7,340,111,857</b>	<b>7,644,333,086</b>
<b>Total assets</b>		<b>13,336,267,204</b>	<b>13,171,506,378</b>

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated balance sheet  
as at 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	V.20	364,981,445	389,378,480
Accounts payable	V.21	473,352,525	503,323,746
Contract liabilities	V.22	175,278,849	165,727,991
Employee benefits payable	V.23	185,331,292	182,951,538
Taxes payable	V.24	274,723,431	239,695,902
Other payables	V.25	555,634,336	372,608,689
Other current liabilities	V.26	44,958,297	18,945,706
Non-current liabilities due within one year	V.27	78,523,993	144,020,834
Total current liabilities		2,152,784,168	2,016,652,886
Non-current liabilities			
Long-term loans	V.28	66,616,443	128,112,115
Lease liabilities	V.29	85,038,335	109,505,093
Long-term payables	V.30	-	42,000,000
Deferred income	V.31	32,582,734	38,389,058
Deferred tax liabilities	V.18	8,719,729	11,266,932
Total non-current liabilities		192,957,241	329,273,198
Total liabilities		2,345,741,409	2,345,926,084

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated balance sheet  
as at 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	V.32	692,249,559	685,464,000
Capital reserve	V.33	651,086,707	524,968,760
Less : Treasury stock	V.34	103,411,919	-
Other comprehensive income	V.35	(14,784,677)	(23,760,238)
Surplus reserve	V.36	342,732,000	342,732,000
Retained earnings	V.37	9,273,629,318	9,049,649,211
Total equity attributable to shareholders of the Company		10,841,500,988	10,579,053,733
Non-controlling interests		149,024,807	246,526,561
Total shareholders' equity		10,990,525,795	10,825,580,294
Total liabilities and shareholders' equity		13,336,267,204	13,171,506,378

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

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Zhou Hongjiang  
Legal Representative  
*(Signature and stamp)*

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Jiang Jianxun  
The person in charge  
of accounting affairs  
*(Signature and stamp)*

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

(Company stamp)

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company balance sheet  
as at 31 December 2023  
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and on hand		1,242,484,544	874,241,771
Accounts receivable		5,189,894	2,301,505
Receivables under financing	XVII.1	36,322,019	41,061,417
Prepayments		52,587	3,518,783
Other receivables	XVII.2	576,949,997	720,176,320
Inventories		323,465,919	335,031,522
Other current assets		147,187	20,080,844
<b>Total current assets</b>		<b>2,184,612,147</b>	<b>1,996,412,162</b>
<b>Non-current assets</b>			
Long-term equity investments	XVII.3	7,648,498,638	7,705,853,378
Investment properties		24,482,831	22,115,318
<b>Fixed assets</b>		<b>194,601,612</b>	<b>216,651,596</b>
Construction in progress		264,175	375,969
Bearer biological assets		100,785,279	108,370,882
Right-of-use assets		37,025,896	36,153,799
Intangible assets		72,552,201	75,298,044
Deferred tax assets		2,327,585	12,120,605
Other non-current assets		1,934,430,000	1,850,200,000
<b>Total non-current assets</b>		<b>10,014,968,217</b>	<b>10,027,139,591</b>
<b>Total assets</b>		<b>12,199,580,364</b>	<b>12,023,551,753</b>

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company balance sheet  
as at 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		100,000,000	100,000,000
Accounts payable		63,686,113	100,583,550
Employee benefits payable		68,654,350	68,112,832
Taxes payable		6,439,899	39,101,259
Other payables		608,904,995	499,751,275
Non-current liabilities due within one year		3,803,910	5,129,607
Total current liabilities		851,489,267	812,678,523
Non-current liabilities			
Lease liabilities		42,380,074	38,757,167
Deferred income		55,718	877,814
Total non-current liabilities		42,435,792	39,634,981
Total liabilities		893,925,059	852,313,504

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company balance sheet  
as at 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		692,249,559	685,464,000
Capital reserve		687,544,350	560,182,235
Less : Treasury stock		103,411,919	-
Surplus reserve		342,732,000	342,732,000
Retained earnings		9,686,541,315	9,582,860,014
Total shareholders' equity		11,305,655,305	11,171,238,249
Total liabilities and shareholders' equity		12,199,580,364	12,023,551,753

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

Zhou Hongjiang Legal Representative <i>(Signature and stamp)</i>	Jiang Jianxun The person in charge of accounting affairs <i>(Signature and stamp)</i>	Guo Cuimei The head of the accounting department <i>(Signature and stamp)</i>	(Company stamp)
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The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated income statement  
for the year ended 31 December 2023  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2023</i>	<i>2022</i>
I. Operating income	V.38	4,384,764,335	3,918,941,160
Less: Operating costs	V.38	1,786,983,657	1,680,794,732
Taxes and surcharges	V.39	349,735,571	289,656,627
Selling and distribution expenses	V.40	1,239,782,776	1,028,966,138
General and administrative expenses	V.41	303,990,858	287,605,531
Research and development expenses		17,413,534	15,431,310
Financial expenses	V.42	11,083,459	7,256,207
Including: Interest expenses		35,800,097	26,856,890
Interest income		30,571,465	24,186,351
Add: Other income	V.43	51,523,799	33,145,440
Investment income/(losses)	V.44	23,847,450	(3,447,794)
Including: Losses from investment associates and in joint ventures		(712,480)	(1,605,469)
Credit reversal	V.45	1,397,658	4,752,797
Impairment losses	V.46	(13,506,958)	(5,789,670)
Losses from disposal of assets	V.47	(134,133)	(16,191,903)

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated income statement  
for the year ended 31 December 2023 (continued)  
(Expressed in Renminbi Yuan)

	Note	2023	2022
II. Operating profit		738,902,296	621,699,485
Add: Non-operating income	V.48	11,992,270	6,832,809
Less: Non-operating expenses	V.48	3,428,410	2,949,991
III. Profit before income tax		747,466,156	625,582,303
Less: Income tax expenses	V.49	221,433,447	194,233,589
IV. Net profit		526,032,709	431,348,714
(1) Net profit classified by continuity of operations:			
1. Net profit from continuing operations		526,032,709	431,348,714
2. Net profit from discontinued operations		-	-
(2) Net profit classified by ownership:			
1. Net profit attributable to shareholders of the Company		532,438,907	428,681,411
2. Non-controlling net (losses)/interests		(6,406,198)	2,667,303
V. Other comprehensive income, net of tax		9,519,495	12,282,545
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		8,975,561	10,946,939
Translation differences arising from translation of foreign currency financial statements		8,975,561	10,946,939
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		543,934	1,335,606

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated income statement  
for the year ended 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2023</i>	<i>2022</i>
VI. Total comprehensive income for the year		535,552,204	443,631,259
(1) Attributable to shareholders of the Company		541,414,468	439,628,350
(2) Attributable to non-controlling interests		(5,862,264)	4,002,909
VII. Earnings per share:			
(1) Basic earnings per share	V.50	0.78	0.63
(2) Diluted earnings per share	V.50	0.78	0.63

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

Zhou Hongjiang Legal Representative <i>(Signature and stamp)</i>	Jiang Jianxun The person in charge of accounting affairs <i>(Signature and stamp)</i>	Guo Cuimei The head of the accounting department <i>(Signature and stamp)</i>	(Company stamp)
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The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company income statement  
for the year ended 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	2023	2022
I. Operating income	XVII.4	731,158,954	675,062,421
Less: Operating cost	XVII.4	621,636,564	577,316,851
Taxes and surcharges		26,163,038	27,984,695
General and administrative expenses		60,054,424	58,441,386
Research and development expenses		1,127,242	2,674,191
Financial expenses		(2,756,864)	(4,912,837)
Including: Interest expenses		3,184,460	3,238,235
Interest income		10,213,608	10,840,336
Add: Other income		3,219,830	5,318,209
Investment income	XVII.5	439,250,529	736,516,479
Impairment losses		(42,274,055)	-
Proceeds from the disposal of assets		-	33,453
II. Operating profit		425,130,854	755,426,276
Add: Non-operating income		386,193	3,665,752
Less: Non-operating expenses		1,258,048	1,281,047

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company income statement  
for the year ended 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2023</i>	<i>2022</i>
III. Profit before income tax		424,258,999	757,810,981
Less: Income tax expenses		12,118,898	8,053,832
IV. Net profit		412,140,101	749,757,149
(i) Net profit from continuing operations		412,140,101	749,757,149
(ii) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income for the year		412,140,101	749,757,149

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

Zhou Hongjiang Legal Representative <i>(Signature and stamp)</i>	Jiang Jianxun The person in charge of accounting affairs <i>(Signature and stamp)</i>	Guo Cuimei The head of the accounting department <i>(Signature and stamp)</i>	(Company stamp)
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The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated cash flow statement  
for the year ended 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	2023	2022
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		4,362,027,268	3,681,133,282
Refund of taxes		37,827,698	186,197,815
Proceeds from other operating activities	V.51(1)	219,385,622	61,825,407
Sub-total of cash inflows		4,619,240,588	3,929,156,504
Payment for goods and services		1,368,282,215	1,266,006,299
Payment to and for employees		491,419,621	493,589,542
Payment of various taxes		910,748,260	718,434,215
Payment for other operating activities	V.51(1)	675,698,749	582,249,801
Sub-total of cash outflows		3,446,148,845	3,060,279,857
Net cash flows from operating activities	V.52(1)	1,173,091,743	868,876,647
II. Cash flows from investing activities:			
Proceeds from disposal of investments		238,200,000	133,200,000
Investment returns received		3,196,066	1,340,518
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		10,529,793	28,412,630
Net proceeds from disposal of subsidiaries and other business units	V.52(2)	20,308,625	-
Net proceeds from acquisition of subsidiaries and other business units	V.52(2)	657,049	-
Sub-total of cash inflows		272,891,533	162,953,148
Payment for acquisition of fixed assets, intangible assets and other long-term assets		132,032,219	198,791,362
Payment for acquisition of investments		464,200,000	108,200,000
Sub-total of cash outflows		596,232,219	306,991,362
Net cash flows from investing activities		(323,340,686)	(144,038,214)

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated cash flow statement  
for the year ended 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2023</i>	<i>2022</i>
III. Cash flows from financing activities:			
Proceeds from investors		103,411,919	-
Proceeds from borrowings		573,859,507	641,331,495
Sub-total of cash inflows		677,271,426	641,331,495
Repayments of borrowings		768,253,239	903,179,998
Payment for dividends, profit distributions or interest		341,454,132	333,134,330
Payment for other financing activities	V.51(3)	67,229,123	19,774,744
Sub-total of cash outflows		1,176,936,494	1,256,089,072
Net cash flows from financing activities		(499,665,068)	(614,757,577)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		316,163	345,715
V. Net increase in cash and cash equivalents	V.52(1)	350,402,152	110,426,571
Add: Cash and cash equivalents at the beginning of the year		1,612,753,600	1,502,327,029
VI. Cash and cash equivalents at the end of the year	V.52(2)	1,963,155,752	1,612,753,600

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

Zhou Hongjiang Legal Representative <i>(Signature and stamp)</i>	Jiang Jianxun The person in charge of accounting affairs <i>(Signature and stamp)</i>	Guo Cuimei The head of the accounting department <i>(Signature and stamp)</i>	(Company stamp)
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The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company cash flow statement  
for the year ended 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	2023	2022
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		673,455,798	610,597,839
Tax returns received		-	1,597,879
Proceeds from other operating activities		12,473,241	84,262,490
Sub-total of cash inflows		685,929,039	696,458,208
Payment for goods and services		611,290,566	401,136,965
Payment to and for employees		60,646,447	67,906,188
Payment of various taxes		62,523,754	50,709,754
Payment for other operating activities		28,861,990	23,452,120
Sub-total of cash outflows		763,322,757	543,205,027
Net cash flows from operating activities		(77,393,718)	153,253,181
II. Cash flows from investing activities:			
Proceeds from disposal of investments		262,833,449	118,200,000
Investment returns received		729,828,424	489,479,719
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		576,150	175,978
Net proceeds from disposal of subsidiaries and other business units		17,965,519	1,677,331
Proceeds from borrowings to subsidiaries		10,000,000	312,000,000
Sub-total of cash inflows		1,021,203,542	921,533,028
Payment for acquisition of fixed assets, intangible assets and other long-term assets		7,116,731	21,831,779
Payment for acquisition of investments		478,823,400	218,200,000
Net payment for acquisition of subsidiaries and other business units		5,537,700	-
Cash paid to subsidiaries		94,230,000	138,700,000
Sub-total of cash outflows		585,707,831	378,731,779
Net cash flows from investing activities		435,495,711	542,801,249

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company cash flow statement  
for the year ended 31 December 2023 (continued)  
(Expressed in Renminbi Yuan)

	Note	2023	2022
III. Cash flows from financing activities:			
Proceeds from investors		103,411,919	-
Proceeds from borrowings		100,000,000	100,000,000
Sub-total of cash inflows		203,411,919	100,000,000
Repayments of borrowings		100,000,000	150,000,000
Payment for dividends or interest		311,643,260	311,697,035
Payment for other financing activities		4,956,105	4,796,838
Sub-total of cash outflows		416,599,365	466,493,873
Net cash flows from financing activities		(213,187,446)	(366,493,873)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		144,914,547	329,560,557
Add: Cash and cash equivalents at the beginning of the year		843,369,997	513,809,440
VI. Cash and cash equivalents at the end of the year		988,284,544	843,369,997

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

Zhou Hongjiang Legal Representative (Signature and stamp)	Jiang Jianxun The person in charge of accounting affairs (Signature and stamp)	Guo Cuimei The head of the accounting department (Signature and stamp)	(Company stamp)
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The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated statement of changes in shareholders' equity  
for the year ended 31 December 2023  
*(Expressed in Renminbi Yuan)*

	Note	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury-Stock	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the beginning of the year		685,464,000	524,968,760	-	(23,760,238)	342,732,000	9,049,649,211	10,579,053,733	246,526,561	10,825,580,294
II. Changes in equity during the year										
1. Total comprehensive income		-	-	-	8,975,561	-	532,438,907	541,414,468	(5,862,264)	535,552,204
2. Shareholders' contributions and decrease of capital										
(1). Effects of Restricted Share Incentive Plan	V.32	6,785,559	127,362,115	(103,411,919)	-	-	-	30,735,755	-	30,735,755
(2). Acquisition of non-controlling interests	VIII.2	-	(1,244,168)	-	-	-	-	(1,244,168)	(31,502,609)	(32,746,777)
3. Appropriation of profits										
Distributions to shareholders	V.37	-	-	-	-	-	(308,458,800)	(308,458,800)	(1,538,316)	(309,997,116)
4. Others										
Disposal of equities in subsidiaries		-	-	-	-	-	-	-	(58,598,565)	(58,598,565)
III. Balance at the end of the year		692,249,559	651,086,707	(103,411,919)	(14,784,677)	342,732,000	9,273,629,318	10,841,500,988	149,024,807	10,990,525,795

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

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Zhou Hongjiang  
Legal Representative  
  
*(Signature and stamp)*

\_\_\_\_\_  
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The person in charge of  
accounting affairs  
  
*(Signature and stamp)*

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

\_\_\_\_\_  
(Company stamp)

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Consolidated statement of changes in shareholders' equity (continued)  
for the year ended 31 December 2022  
*(Expressed in Renminbi Yuan)*

	Note	Attributable to shareholders of the Company						Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the beginning of the 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
II. Changes in equity during the year									
(1) Total comprehensive income		-	-	10,946,939	-	428,681,411	439,628,350	4,002,909	443,631,259
(2) Appropriation of profits									
Distributions to shareholders	V.37	-	-	-	-	(308,458,800)	(308,458,800)	(2,268,769)	(310,727,569)
III. Balance at the end of the year		685,464,000	524,968,760	(23,760,238)	342,732,000	9,049,649,211	10,579,053,733	246,526,561	10,825,580,294

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

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The head of the accounting  
department  
*(Signature and stamp)*

(Company stamp)

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
Company statement of changes in shareholders' equity  
for the year ended 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Less: Treasury-Stock	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the year		685,464,000	560,182,235	-	342,732,000	9,582,860,014	11,171,238,249
II. Changes in equity during the year							
(1) Total comprehensive income		-	-	-	-	412,140,101	412,140,101
(2) Contribution by owners							
Effects of Restricted Share Incentive Plan		6,785,559	127,362,115	(103,411,919)	-	-	30,735,755
(3) Appropriation of profits							
Distributions to shareholders		-	-	-	-	(308,458,800)	(308,458,800)
III. Balance at the end of the year		692,249,559	687,544,350	(103,411,919)	342,732,000	9,686,541,315	11,305,655,305

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

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(Signature and stamp)

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

(Company stamp)

The notes on pages 20 to 117 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited  
 Company statement of changes in shareholders' equity  
 for the year ended 31 December 2022 (continued)  
 (Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the year		685,464,000	560,182,235	342,732,000	9,141,561,665	10,729,939,900
II. Changes in equity during the year						
(1) Total comprehensive income		-	-	-	749,757,149	749,757,149
(2) Appropriation of profits						
Distributions to shareholders		-	-	-	(308,458,800)	(308,458,800)
III. Balance at the end of the year		685,464,000	560,182,235	342,732,000	9,582,860,014	11,171,238,249

These financial statements were approved by the Board of Directors of the Company on 10 April 2024.

Zhou Hongjiang Legal Representative <i>(Signature and stamp)</i>	Jiang Jianxun The person in charge of accounting affairs <i>(Signature and stamp)</i>	Guo Cuimei The head of the accounting department <i>(Signature and stamp)</i>	(Company stamp)
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The notes on pages 20 to 117 form part of these financial statements.

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

I. Company status

Yantai Changyu Pioneer Wine Co., Ltd. (the “Company” or the “Joint Stock Company”) was incorporated as a joint stock limited company in accordance with the Company Law of the People’s Republic of China (the “PRC”) in a reorganisation carried out by Yantai Changyu Group Co., Ltd. (“Changyu Group”), in which Changyu Group Company injected certain assets and liabilities in relation to the wine, brandy, and sparkling wine production and sales businesses to the Company. The Company and its subsidiaries (the “Group”) are principally engaged in the production and sales of wine, brandy, sparkling wine, grape growing and acquisition, as well as travel resource development, etc.. Registration place of the Company is Yantai, Shandong. Headquarter of the Company is located at No. 56 Da Ma Lu, Zhifu District, Yantai, Shandong, PRC.

As at 31 December 2023 the total shares issued by the Company amounts to 692,249,559 shares. Please refer to Note V. 32 in detail.

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

The financial statements have been authorised by the board of directors on 10 April 2024. According to the Company’s articles of association, the financial statements will be reviewed by shareholders on the shareholder’s meeting.

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

II. Basis of preparation

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

III. Significant accounting policies and accounting estimates

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the MOF. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2023, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

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

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

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

4 Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. Overseas subsidiaries of the Company adopt Euro, Chilean Peso and Australian Dollar as their functional currencies on the basis of the primary economic environment in which they operate. The Company adopts RMB to prepare its financial statements.

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

<i>Item</i>	<i>Materiality threshold</i>
Significant other payables/accounts payable with ageing of more than one year	Amount of the individual other payables/accounts payable with ageing of more than 1 year exceeds 0.5% of the Group’s total liabilities
Significant construction projects in progress	Carrying amount of the individual construction in progress exceeds 0.5% of the Group’s total non-current assets
Significant non-wholly-owned subsidiaries	Carrying amount of net assets attributable to non-controlling shareholders of the non-wholly-owned subsidiaries exceeds 0.5% of the Group’s net assets
Significant investing and financing activities not requiring the use of cash	Amount of the individual cash flow exceeds exceeds 0.5% of the Group’s total assets

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

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

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

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

(1) Business combinations involving entities under common control

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

(2) Business combinations involving entities not under common control

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

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

## 7 Criteria of control and preparation of consolidated financial statements

### (1) General principles

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

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

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

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

### (2) Subsidiaries acquired through a business combination

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

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

(3) Disposal of subsidiaries

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

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

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

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.7(4)).

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

(4) Changes in non-controlling interests

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

8 Cash and cash equivalents

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

9 Foreign currency transactions and translation of foreign currency financial statements

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III. 16). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

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

## 10 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.12), receivables, payables, loans and borrowings and share capital.

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

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

A financial assets (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. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.25.

### (2) Classification and subsequent measurement of financial assets

#### (a) Classification of financial assets

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

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

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

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

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

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

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

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

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

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

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

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

- Financial assets at amortised cost

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

- Debt investments at FVOCI

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

- Equity investments at FVOCI

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

(3) Classification and subsequent measurement of financial liabilities

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

- Financial liabilities at FVTPL

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

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

- Financial liabilities at amortised cost

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

(4) Offsetting

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

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

(5) Derecognition of financial assets and financial liabilities

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

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

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

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

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

(6) Impairment

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

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

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

Measurement of ECLs

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

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

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

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

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

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

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

*Provisions for bad and doubtful debts arising from receivables*

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

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

(b) Criteria for individual assessment

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

*Financial instruments that have low credit risk*

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

Significant increases in credit risk

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

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

- failure to make payments of principal and interest on their 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.

## (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.

11 Inventories

(1) Categories

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

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

(2) Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) Inventory count system

The Group maintains a perpetual inventory system.

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

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

(5) Criteria and method for provision for obsolete inventories

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

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

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

12 Long-term equity investments

(1) Investment cost of long-term equity investments

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

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to 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.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale (See Note III. 31). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

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

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

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

(b) Investment in joint ventures and associates

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

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

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

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

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

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

(3) Criteria for determining the existence of joint control over an investee

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

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

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

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

13 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights, unless the investment property is classified as held for sale (see Note III.31). For the impairment of the investment properties, refer to Note III.21.

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

14 Fixed assets

(1) Recognition of fixed assets

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

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.15.

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

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

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

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note III.31).

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

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

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

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

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

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

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

## 15 Construction in progress

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

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

Criteria and timing for the transfer to fixed assets :

Category	Criteria and timing for the transfer to fixed assets
Plant and buildings	<ol style="list-style-type: none"> <li>(1) The main construction projects and ancillary projects have been substantially completed;</li> <li>(2) the construction projects have been checked and accepted by the survey, design, construction and supervision units after meeting the pre-determined design requirements;</li> <li>(3) the construction projects have been checked and accepted by external departments such as the fire department, the land and resources department and the planning department;</li> <li>(4) if a construction project is available for its intended use but its final account has not yet been finalised, the construction project will be transferred to fixed assets at its estimated value from the date it is available for its intended use, based on the its estimated value of construction.</li> </ol>
Machinery and equipment	<ol style="list-style-type: none"> <li>(1) The relevant equipment and other supporting facilities have been installed;</li> <li>(2) the equipment can operate normally and stably for a period after commissioning;</li> <li>(3) the production equipment is capable of producing qualified products stably for a period;</li> <li>(4) the equipment has been checked and accepted by asset management personnel and users.</li> </ol>

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

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

## 16 Borrowing costs

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

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

- Where funds are borrowed specifically for the acquisition and construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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

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

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

## 17 Biological assets

The Group's biological assets are bearer biological assets.

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

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

<i>Category</i>	<i>Estimated useful life (years)</i>	<i>Estimated net residual value rate</i>	<i>Depreciation rate (%)</i>
Vines	20 years	0%	5.0%

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

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

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

## 18 Intangible assets

### Useful life and amortisation methods

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note III.21). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

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

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

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

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

19 Goodwill

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

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

20 Long-term deferred expenses

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:

<i>Item</i>	<i>Amortisation period</i>
Land requisition fee	50 years
Greening fee	5 - 20 years
Renovation Fee	3 - 20 years
Others	3 years

## 21 Impairment of assets other than inventories and financial assets

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

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

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

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.22) less costs to sell and its present value of expected future cash flows.

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

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

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

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

## 22 Fair value measurement

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

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

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

## 23 Provisions

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

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

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

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

## 24 Share-based payments

### (1) Classification of share-based payments

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

(2) Accounting treatment of share-based payments

- Equity-settled share-based payments

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

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

25 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (see Note III.10(6)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

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

## 26 Contract costs

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

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

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

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

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

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

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

## 27 Employee benefits

### (1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or 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.

### (2) Post-employment benefits – defined contribution plans

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

### (3) Termination benefits

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

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

## 28 Government grants

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

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

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

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

## 29 Income tax

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

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

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

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

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

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

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

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

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

### 30 Leases

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

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

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

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

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

#### (1) As a lessee

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

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

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

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

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

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

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

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

(2) As a lessor

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

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

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

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

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

### 31 Assets held for sale

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

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

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

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

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

### 32 Profit distributions

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

### 33 Related parties

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

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

### 34 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organisation structure, management requirements and internal reporting system, the Group's operation is divided into five parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2023, over 86% of revenue, more than 96% of profit and over 91% of non-current assets derived from China/are located in China. Therefore the Group does not need to disclose additional segment report information.

### 35 Significant accounting estimates and judgements

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

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

### 36 Changes in significant accounting policies

In 2023, the Group has adopted the following newly revised accounting standards and implementation guidance and illustrative examples issued by the MOF:

The accounting treatment of deferred tax related to assets and liabilities arising from a single transaction excluded from the scope of the initial recognition exemption" in CAS Bulletin No.16 (Caikuai [2022] No.31) ("CAS Bulletin No.16")

According to the provisions, for taxable and deductible temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profits nor taxable profit (or deductible losses) and gives rise to equal taxable and deductible temporary differences, the Group recognises the corresponding deferred tax liabilities and deferred tax assets respectively in accordance with relevant provisions in CAS 18 - Income Tax when such transactions occur, instead of recognising deferred tax liabilities or deferred tax assets based on the net amount of taxable and deductible temporary differences. The adoption of the above requirements and guidance does not have a significant effect on the financial position and financial performance of the Group.

IV. Taxation

1 Main types of taxes and corresponding tax rates

Type of tax	Taxation basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	13%, 9%, 6% (China), 20% (France), 21% (Spain), 19% (Chile) and 10% (Australia)
Consumption tax	Based on taxable revenue	10% of the price, 20% of the price and RMB1,000 each ton (China)
Urban maintenance and construction tax	Based on VAT paid	7% (China)
Corporate income tax	Based on taxable profits	25% (China), 25% (France), 28% (Spain), 27% (Chile), 30% (Australia)

Other than tax incentives stated in Note IV. 2, applicable tax rates of the Group in 2023 and 2022 are all stated as above.

2 Tax preferential treatments

Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”), a subsidiary of the Group, whose principal activity is grape growing is incorporated in Ningxia Huizu Autonomous Region. According to clause 27 of the Corporate Income Tax Law of the People’s Republic of China and clause 86 of the Implementation Rules of Enterprise Income Tax Law of the People’s Republic of China, Ningxia Growing enjoys an exemption of corporate income tax.

Yantai Changyu Grape Growing Co., Ltd. (“Grape Growing”), a branch of the Company, whose principal activity is grape growing is incorporated in Zhifu District, Yantai City, Shandong Province. According to clause 27 of the Corporate Income Tax Law of the People’s Republic of China and clause 86 of the Implementation Rules of Enterprise Income Tax Law of the People’s Republic of China, Grape Growing enjoys an exemption of corporate income tax.

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

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

Xinjiang Tianzhu Wine Co., Ltd. (“Xinjiang Tianzhu”, disposal in June 2023), a subsidiary of the Company, is an enterprise of wine production and sales incorporated in Shihezi city, Xinjiang Weizu Autonomous. In accordance with relevant provisions of the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No.23 of the Ministry of Finance), Ningxia Chateau Changyu Moser is entitled to preferential tax policies. Therefore, during the period from 2021 to 2030, its corporate income tax shall be levied at a reduced tax rate of 15%.

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

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

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

In accordance with the PRC Enterprise Income Tax Law and its implementing regulations, the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (No.13 [2019] of the Ministry of Finance), the Announcement on Implementation of Income Tax Incentives for Micro and Small Enterprises and Individually-owned Businesses (Announcement [2023] No.6 from the Ministry of Finance and the State Administration of Taxation) and the Announcement on Further Implementation of Income Tax Incentives for Small Enterprises with Meagre Profits (Announcement [2022] No. 13 of the Ministry of Finance and the State Taxation Administration), for micro and small enterprises that meet the application requirements that the taxable income that is not more than RMB 1 million, the amount of taxable income shall be reduced by 25%, and the applicable rate of enterprise income tax shall be 20%; for the annual taxable income exceeding RMB 1 million, but is not more than RMB 3 million, the amount of taxable income shall be reduced by 25%, and the applicable rate of enterprise income tax shall be 20%. Beijing Changyu Wine Marketing Co., Ltd. (“Beijing Marketing”), a subsidiary of the Company, was identified as a qualified small enterprise with meagre profits.

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

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

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on the Further Implementation of Reduction and Exemption in Six Taxes and Two Fees for Small-Scale and Micro Enterprises (Notice of the Ministry of Finance and State Taxation Administration [2022] No. 10), from 1 January 2022 to 31 December 2024, People's Governments of all provinces, autonomous regions and municipalities can reduce the resource tax, urban maintenance and construction tax, property tax, Urban and township land use tax, stamp duty (excluding stamp duty on securities transaction), farmland occupation tax, education surcharges, and local education surcharges within a 50% tax range for small-scale VAT taxpayers, small-scale and low-profit enterprises, and individually-owned businesses based on the actual situation in the region. Shandong, Xinjiang, Ningxia, Shaanxi, and other provinces (regions, cities) are all subject to a 50% reduction in "six taxes and two fees", and some subsidiaries of the Company are qualified to enjoy the tax reduction.

V. Notes to the consolidated financial statements

1 Cash at bank and on hand

<i>Item</i>	<i>2023</i>	<i>2022</i>
Cash on hand	74,951	47,954
Bank deposits	2,217,280,801	1,643,577,420
Other monetary funds	337,895	7,828,741
Total	2,217,693,647	1,651,454,115
Including: Total overseas deposits	24,317,469	17,073,210

As at 31 December 2023, the Group's term deposits with previous maturity of more than three months is RMB 254,200,000, with interest rate 1.70% - 2.25% (31 December 2022: RMB28,200,000).

As at 31 December 2023, the Group's other monetary assets is as follows:

<i>Item</i>	2023	2022
Deposits for letters of credit	-	6,000,000
Alipay account balance	192,997	1,695,245
Deposit for ICBC platform	10,000	10,000
Deposits for the customs	134,898	123,496
Total	337,895	7,828,741

As at 31 December 2023, the Group did not have any special interest arrangements such as the establishment of joint fund management accounts with related parties.

## 2 Bills receivable

Classification of bills receivable

<i>Item</i>	2023	2022
Bank acceptance bills	1,260,000	2,712,460
Total	1,260,000	2,712,460

All of the above bills are due within one year.

## 3 Accounts receivable

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

<i>Type</i>	31 December 2023	31 December 2022
Amounts due from related parties	4,401,307	2,827,473
Amounts due from other customers	390,889,475	355,711,618
Sub-total	395,290,782	358,539,091
Less: Provision for bad and doubtful debts	(13,158,448)	(14,556,106)
Total	382,132,334	343,982,985

As at 31 December 2023, ownership restricted accounts receivable is RMB 73,628,265 (31 December 2022: RMB59,982,807), referring to Note V. 53.

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

<i>Ageing</i>	2023	2022
Within 1 year (inclusive)	387,161,172	349,764,300
Over 1 year but within 2 years (inclusive)	2,367,283	8,085,677
Over 2 years but within 3 years (inclusive)	5,396,673	452,254
Over 3 years	365,654	236,860
Sub-total	395,290,782	358,539,091
Less: Provision for bad and doubtful debts	(13,158,448)	(14,556,106)
Total	382,132,334	343,982,985

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

(3) Accounts receivable by provisioning method

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

2023

	<i>Loss given default</i>	<i>Carrying amount at the end of the year</i>	<i>Impairment loss at the end of the year</i>
Current	0.2%	365,010,895	660,099
Overdue for 1 to 30 days	2.7%	14,276,606	384,812
Overdue for 31 to 60 days	10.8%	1,939,270	208,908
Overdue for 61 to 90 days	20.8%	443,199	92,141
Overdue for 91 to 120 days	37.2%	880,565	328,007
Overdue for 121 to 150 days	55.4%	874,822	485,022
Overdue for 151 to 180 days	55.4%	499,866	277,137
Overdue for 181 to 210 days	72.1%	497,356	358,689
Overdue for 211 to 240 days	77.1%	693,596	534,607
Overdue for 241 to 270 days	82.9%	980,610	812,545
Overdue for 271 to 300 days	88.9%	1,596,409	1,418,894
Overdue for 301 to 330 days	100.0%	9,150	9,150
Overdue for 331 to 360 days	100.0%	82,541	82,541
Overdue for 360 days	100.0%	7,505,897	7,505,896
Total	3.3%	395,290,782	13,158,448

2022

	<i>Loss given default</i>	<i>Carrying amount at the end of the year</i>	<i>Impairment loss at the end of the year</i>
Current	0.3%	320,680,504	987,421
Overdue for 1 to 30 days	4.6%	14,539,415	670,713
Overdue for 31 to 60 days	12.1%	5,412,870	654,202
Overdue for 61 to 90 days	22.9%	1,755,591	401,918
Overdue for 91 to 120 days	25.5%	852,924	217,910
Overdue for 121 to 150 days	32.3%	3,243,366	1,047,097
Overdue for 151 to 180 days	40.0%	469,054	187,704
Overdue for 181 to 210 days	42.0%	217,218	91,181
Overdue for 211 to 240 days	44.4%	636,479	282,588
Overdue for 241 to 270 days	51.7%	654,567	338,403
Overdue for 271 to 300 days	71.0%	1,058,407	751,067
Overdue for 301 to 330 days	87.7%	753,174	660,380
Overdue for 331 to 360 days	100.0%	15,263	15,263
Overdue for 360 days	100.0%	8,250,259	8,250,259
Total	4.1%	358,539,091	14,556,106

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

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

	2023	2022
Balance at the beginning of the year	(14,556,106)	(20,263,750)
Charge for the year	(7,361,616)	(15,084,381)
Recoveries or reversals during the year	8,759,274	19,837,178
Transfers out during the year	-	954,847
Balance at the end of the year	(13,158,448)	(14,556,106)

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

Name	Relationship with the Group	Balance at the end of the year	Ageing	Percentage of ending balance of others (%)	Ending balance of provision for bad and doubtful debts
Debtor One	Third party	147,458,311	Within 1 year	37.3%	265,765
Debtor Two	Third party	14,267,454	Within 1 year	3.6%	504,073
Debtor Three	Third party	14,054,076	Within 1 year	3.6%	496,535
Debtor Four	Third party	9,396,987	Within 1 year	2.4%	331,999
Debtor Five	Third party	8,241,582	Within 1 year	2.1%	291,178
Total		193,418,410		49.0%	1,889,550

4 Receivables under financing

Item	Note	2023	2022
Bills receivable	(1)	408,316,028	309,329,918

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

As at 31 December 2023, there was no pledged bills receivable (31 December 2022: Nil).

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

Item	Amount derecognised at year end
Bank acceptance bills	394,923,505
Total	394,923,505

As at 31 December 2023, bills endorsed by the Group to other parties which are not yet due at the end of the period is RMB 394,923,505 (31 December 2022: RMB 500,480,279). The notes are used for payment to suppliers and constructions. The Group believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Group would undertake limited liability for the notes.

5 Prepayments

(1) Prepayments by category:

<i>Item</i>	2023	2022
Prepayments	61,497,933	60,415,508
Total	61,497,933	60,415,508

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

<i>Ageing</i>	2023		2022	
	<i>Amount</i>	<i>Percentage (%)</i>	<i>Amount</i>	<i>Percentage (%)</i>
Within 1 year (inclusive)	61,468,643	99.9%	59,426,080	98.4%
Over 1 year but within 2 years (inclusive)	29,290	0.1%	989,428	1.6%
Total	61,497,933	100.0%	60,415,508	100.0%

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

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

<i>Name</i>	<i>Nature of the receivable</i>	<i>Balance at the end of the year</i>	<i>Ageing</i>	<i>Percentage of ending balance of others (%)</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Debtor One	Prepayments	29,452,494	Within 1 year	47.9%	-
Debtor Two	Prepayments	8,104,605	Within 1 year	13.2%	-
Debtor Three	Prepayments	4,832,462	Within 1 year	7.9%	-
Debtor Four	Prepayments	1,715,378	Within 1 year	2.8%	-
Debtor Five	Prepayments	1,274,822	Within 1 year	2.1%	-
Total		45,379,761		73.9%	-

6 Other receivables

	31 December 2023	31 December 2022
Others	71,496,276	70,542,398
Total	71,496,276	70,542,398

(1) Others by customer type:

<i>Customer type</i>	31 December 2023	31 December 2022
Amounts due from other companies	71,496,276	70,542,398
Sub-total	71,496,276	70,542,398
Less: Provision for bad and doubtful debts	-	-
Total	71,496,276	70,542,398

(2) The ageing analysis is as follows:

<i>Ageing</i>	2023	2022
Within 1 year (inclusive)	29,551,266	67,221,713
Over 1 year but within 2 years (inclusive)	39,753,227	1,208,361
Over 2 years but within 3 years (inclusive)	160,000	57,928
Over 3 years	2,031,783	2,054,396
Sub-total	71,496,276	70,542,398
Less: Provision for bad and doubtful debts	-	-
Total	71,496,276	70,542,398

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

(3) Movements of provisions for bad and doubtful debts

As at 31 December 2023, no bad and doubtful debt provision was made for other receivables (31 December 2022: Nil).

As at 31 December 2023, the Group has no other receivables written off (31 December 2022: Nil).

(4) Others categorised by nature

<i>Nature of other receivables</i>	2023	2022
Land purchases and reserves receivable	37,768,902	41,268,902
Refund of consumption tax and VAT	19,104,008	12,509,201
Deposit	5,429,202	5,578,001
Petty cash receivable	154,354	440,759
Others	9,039,810	10,745,535
Sub-total	71,496,276	70,542,398
Less: Provision for bad and doubtful debts	-	-
Total	71,496,276	70,542,398

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

<i>Name</i>	<i>Nature of the receivable</i>	<i>Balance at the end of the year</i>	<i>Ageing</i>	<i>Percentage of ending balance of others (%)</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Debtor One	Land purchases and reserves receivable	37,768,902	1-2 years	52.8%	-
Debtor Two	Refund of VAT	17,894,493	Within 1 year	25.0%	-
Debtor Three	Housing maintenance funds	2,670,094	Within 1 year	3.7%	-
Debtor Four	Refund of VAT	736,946	Within 1 year	1.0%	-
Debtor Five	Deposits	572,880	Within 1 year	0.8%	-
Total		59,643,315		83.3%	-

7 Inventories

(1) Inventories by category:

Item	2023			2022		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	241,961,713	-	241,961,713	258,200,178	-	258,200,178
Work in progress	1,915,860,327	-	1,915,860,327	1,986,391,270	-	1,986,391,270
Finished goods	625,076,081	(17,507,534)	607,568,547	673,171,026	(14,363,959)	658,807,067
Total	2,782,898,121	(17,507,534)	2,765,390,587	2,917,762,474	(14,363,959)	2,903,398,515

(2) Provision for impairment of inventories:

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
		Recognised	Reversal	
Finished goods	14,363,959	17,507,534	(14,363,959)	17,507,534

8 Other current assets

Item	2023	2022
Input tax to be credited	65,228,189	44,270,238
Right to recover returned goods	16,876,869	-
Prepaid income taxes	4,438,001	19,102,111
Deferred expenses	1,825,483	1,034,403
Trademarks (Note)	-	120,930,641
Total	88,368,542	185,337,393

Notes:

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

According to the above royalty agreement, Changyu Group collected a total of RMB576,507,809 for royalty from 2013 to 2019, of which 51% was used to promote trademarks such as Changyu and the product of this contract, totalling RMB294,018,093. The amount is used for promotion of Changyu and other trademarks and the products of this contract, totalling RMB62,250,368, the difference is RMB231,768,615 (including tax).

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

Changyu Group promised to offset the difference of RMB231,768,615 above with the royalty for four years, i.e. from 2019 to 2022. If it is not sufficient for deduction, the rest will be repaid in a one-off manner in 2023. If there is surplus, the surplus part of the royalty will be charged from the year when the surplus occurs.

The Group recovered the balance of Changyu Group's trademark royalties in December 2023.

9 Long-term equity investments

(1) Long-term equity investments by category:

<i>Item</i>	2023	2022
Investments in joint ventures	37,018,893	37,970,535
Investments in associates	1,266,727	3,400,850
Sub-total	38,285,620	41,371,385
Less: Provision for impairment	-	-
Total	38,285,620	41,371,385

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

Investee	2023 Balance at the beginning of the year	Movements during the year		2023 Closing balance	Shareholding percentage
		(Losses)/Profits from investments under equity- method I	Others		
Joint ventures					
SAS L&M Holdings (“L&M Holdings”)	37,970,535	(951,642)	-	37,018,893	55%
Associates					
WEMISS (Shanghai) Enterprise Development Co., Ltd (“WEMISS Shanghai”) (Note1)	2,318,351	54,934	(2,373,285)	-	100%
Shanghai Yufeng Brand Management Co., Ltd. (Note2)	420,369	(55,007)	-	365,362	
Yantai Guolong Wine Industry Co., Ltd. (Note2)	662,130	239,235	-	901,365	10%
Sub-total	3,400,850	239,162	(2,373,285)	1,266,727	10%
Total	41,371,385	(712,480)	(2,373,285)	38,285,620	

Note 1: According to the Equity Transfer Contract signed by the Company and Beijing Wanfeng Trading Co., Ltd. (“Beijing Wanfeng”) in 2023, Beijing Wanfeng transferred its 70% equity in Weimeisi Shanghai to the Company at a price of RMB5,537,700, and Weimeisi Shanghai becomes a wholly-owned subsidiary of the Company upon the completion of this transaction. The related transaction was completed in January 2023, please see Note VII.1 for details.

Note 2: The Group has appointed one director to each of these investees.

10 Investment properties

	<i>Plants and buildings</i>
Cost	
31 December 2022	70,954,045
Transfer in	10,211,574
31 December 2023	81,165,619
Accumulated depreciation	
31 December 2022	(48,838,727)
Transfer in	(5,125,009)
Charge for the year	(2,719,052)
31 December 2023	(56,682,788)
Carrying amount	
31 December 2023	24,482,831
31 December 2022	22,115,318

11 Fixed assets

(1) Fixed assets

<i>Item</i>	<i>Plant &amp; buildings</i>	<i>Machinery &amp; equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost				
31 December 2022	5,878,199,055	2,793,728,175	25,888,552	8,697,815,782
Additions during the year				
- Purchases	30,659,690	73,274,720	174,932	104,109,342
- Transfers from construction in progress	6,273,036	1,726,052	-	7,999,088
- Transfers to Investment properties	(10,211,574)	-	-	(10,211,574)
Disposals or written-offs during the year	(22,448)	(35,868,072)	(794,809)	(36,685,329)
Disposals of Subsidiaries	(22,793,000)	(21,338,824)	(1,000,461)	(45,132,285)
31 December 2023	5,882,104,759	2,811,522,051	24,268,214	8,717,895,024
Accumulated depreciation				
31 December 2022	(1,167,095,365)	(1,477,263,867)	(22,633,029)	(2,666,992,261)
Charge for the year	(162,015,401)	(150,533,496)	(1,793,186)	(314,342,083)
Transfers to Investment properties	5,125,009	-	-	5,125,009
Disposals or written-offs during the year	22,000	31,996,269	706,459	32,724,728
Disposals of Subsidiaries	11,697,956	18,387,141	950,438	31,035,535
31 December 2023	(1,312,265,801)	(1,577,413,953)	(22,769,318)	(2,912,449,072)
Provision for impairment				
31 December 2022	-	(2,685,549)	-	(2,685,549)
Accrued during the year	-	(10,363,383)	-	(10,363,383)
Disposals of Subsidiaries	-	2,685,549	-	2,685,549
31 December 2023	-	(10,363,383)	-	(10,363,383)
Carrying amount				
31 December 2023	4,569,838,958	1,223,744,715	1,498,896	5,795,082,569
31 December 2022	4,711,103,690	1,313,778,759	3,255,523	6,028,137,972

As at 31 December 2023, ownership restricted net value of fixed assets is RMB 37,985,117 (31 December 2022: RMB303,897,124), referring to Note V. 53.

(2) Temporarily idle fixed assets

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

(3) Fixed assets leased out under operating leases

<i>Item</i>	<i>Carrying amount at the end of the year</i>
Plant & buildings	89,996,993
Machinery equipment	931

Fixed assets pending certificates of ownership

<i>Item</i>	<i>Carrying amount</i>	<i>Reason why the certificates are pending</i>
Dormitories, main building and reception building of Changan Chateau	260,797,650	Processing
Buildings and boiler houses of KOYA Brand	167,954,341	Processing
European town, main building and service building of AFIP	158,783,634	Processing
Fermentation shop of Zhangyu (Jingyang)	4,296,086	Processing
Office, experiment building and workshop of Fermentation Centre	4,163,331	Processing
Finished goods warehouse and workshop of Kylin Packaging	1,943,460	Processing
Others	874,037	Processing

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

12 Construction in progress

(1) Construction in progress

<i>Project</i>	<i>2023</i>			<i>2022</i>		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Nnigxia Chateau museum construction project	1,376,147	-	1,376,147	-	-	-
Museum construction project	-	-	-	32,981,419	-	32,981,419
Shihezi Chateau Construction Project	700,000	-	700,000	7,065,744	-	7,065,744
Other Companies' Construction Project	1,247,094	-	1,247,094	886,998	-	886,998
Total	3,323,241	-	3,323,241	40,934,161	-	40,934,161

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

<i>Item</i>	<i>Budget (RMB million)</i>	<i>Opening balance</i>	<i>Additions during the year</i>	<i>Transfers to fixed assets</i>	<i>Other transfers out</i>	<i>Closing balance</i>	<i>Percentage of actual cost to budget (%)</i>	<i>Accumulated capitalised interest</i>	<i>Attributable to: Interest capitalised for the year</i>	<i>Interest rate for capitalisation in 2023 (%)</i>	<i>Sources of funding</i>
Museum construction project	51	32,981,419	-	-	(32,981,419)	-	100%	-	-	-	Self-raised
Shihezi Chateau Construction Project	780	7,065,744	700,000	(7,065,744)	-	700,000	98%	-	-	-	Self-raised

13 Bearer biological assets

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

<i>Item</i>	<i>Immature biological assets</i>	<i>Mature biological assets</i>	<i>Total</i>
Original book value			
31 December 2022	23,405,557	252,471,374	275,876,931
Additions during the year			
- Increase in cultivated	10,319,864	-	10,319,864
- Transferred to mature	(83,870)	83,870	-
Decrease during the year	(850,105)	(3,716,924)	(4,567,029)
31 December 2023	32,791,446	248,838,320	281,629,766
Accumulated amortisation			
31 December 2022	-	(91,456,190)	(91,456,190)
Charge for the year	-	(13,800,290)	(13,800,290)
Decrease during the year	-	1,088,697	1,088,697
31 December 2023	-	(104,167,783)	(104,167,783)
Carrying amount			
31 December 2023	32,791,446	144,670,537	177,461,983
31 December 2022	23,405,557	161,015,184	184,420,741

As at 31 December 2023, there is no biological asset with ownership restricted (31 December 2022: Nil).

As at 31 December 2023, no provision for impairment of biological asset of the Group was recognised as there is no any indication exists (31 December 2022: Nil).

14 Right-of-use assets

As a lessee

<i>Item</i>	<i>Plant&amp;buildings</i>	<i>Lands</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at the beginning of the year	84,818,532	137,980,409	1,697,986	224,496,927
Additions during the year	3,966,354	-	-	3,966,354
Derecognition of right-of-use assets	(8,359,502)	-	-	(8,359,502)
Balance at the end of the year	80,425,384	137,980,409	1,697,986	220,103,779
Accumulated depreciation				
Balance at the beginning of the year	(33,923,955)	(49,667,021)	(1,018,792)	(84,609,768)
Charge for the year	(16,031,558)	(5,736,448)	(339,597)	(22,107,603)
Derecognition of right-of-use assets	8,359,502	-	-	8,359,502
Balance at the end of the year	(41,596,011)	(55,403,469)	(1,358,389)	(98,357,869)
Carrying amounts				
At the end of the year	38,829,373	82,576,940	339,597	121,745,910
At the beginning of the year	50,894,577	88,313,388	679,194	139,887,159

15 Intangible assets

<i>Item</i>	<i>Land use rights</i>	<i>Software licenses</i>	<i>Trademarks</i>	<i>Total</i>
Original book value				
31 December 2022	475,770,881	101,979,429	189,575,068	767,325,378
Additions during the year				
- Purchase	76,329	1,680,094	151,673	1,908,096
Decrease during the year				
- Disposals	(31,326,363)	(771,307)	(11,003)	(32,108,673)
31 December 2023	444,520,847	102,888,216	189,715,738	737,124,801
Accumulated amortisation				
31 December 2022	(110,698,068)	(62,835,583)	(15,550,881)	(189,084,532)
Additions during the year				
- Charge for the year	(8,864,116)	(7,611,775)	(456,971)	(16,932,862)
Decrease during the year				
- Disposal	10,746,374	768,895	3,100	11,518,369
31 December 2023	(108,815,810)	(69,678,463)	(16,004,752)	(194,499,025)
Carrying amount				
31 December 2023	335,705,037	33,209,753	173,710,986	542,625,776
31 December 2022	365,072,813	39,143,846	174,024,187	578,240,846

As at 31 December 2023, the Group has land use right with infinite useful lives of RMB 32,863,731 (31 December 2022: RMB32,376,235), representing the freehold land held by Chile Indomita Wine Group and Australia Kilikanoon Estate under relevant Chile and Australia laws, on which the amortisation is not required.

As at 31 December 2023, the Group has trademark with infinite useful lives of RMB 155,447,037 (31 December 2022: RMB155,345,421), which is held by Chile Indomita Wine Group and Australia Kilikanoon Estate. The recoverable amount of the trademark is determined according to the present value of the expected future cash flows generated from the asset group to which the single assets of trademark right belongs. The management prepares the cash flow projection for future 5 years (the "projecting period") based on the latest financial budget assumption, and estimates the cash flows after the future 5 years (the "subsequent period"). The pretax discount rates used in the cash flow projections are 13.3% and 13.9%, ( 2022 : 13.0%-14.1% ) . The estimated long-term average growth rate of cash flows after 5 years is 0.0% - 2.5% (2022: 0.0% - 2.5%), which represents the long-term average growth rate for the industry or the region in which the company operates.

According to the result of impairment assessment, by the end of 31 December 2023, the management believes there is no impairment loss on those trademarks with infinite useful lives of the Group.

As at 31 December 2023, there is no ownership restricted net value of intangible assets. (31 December 2022: RMB 169,385,254).

16 Goodwill

(1) Changes in goodwill

Name of investee or events from which goodwill arose	Note	31 December 2022	Additions during the year	Disposals during the year	31 December 2023
Original book value					
Etablissements Roulet Fransac ("Roulet Fransac")	(a)	13,112,525	-	-	13,112,525
Dicot Partners, S.L ("Dicot")	(a)	92,391,901	-	-	92,391,901
Chile Indomita Wine Group	(a)	6,870,115	-	-	6,870,115
Australia Kilikanoon Estate	(a)	37,063,130	-	-	37,063,130
Sub-total		149,437,671	-	-	149,437,671
Impairment provision					
Australia Kilikanoon Estate		(37,063,130)	-	-	(37,063,130)
Dicot Partners, S.L ("Dicot")		(5,210,925)	-	-	(5,210,925)
Sub-total		(42,274,055)	-	-	(42,274,055)
Carrying amount		107,163,616	-	-	107,163,616

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

(2) Provision for impairment of goodwill

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

As at 31 December 2023, Australia Kilikanoon Estate has made full provision for impairment of goodwill and Atrio has made provision for impairment amounted to RMB 5,210,925 for the current period.

The recoverable amount of the asset group is determined according to the present value of the expected future cash flows. The management prepares the cash flow projection for future 5 years (the "projecting period") based on the latest financial budget assumption, and estimates the cash flows after the future 5 years (the "subsequent period"). The pretax discount rate used in calculating the recoverable amounts of Roulet Fransac, Dicot, and Mirefleurs, Indomita Wine are 10.7%, 9.1%, and 13.3%, respectively (2022: 11.4%, 10.8%, and 13.0%). The key assumption is the growth rate of annual revenue growth rate of relevant subsidiaries, which is computed based on the expected growth rate of each subsidiary and long-term average growth rates of relevant industries. Other relevant key assumption is budget gross profit margin, which is determined based on the historical performance of each subsidiary and its expectations for market development.

17 Long-term deferred expenses

Item	31 December 2022	Additions during the year	Amortisation for the year	31 December 2023
Land requisition fee	45,043,781	-	(1,778,943)	43,264,838
Greening fee	118,996,004	-	(8,680,919)	110,315,085
Leasehold improvement	103,895,364	50,256,817	(7,514,688)	146,637,493
Others	6,764,083	220,500	(539,892)	6,444,691
Total	274,699,232	50,477,317	(18,514,442)	306,662,107

18 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and liabilities

<i>Item</i>	<i>31 December 2023</i>		<i>31 December 2022</i>	
	<i>Deductible or taxable temporary differences</i>	<i>Deferred tax assets/ (liabilities)</i>	<i>Deductible or taxable temporary differences</i>	<i>Deferred tax assets/ (liabilities)</i>
Deferred tax assets:				
Provision for impairment of assets	41,029,365	10,563,366	31,605,614	8,024,903
Unrealised profits of intra-group transactions	403,653,124	100,913,281	431,328,252	107,832,063
Unpaid bonus	138,873,637	34,718,409	132,673,269	33,168,317
Termination benefits	8,475,845	2,118,961	9,422,154	2,355,538
Deductible tax losses	261,937,563	61,634,797	285,560,642	67,483,931
Deferred income	32,582,734	7,021,304	38,389,058	8,288,411
Effects of Restricted Share Incentive Plan	17,614,180	4,370,992	-	-
Effect of the lease standard	708,367	177,094	837,972	209,493
Sub-total	904,874,815	221,518,204	929,816,961	227,362,656
Deferred tax liabilities:				
Revaluation due to business combinations involving entities not under common control	26,659,530	7,718,480	43,651,105	10,577,065
Effect of the lease standard	3,995,628	1,001,249	2,759,468	689,867
Sub-total	30,655,158	8,719,729	46,410,573	11,266,932

(2) Details of unrecognised deferred tax assets

<i>Item</i>	<i>2023</i>	<i>2022</i>
Deductible tax losses	420,651,124	352,775,161

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

<i>Year</i>	<i>2023</i>	<i>2022</i>
2023	-	22,801,737
2024	36,171,778	42,088,453
2025	70,528,510	75,724,538
2026	68,479,171	72,197,891
2027	128,025,572	139,962,542
2028	117,446,093	-
Total	420,651,124	352,775,161

19 Other non-current assets

<i>Item</i>	<i>2023</i>	<i>2022</i>
Prepaid for Construction fee	1,760,000	-

20 Short-term loans

Short-term loans by category:

Item	2023	2022
Unsecured loans	178,605,850	227,866,802
Mortgaged loans	163,103,275	127,908,137
Guaranteed loans	23,272,320	33,603,541
Total	364,981,445	389,378,480

As at 31 December 2023, details of short-term borrowings were as follows:

	Amount	Exchange rate	Amount	Nature of interest rate	Interest rate	Interest rate at the end of the year
			RMB			%
Credit loans (RMB)	100,000,000	1.0000	100,000,000	Floating	1 Year LPR - 0.95%	2.70%
Credit loans (USD)	1,000,000	7.0871	7,087,130	Fixed	7.30%	7.30%
Credit loans (EUR)	9,100,000	7.8592	71,518,720	Floating	3.90% ~ 6.95%	3.90% ~ 6.95%
Mortgaged loans (EUR)	9,368,417	7.8592	73,628,264	Floating	4.35% ~ 5.40%	4.35% ~ 5.40%
Mortgaged loans (USD)	12,625,000	7.0871	89,475,011	Fixed	6.83% ~ 7.30%	6.83% ~ 7.30%
Secured loan (AUD)	4,800,000	4.8484	23,272,320	Floating	1.81% ~ 2.54%	1.81% ~ 2.54%
Total			364,981,445			

- As at 31 December 2023, mortgaged loans (EUR) were Hacienda y Viñedos Marques del Atrio, S.L.U (“Atrio”) factoring of accounts receivable from banks including Banco ANTANDER, BBVA, CAIXABANK of EUR 9,368,417 (equivalent of RMB 73,628,264) (31 December 2022: EUR8,080,778 (equivalent of RMB59,982,807)).
- On 31 December 2023, Chile Indomita Wine Group pledged its fixed assets to Banco Scotiabank and Banco de Chile to borrow USD 12,625,000 (equivalent to RMB 89,475,011) (31 December 2022: USD9,750,000 (equivalent to RMB67,925,330)).
- On 31 December 2023, the secured loan represented the secured loan of Australia Kilikanoon Estate of AUD4,800,000 (equivalent to RMB23,272,320) (31 December 2022: AUD7,128,758, equivalent to RMB33,603,541).

21 Accounts payable

(1) Details of advance payments received are as follows:

Ageing	2023	2022
Within 1 year (inclusive)	459,106,370	466,035,065
Over 1 year but within 2 years (inclusive)	10,654,983	34,588,275
Over 2 years but within 3 years (inclusive)	990,316	1,637,390
Over 3 years	2,600,856	1,063,016
Total	473,352,525	503,323,746

(2) There is no significant advance payments received with ageing of more than one year.

22 Contract liabilities

<i>Item</i>	<i>As at 31 December 2023</i>	<i>As at 1 January 2023</i>
Receipt in advance	174,757,233	164,437,033
Withholding sales rebates	521,616	1,290,958
<b>Total</b>	<b>175,278,849</b>	<b>165,727,991</b>

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

23 Employee benefits payable

(1) Employee benefits payable:

	<i>Note</i>	<i>31 December 2022</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2023</i>
Short-term employee benefits	(2)	173,197,491	453,422,444	(450,084,972)	176,534,963
Post-employment benefits - defined contribution plans	(3)	331,893	36,838,982	(36,850,391)	320,484
Termination benefits		9,422,154	3,537,949	(4,484,258)	8,475,845
<b>Total</b>		<b>182,951,538</b>	<b>493,799,375</b>	<b>(491,419,621)</b>	<b>185,331,292</b>

(2) Short-term employee benefits

	<i>31 December 2022</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2023</i>
Salaries, bonuses, allowances	169,643,402	395,188,658	(391,481,809)	173,350,251
Staff welfare	1,460,170	23,794,432	(24,007,235)	1,247,367
Social insurance	307,244	17,496,294	(17,508,522)	295,016
Medical insurance	307,244	15,679,097	(15,691,325)	295,016
Work-related injury insurance	-	1,347,906	(1,347,906)	-
Maternity insurance	-	469,291	(469,291)	-
Housing fund	38,582	11,384,809	(11,384,809)	38,582
Labour union fee, staff and workers' education fee	1,748,093	5,558,251	(5,702,597)	1,603,747
<b>Total</b>	<b>173,197,491</b>	<b>453,422,444</b>	<b>(450,084,972)</b>	<b>176,534,963</b>

(3) Post-employment benefits - defined contribution plans

	<i>31 December 2022</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2023</i>
Basic pension insurance	330,660	35,627,108	(35,638,517)	319,251
Unemployment insurance	1,233	1,211,874	(1,211,874)	1,233
<b>Total</b>	<b>331,893</b>	<b>36,838,982</b>	<b>(36,850,391)</b>	<b>320,484</b>

24 Taxes payable

<i>Item</i>	2023	2022
Value-added tax	65,545,854	42,260,465
Consumption tax	50,879,210	45,524,174
Corporate income tax	134,574,175	131,264,991
Individual income tax	1,414,309	1,199,990
Tax on the use of urban land	1,730,986	1,899,840
Education surcharges	5,072,436	2,731,857
Urban maintenance and construction tax	6,787,018	6,168,990
Others	8,719,443	8,645,595
Total	274,723,431	239,695,902

25 Other payables

	<i>Note</i>	31 December 2023	31 December 2022
Interest payable		-	88,889
Dividends payable		-	70,317
Others	(1)	555,634,336	372,449,483
Total		555,634,336	372,608,689

(1) Others

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

<i>Item</i>	2023	2022
Deposit payable to dealer	194,060,993	207,492,570
Advertising fee payable	104,815,517	40,244,601
Payables for repurchase of treasury shares	103,411,919	-
Trademarks	27,515,798	-
Freight charges payable	22,301,368	25,894,816
Deposits due to suppliers	18,284,971	13,549,010
Equipment and construction fee payable	14,832,439	15,976,573
Payables for equities	14,623,377	-
Contracting fee payable	3,360,355	7,407,093
Staff deposit	462,672	508,175
Others	51,964,927	61,376,645
Total	555,634,336	372,449,483

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

26 Other current liabilities

<i>Item</i>	2023	2022
Refund liabilities arising from rights of return	24,869,246	-
Tax to be transferred out as sales	20,089,051	18,945,706
Total	44,958,297	18,945,706

27 Non-current liabilities due within one year

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

<i>Item</i>	2023	2022
Long-term loans due within one year	58,510,868	103,011,894
Long-term payables due within one year	-	22,000,000
Lease liabilities due within one year	20,013,125	19,008,940
Total	78,523,993	144,020,834

28 Long-term loans

Long-term loans by category

<i>Item</i>	2023	2022
Credit loans	125,127,311	186,342,909
Guaranteed loans	-	44,781,100
Less: Long-term loans due within one year	58,510,868	103,011,894
Total	66,616,443	128,112,115

As at 31 December 2023, details of long-term borrowings were as follows:

	<i>Amount</i>	<i>Exchange rate</i>	<i>Amount</i>	<i>Nature of interest rate</i>	<i>Interest rate</i>	<i>Interest rate at the end of the year</i>	<i>Long-term loans due within one year</i>	<i>Long-term loans due after one year</i>
			<i>RMB</i>		<i>%</i>	<i>%</i>		
Credit loans (EUR)	745,687	7.8592	5,860,499	Fixed	1.50% - 3.28%	1.50% - 3.28%	5,737,711	122,788
Credit loans (EUR)	15,175,439	7.8592	119,266,812	Floating	2.00% ~ 7.59%	2.00% ~ 7.59%	52,773,157	66,493,655
Total			125,127,311				58,510,868	66,616,443

As at 31 December 2023, Credit loans (EUR) were EUR 15,921,126 borrowed by Banco Sabadell, Bankia, Banco Santander, BBVA, Caja Rural de Navarr etc. (equivalent of RMB 125,127,311 (31 December 2022: EUR25,103,788, equivalent of RMB186,342,909).

29 Lease liabilities

<i>Item</i>	<i>Note</i>	2023	2022
Long-term lease liabilities		105,051,460	128,514,033
Less: Lease liabilities due within one year	V.27	20,013,125	19,008,940
Total		85,038,335	109,505,093

30 Long-term payables

<i>Item</i>	<i>2023</i>	<i>2022</i>
Agricultural Development Fund of China	-	64,000,000
Less: Long-term payables due within one year	-	22,000,000
Balance of long-term payables	-	42,000,000

In 2016, RMB 305,000,000, from CADF was invested in R&D Centre, CADF accounted for 37.9% of the registered capital. According to the investment agreement, CADF will recovery investment funds over 10 years, the investment income received equal to 1.2% of the remaining unpaid principal per annum. In addition to the fixed income, CADF will no longer enjoy other profits or bear the loss of R&D Centre. Therefore, although the investment in R&D Centre, nominally equity investment, is actually a debt investment (financial discount loan). The Group take this investment as long-term payables, which measured in amortized cost. As at 31 December 2023, the Group has repaid the amount in full.

31 Deferred income

<i>Item</i>	<i>31 December 2022</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2023</i>
Government grants	38,389,058	4,000,000	(9,806,324)	32,582,734

Government grants:

<i>Liability</i>	<i>31 December 2022</i>	<i>Additions of government grants during the year</i>	<i>Amounts recognised in other income during the year</i>	<i>31 December 2023</i>	<i>Related to assets/income</i>
Industrial development support project	16,400,000	-	(4,100,000)	12,300,000	Government grants related to assets
Retaining wall subsidies	5,973,333	3,500,000	(638,000)	8,835,333	Government grants related to assets
Xinjiang industrial revitalisation and technological transformation project	9,954,000	-	(1,422,000)	8,532,000	Government grants related to assets
Wine fermentation capacity construction project	1,600,000	-	(400,000)	1,200,000	Government grants related to assets
Special fund for efficient water-saving irrigation project	991,000	-	(162,000)	829,000	Government grants related to assets
Subsidy for economic and energy-saving technological transformation projects	513,200	-	(128,300)	384,900	Government grants related to assets
Subsidies for construction of scenic spots	-	250,000	(4,216)	245,784	Government grants related to assets
Subsidy for mechanic development of Penglai Daluohang Base	90,408	-	(34,691)	55,717	Government grants related to assets
Special funds for cellar maintenance	2,079,711	-	(2,079,711)	-	Government grants related to assets
Engineering technology transformation of information system project	580,000	-	(580,000)	-	Government grants related to assets
Leisure agriculture subsidies from Jugezhuang government	-	250,000	(50,000)	200,000	Related to income
Special Funds for Innovation-Driven Development of Yantai City	172,406	-	(172,406)	-	Related to income
Prize from Industrial Design Competition of Yantai Mayor's Cup	35,000	-	(35,000)	-	Related to income
<b>Total</b>	<b>38,389,058</b>	<b>4,000,000</b>	<b>(9,806,324)</b>	<b>32,582,734</b>	

32 Share capital

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
		Issuance of new shares	
Unrestricted RMB ordinary shares	453,460,800	-	453,460,800
Restricted RMB ordinary shares (Note)	-	6,785,559	6,785,559
Foreign shares listed domestically	232,003,200	-	232,003,200
Total shares	685,464,000	6,785,559	692,249,559

Note: The Proposal on the Company's 2023 Restricted Share Incentive Plan (Draft) and Relevant Summary and the Proposal on the Request for the Authorisation to the Board of Directors by the General Meetings of Shareholders to Handle Matters related to the Company's 2023 Restricted Share Incentive Plan were passed by resolutions in the Group's 2022 General Meetings of Shareholders held on 26 May 2023. In addition, the Proposal on the Adjustments to Matters related to 2023 Restricted Share Incentive Plan and the Proposal on the Granting of Restricted Shares to Incentive Objects under the 2023 Restricted Share Incentive Plan were reviewed and passed in the 2023 first extraordinary Board meeting held on 26 June 2023 (hereinafter referred to as the "Restricted Share Incentive Plan", see Note XIII for details). The Group determined to grant 6,850,000 restricted shares to 204 incentive objects at a grant price of RMB15.24 per share on 26 June 2023 (the grant date). A total of 203 incentive objects of the Group actually subscribed for 6,785,559 restricted shares at a grant price of RMB15.24 per share. The transaction increased the Company's registered capital by RMB6,785,559, increased the capital reserve by RMB96,626,360 and recognised the repurchase obligation on restricted shares of RMB103,411,919.

33 Capital reserve

Items	Note	31 December 2022	Additions during the year	Decrease during the year	31 December 2023
Share premium	(1)	519,052,172	96,626,360	-	615,678,532
Others	(2)	5,916,588	30,735,755	(1,244,168)	35,408,175
Total		524,968,760	127,362,115	(1,244,168)	651,086,707

- (1) During the reporting period, the Group's issuance of restricted shares in connection with the implementation of the Restricted Share Plan resulted in an increase in share premium of RMB96,626,360, see Note V.32 for details.
- (2) During the reporting period, the Group's recognition of amortisation expenses in connection with the implementation of the Restricted Share Plan resulted in an increase in capital reserve of RMB30,735,755.

As a result of the Company's acquisition of non-controlling interests in Liaoning Changyu Ice Wine Chateau Co., Ltd., the difference between the long-term equity investment acquired and the share of net assets continuously calculated since the acquisition date by the subsidiary based on the proportion of newly increased shareholding was recognised in capital reserve, resulting in a decrease in capital reserve by RMB1,244,168, see Note VIII.2 for details.

34 Treasury shares

<i>Item</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>Balance at the end of the year</i>
Treasury shares	-	103,411,919	-	103,411,919
Total	-	103,411,919	-	103,411,919

The increase in treasury shares during the reporting period was due to the repurchase obligation of RMB103,411,919 arising from the granting of restricted shares to incentive objects in connection with the implementation of the Restricted Share Plan, see Note V.32 for details.

35 Other comprehensive income

<i>Item</i>	<i>Balance at the beginning of the year attributable to shareholders of the Company</i>	<i>Accrued during the year</i>					<i>Balance at the end of the year attributable to shareholders of the Company</i>
		<i>Before-tax amount</i>	<i>Less: Previously recognised amount transferred to profit or loss</i>	<i>Less: Income tax expenses</i>	<i>Net-of-tax amount attributable to shareholders of the Company</i>	<i>Net-of-tax amount attributable to non-controlling interests</i>	
Items that may be reclassified to profit or loss							
Translation differences arising from translation of foreign currency financial statements	(23,760,238)	9,519,495	-	-	8,975,561	543,934	(14,784,677)

36 Surplus reserve

<i>Item</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Statutory surplus reserve	342,732,000	342,732,000

In accordance with the Company Law and the Articles of Association Company, the Company appropriated 10% of its net profit to statutory surplus reserve. The appropriation to the statutory surplus reserve may be ceased when the accumulated appropriation reaches over 50% of the registered capital of the Company. The Company does not appropriate net profit to the surplus reserve in 2023 as surplus reserve of the Company is above 50% of the registered capital.

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

37 Retained earnings

<i>Item</i>	<i>Note</i>	<i>2023</i>	<i>2022</i>
Retained earnings at the beginning of the year		9,049,649,211	8,929,426,600
Add: Net profits for the year attributable to shareholders of the Company		532,438,907	428,681,411
Less: Dividends to ordinary shares	(1)	(308,458,800)	(308,458,800)
Retained earnings at the end of the year	(2)	9,273,629,318	9,049,649,211

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

Pursuant to the shareholders' approval at the shareholders' general meeting on 26 May 2023, the Company paid cash dividends to shareholders on June 16, 2023 and June 21, 2023, a cash dividend of RMB 0.45 per share (2022: RMB0.45 per share), totalling RMB 308,458,800 (2022 : RMB308,458,800).

(2) Retained earnings at the end of the year

As at 31 December 2023, the consolidated retained earnings attributable to the Company included an appropriation of RMB 55,900,659 (2022: RMB58,180,889) to surplus reserve made by the subsidiaries.

38 Operating income and operating costs

<i>Item</i>	<i>2023</i>		<i>2022</i>	
	<i>Income</i>	<i>Cost</i>	<i>Income</i>	<i>Cost</i>
Principal activities	4,309,556,631	1,754,792,956	3,860,311,318	1,651,154,424
Other operating activities	75,207,704	32,190,701	58,629,842	29,640,308
Total	4,384,764,335	1,786,983,657	3,918,941,160	1,680,794,732
Including: Revenue from contracts with customers	4,380,255,840	1,783,149,498	3,916,599,934	1,679,459,968
Rent income	4,508,495	3,834,159	2,341,226	1,334,764

(1) Disaggregation of revenue from contracts with customers:

<i>Type of contract</i>	<i>2023</i>	<i>2022</i>
By type of goods or services		
- Liquor	4,309,556,631	3,860,311,318
- Others	70,699,209	56,288,616
By timing of transferring goods or services		
- Revenue recognised at a point in time	4,380,255,840	3,916,599,934

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

<i>Type of contract</i>	<i>2023</i>		<i>2022</i>	
	<i>Income</i>	<i>Cost</i>	<i>Income</i>	<i>Cost</i>
By geographical regions				
- China	3,761,534,793	1,378,286,484	3,320,757,555	1,283,478,621
- Other countries and regions	623,229,542	408,697,173	598,183,605	397,316,111
Total	4,384,764,335	1,786,983,657	3,918,941,160	1,680,794,732

39 Taxes and surcharges

<i>Item</i>	2023	2022
Consumption tax	239,887,676	198,284,289
Urban maintenance and construction tax	35,197,172	28,067,931
Education surcharges	23,177,137	19,554,864
Property tax	34,003,219	28,150,521
Tax on the use of urban land	10,331,175	11,403,394
Stamp duty	5,289,257	3,230,856
Others	1,849,935	964,772
Total	349,735,571	289,656,627

40 Selling and distribution expenses

<i>Item</i>	2023	2022
Marketing fee	490,535,793	322,593,973
Salaries and benefits	290,154,434	282,395,182
Labour service fee	93,243,814	108,784,934
Advertising fee	75,527,637	75,862,425
Depreciation expense	48,882,915	47,509,217
Design and production fee	32,182,656	30,594,519
Travelling expenses	29,318,913	23,759,493
Trademarks expenses	27,515,798	21,877,171
Storage rental	27,290,488	25,572,282
Restricted share incentive plan fee	22,929,489	-
Conference fee	19,309,557	8,735,659
Water, electricity and gas fee	16,830,073	16,438,410
Others	66,061,209	64,842,873
Total	1,239,782,776	1,028,966,138

41 General and administrative expenses

<i>Item</i>	2023	2022
Salaries and benefits	80,051,089	73,824,670
Depreciation expenses	89,486,538	85,366,361
Repair costs	11,978,855	11,853,538
Administrative expenses	19,929,523	23,586,680
Amortisation of greening fee	17,409,398	17,846,265
Amortisation expenses	16,202,523	18,057,909
Safety production costs	10,743,063	11,539,602
Security and cleaning fee	8,326,301	8,530,050
Restricted share incentive plan fee	7,806,266	-
Contracting fee	4,337,738	4,309,290
Others	37,719,564	32,691,166
Total	303,990,858	287,605,531

42 Financial expenses

<i>Item</i>	2023	2022
Interest expenses from loans and payables	31,297,810	22,174,501
Interest expenses from lease liabilities	4,502,287	4,682,389
Interest income from deposits	(30,571,465)	(24,186,351)
Exchange losses	5,002,117	3,301,716
Other financial expenses	852,710	1,283,952
<b>Total</b>	<b>11,083,459</b>	<b>7,256,207</b>

43 Other income

<i>Item</i>	2023	2022	<i>Related to assets/income</i>
Industrial development support project	4,100,000	4,100,000	Government grants related to assets
Special funds for the maintenance of wine cellars	2,079,711	-	Government grants related to assets
Xinjiang Industrial Revitalization and Technological Transformation Project	1,422,000	1,422,000	Government grants related to assets
Subsidies for retaining wall	638,000	-	Government grants related to assets
Engineering technology transformation of information system project	580,000	-	Government grants related to assets
Wine production capacity construction project	400,000	400,000	Government grants related to assets
Special subsidies for infrastructure support	-	1,060,000	Government grants related to asse
Others - Government grants related to assets	329,207	2,152,842	Government grants related to assets
Tax rebates	19,533,196	7,592,342	Related to income
Special funds for the development of enterprises	9,237,716	8,380,737	Related to income
Wine Industry Development Project	2,684,281	2,773,000	Related to income
Talent development funds from Shihezi government	1,500,000	-	Related to income
Funds for rural revitalisation, technological innovation and enhancement action plan	1,170,000	-	Related to income
Funds for the integration development project of agricultural industry	1,000,000	-	Related to income
Others - Government grants related to income	6,849,688	5,264,519	Related to income
<b>Total</b>	<b>51,523,799</b>	<b>33,145,440</b>	

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

44 Investment income/(losses)

Investment losses by items

<i>Item</i>	<i>NOTE</i>	<i>2023</i>	<i>2022</i>
Long-term equity investment losses under equity method		(712,480)	(1,605,469)
Investment profit/(loss) arising from disposal of subsidiaries and long-term equity investments		24,559,930	(1,842,325)
Total		23,847,450	(3,447,794)

45 Credit reversal

<i>Item</i>	<i>2023</i>	<i>2022</i>
Accounts receivable	1,397,658	4,752,797
Total	1,397,658	4,752,797

46 Impairment losses

<i>Item</i>	<i>2023</i>	<i>2022</i>
Fixed assets	10,363,383	-
Inventories	3,143,575	578,745
Goodwill	-	5,210,925
Total	13,506,958	5,789,670

47 Loss from asset disposals

<i>Item</i>	<i>2023</i>	<i>2022</i>
Loss from disposal of fixed assets	134,133	16,191,903

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

48 Non-operating income and non-operating expenses

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

<i>Item</i>	<i>2023</i>	<i>2022</i>
Net income from fine	9,325,229	566,334
Insurance compensation	452,242	3,038,560
Others	2,214,799	3,227,915
Total	11,992,270	6,832,809

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

(2) Non-operating expenses

<i>Item</i>	2023	2022
Donations provided	1,212,015	693,625
Losses from scrapping of packaging materials	1,137,256	-
Losses from disposal of non-current assets	573,560	867,796
Compensation, penalty and fine expenses	80,403	723,161
Others	425,176	665,409
<b>Total</b>	<b>3,428,410</b>	<b>2,949,991</b>

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

49 Income tax expenses

<i>Item</i>	<i>Note</i>	2023	2022
Current tax expense for the year based on tax law and regulations		216,588,992	176,922,552
Changes in deferred tax assets/liabilities	(1)	4,844,455	17,311,037
<b>Total</b>		<b>221,433,447</b>	<b>194,233,589</b>

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

<i>Item</i>	2023	2022
Origination of temporary differences	4,844,455	17,311,037
<b>Total</b>	<b>4,844,455</b>	<b>17,311,037</b>

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

<i>Item</i>	2023	2022
Profit before taxation	747,466,156	625,582,303
Estimated income tax at 25%	186,866,539	156,395,576
Effect of different tax rates applied by subsidiaries	2,070,828	3,875,636
Effect of non-deductible costs, expense and losses	4,978,035	6,207,982
Effect of deductible losses of deferred tax assets not recognised for the year	25,756,996	26,681,652
Deferred tax assets written-off	1,761,049	1,072,743
<b>Income tax expenses</b>	<b>221,433,447</b>	<b>194,233,589</b>

50 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

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

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	532,438,907	428,681,411
Weighted average number of ordinary shares outstanding	685,464,000	685,464,000
Basic earnings per share (RMB/share)	0.78	0.63

Weighted average number of ordinary shares is calculated as follows:

	2023	2022
Issued ordinary shares at the beginning of the year	685,464,000	685,464,000
Weighted average number of ordinary shares at the end of the year	685,464,000	685,464,000

(2) Diluted earnings per share

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

	Note	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company (Dilute)	(a)	532,438,907	428,681,411
Weighted average number of ordinary shares outstanding (Dilute)	(b)	685,670,893	685,464,000
Diluted earnings per share (RMB/share)		0.78	0.63

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

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	532,438,907	428,681,411
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	532,438,907	428,681,411

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

	2023	2022
Weighted average number of ordinary shares at 31 December	685,464,000	685,464,000
Diluted adjustments:		
Effects of restricted shares	206,893	-
Weighted average number of ordinary shares (diluted) at the end of the year	685,670,893	685,464,000

51 Cash flow statement

(1) Cash relating to operating activities

- a. Proceeds relating to other operating activities:

<i>Item</i>	2023	2022
Recovery of prior years' trademarks right receivables (Note V.8)	120,930,641	-
Government grants	45,677,242	30,239,160
Penalty income	9,325,229	566,334
Interest income from bank	27,375,399	22,845,833
Others	16,077,111	8,174,080
Total	219,385,622	61,825,407

- b. Payments relating to other operating activities:

<i>Item</i>	2023	2022
Selling and distribution expenses	539,874,320	443,486,326
General and administrative expenses	99,254,521	92,510,326
Others	36,569,908	46,253,149
Total	675,698,749	582,249,801

(2) Cash relating to investing activities

- a. Proceeds relating to significant investing activities:

<i>Item</i>	2023	2022
Recovery of fixed deposits	238,200,000	133,200,000

- b. Payments relating to significant investing activities:

<i>Item</i>	2023	2022
Investments in fixed deposits	464,200,000	108,200,000
Acquisition of fixed assets and construction in progress	110,067,855	182,207,269

(3) Cash relating to financing activities

a. Proceeds relating to other financing activities:

<i>Item</i>	2023	2022
Payment of capital reduction	20,674,509	-
Acquisition of non-controlling interests	14,623,400	-
Cash paid for lease	31,931,214	19,774,744
<b>Total</b>	<b>67,229,123</b>	<b>19,774,744</b>

b. Changes in liabilities arising from financing activities

	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>		<i>Decreases during the year</i>		<i>Balance at the end of the year</i>
		<i>Cash</i>	<i>Non-cash</i>	<i>Cash</i>	<i>Non-cash</i>	
Short-term loan	389,378,480	557,308,654	-	(581,705,689)	-	364,981,445
Long-term loan	128,112,115	16,550,853	-	(75,199,936)	(2,846,589)	66,616,443
Lease liabilities	109,505,093	-	3,966,353	(8,182,353)	(20,250,758)	85,038,335
Long-term accounts payable	42,000,000	-	-	(42,000,000)	-	-
Non-current liabilities due within one year	144,020,834	-	23,097,347	(88,594,188)	-	78,523,993
Other accounts payable - dividends payable	70,317	-	309,997,116	(310,067,433)	-	-
Other accounts payable - interest payable	88,889	-	35,800,097	(35,888,986)	-	-
Other accounts payable - payables for equities	-	-	29,246,777	(14,623,400)	-	14,623,377
Other accounts payable - payables for repurchase of treasury shares	-	103,411,919	-	-	-	103,411,919
Other accounts payable - Investments returned to minority shareholders	-	-	20,674,509	(20,674,509)	-	-
<b>Total</b>	<b>813,175,728</b>	<b>677,271,426</b>	<b>422,782,199</b>	<b>(1,176,936,494)</b>	<b>(23,097,347)</b>	<b>713,195,512</b>

52 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

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

<i>Item</i>	2023	2022
Net profit	526,032,709	431,348,714
Add: Credit/asset impairment losses	12,109,300	1,036,873
Depreciation of fixed assets and investment property	317,061,135	314,038,019
Amortisation of intangible assets	16,932,862	25,766,271
Amortisation of long-term deferred expenses	18,514,442	19,340,746
Amortisation of biological assets	13,800,290	14,911,694
Depreciation of ROU assets	22,107,603	22,131,592
Losses from disposal of fixed assets, intangible assets, and other long-term assets	707,693	17,059,699
Financial expenses	32,287,868	25,170,658
Equity incentive expenses	30,735,755	-
Investment (profits)/losses	(23,847,450)	3,447,794
Decrease in deferred tax assets	5,174,683	17,848,075
Decrease in deferred tax liabilities	(330,228)	(537,038)
Decrease/(increase) in gross inventories	131,877,015	(101,354,740)
(Increase)/decrease in operating receivables	(54,231,481)	187,564,569
Increase/(decrease) increase in operating payables	124,159,547	(108,896,279)
Net cash flows from operating activities	1,173,091,743	868,876,647

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

<i>Item</i>	2023	2022
Payment of construction in progress and other long-term assets by bank acceptances	13,226,592	40,584,152

c. Change in cash and cash equivalents:

<i>Item</i>	2023	2022
Cash equivalents at the end of the year	1,963,155,752	1,612,753,600
Less: Cash equivalents at the beginning of the year	1,612,753,600	1,502,327,029
Net increase in cash and cash equivalents	350,402,152	110,426,571

- (2) Information on acquisition or disposal of subsidiaries and other business units during the current year:

Information on acquisition of WEIMISS SHANGHAI:

	2023
Consideration for acquisitions	5,537,700
Cash or cash equivalents paid during the year for acquiring subsidiaries and other business units during the year	5,537,700
Less: Cash and cash equivalents held by acquired subsidiaries and other business units	6,194,749
Net cash received for the acquisition	657,049

For non-cash assets and liabilities held by the acquired subsidiaries and other business units, refer to Note VII.1.

Information on disposal of subsidiaries and other business units:

	<i>Xinjing Tianzhu</i>	<i>Langfang Castel</i>
Consideration for disposals	12,090,000	10,921,494
Cash or cash equivalents received during the year for disposing of subsidiaries and other business units during the year	12,090,000	10,921,494
Less: Cash and cash equivalents held by disposed subsidiaries and other business units	2,451,415	251,454
Net cash received for disposing of subsidiaries and other business units	9,638,585	10,670,040
Non-cash assets and liabilities held by disposed subsidiaries and other business units		
- Current assets	603,781	3,977,024
- Non-current assets	22,865,411	9,507,310
- Current liabilities	23,819	1,039,979
- Non-current liabilities	2,216,975	-

- (3) Details of cash and cash equivalents

<i>Item</i>	2023	2022
Cash at bank and on hand		
Including: Cash on hand	74,951	47,954
Bank deposits available on demand	1,963,080,801	1,612,705,646
Closing balance of cash and cash equivalents	1,963,155,752	1,612,753,600

53 Assets with restrictive ownership title or right of use

<i>Item</i>	<i>Opening balance</i>	<i>Balance at the end of the year</i>	<i>Reason for restriction</i>
Cash at bank and on hand	10,500,515	337,895	The Company deposits for letters of credit etc.
Account receivable (i)	59,982,807	73,628,265	Short-term borrowings mortgage from Atrio
Fixed assets	303,897,124	37,985,117	Short-term borrowings from Dicot
Intangible assets	169,385,254	-	R&D Centre mortgage for long-term payables
<b>Total</b>	<b>543,765,700</b>	<b>111,951,277</b>	

- (i) As at 31 December 2023, the amount of accounts receivable with restricted ownership is EUR 9,368,417 , equivalent of RMB 73,628,265 high refers to accounts receivable Atrio conducted for factoring from Banco de Sabadell, S.A. Etc. (31 December 2022: EUR8,080,778, equivalent of RMB 59,982,807).

54 Leases

- (1) As a lessee

<i>Item</i>	<i>2023</i>	<i>2022</i>
Short-term lease expenses for which the practical expedient has been applied	527,463	122,097
<b>Total cash outflow for leases</b>	<b>32,458,677</b>	<b>19,896,841</b>

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

- (2) As a lessor

<i>Item</i>	<i>2023</i>	<i>2022</i>
Lease income	4,508,495	2,341,226

The Group leased out some machineries in 2022 and 2023 with a lease term within 1 year. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

VI. Research and development expenses

Presentation by nature

<i>Item</i>	<i>2023</i>	<i>2022</i>
Salaries	6,564,884	7,171,522
Diagnostic test fees	3,448,000	1,819,699
Consultancy fee	3,039,519	1,476,996
Material consumption	2,212,169	995,281
Others	2,148,962	3,967,812
Total	17,413,534	15,431,310
Including: research and development expenditures that are expensed	17,413,534	15,431,310

VII. Change of consolidation scope

1 Business combinations involving entities not under common control

(1) Business combinations involving entities not under common control occurred during the year

	<i>Acquisition date of equity investment</i>	<i>Cost of equity investment</i>	<i>Shareholding acquired (%)</i>	<i>Acquisition method</i>	<i>Acquisition date</i>	<i>Basis of acquisition date determination</i>	<i>Acquiree from acquisition date to 31 December 2023</i>		
							<i>Income</i>	<i>Net profit</i>	<i>Net cash outflow</i>
Weimiss Shanghai	01/31/2023	5,537,700	70%	Equity transfer	01/31/2023	Transfer of controls	1,673,699	225,842	90,627

Weimiss Shanghai is a company registered in Shanghai on 20 August 2020 and is engaged in Beijing Wanfeng. The Company held 30% of the equity and Beijing Wanfeng Trading Co., Ltd. held 70% of the equity at the time of incorporation. This entity is mainly engaged in the wine and food operations. According to the Equity Transfer Contract signed by the Company and Beijing Wanfeng in 2023, Beijing Wanfeng transferred its 70% equity in Weimiss Shanghai to the Company at a price of RMB5,537,700, and Weimiss Shanghai becomes a wholly-owned subsidiary of the Company upon the completion of this transaction. The related transaction was completed in January 2023.

(2) Acquisition cost and goodwill

<i>Acquisition cost</i>	<i>Weimiss Shanghai</i>	
	<i>Carrying amount</i>	<i>Fair value</i>
Cash	5,537,700	5,537,700
Equity interests held before acquisition date	2,373,285	2,373,285
Total acquisition cost	7,910,985	7,910,985
Less: Share of the fair value of the identifiable net assets acquired	7,910,985	7,910,985
Goodwill	-	-

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

	<i>Weimeisi Shnghai</i>	
	<i>Fair value</i>	<i>Carrying amount</i>
<b>Assets</b>		
Cash at bank and on hand	6,194,749	6,194,749
Receivables	1,394	1,394
Prepayments	22,463	22,463
Other receivables	216,388	216,388
Inventories	1,356,577	1,356,577
Other current assets	124,024	124,024
<b>Liabilities</b>		
Accounts Received in Advance	35	35
Payroll	3,000	3,000
Other payables	1,575	1,575
Net assets	7,910,985	7,910,985
Less: Non-controlling interests	-	-
Net assets acquired	7,910,985	7,910,985

2 Disposal of subsidiaries

(1) Transactions or events resulting in loss of control over subsidiaries

<i>Entity name</i>	<i>Date of losing control</i>	<i>Consideration on the date of losing control</i>	<i>Shareholding being disposed on the date of losing control (%)</i>	<i>Disposal method on the date of losing control</i>	<i>Basis for determining date of losing control</i>	<i>Difference between consideration received and the related share of net assets in consolidated financial statements</i>	<i>Proportion of remaining shareholding on the date of losing control</i>	<i>Investment income or loss/retained earnings transferred from other comprehensive income related to previous equity investments in subsidiaries</i>
Xinjiang Tianzhu Wine Co., Ltd.	30/06/2023	12,090,000	60%	Equity transfer	Transfer of controls	17,003,530	-	-
Langfang Development Zone Castel-Changyu Wine Co., Ltd.	20/12/2023	10,921,494	49%	Equity transfer	Transfer of controls	7,556,400	-	-

(2) Other reasons for change of consolidation scope

The Group's subsidiaries - Changyu (Jingyang) Wine Sales Co., Ltd. and Langfang Changyu Pioneer Wine Sales Co., Ltd. were cancelled in 2023.

VIII. Interests in other entities

1 Interests in subsidiaries

(1) Composition of the Group

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Etablissements Roulet Fransac ("Roulet Fransac")	Cognac, France	Cognac, France	Trading	EUR2,900,000	-	100	Business combinations involving entities not under common control
Dicot Partners, S.L ("Dicot")	Navarre, Spain	Navarre, Spain	Marketing and sales	EUR2,000,000	90	-	Business combinations involving entities not under common control
Viña Indómita, S.A., Viña Dos Andes, S.A., and Bodegas Santa Alicia SpA.. ("Chile Indomita Wine Group")	Santiago, Chile	Santiago, Chile	Marketing and sales	CLP31,100,000,000	85	-	Acquired through establishment or investment
Kilikanoon Estate Pty Ltd. ("Australia Kilikanoon Estate")	Adelaide, Australia	Adelaide, Australia	Marketing and sales	AUD6,420,000	97.5	-	Business combinations involving entities not under common control
Beijing Changyu Sales and Distribution Co., Ltd. ("Beijing Sales")	Beijing, China	Beijing, China	Marketing and sales	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Kylin Packaging Co., Ltd. ("Kylin Packaging")	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB15,410,000	100	-	Acquired through establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd. ("Chateau Changyu") (a)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	USD5,000,000	70	-	Acquired through establishment or investment
Changyu (Jingyang) Wine Co., Ltd. ("Jingyang Wine")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	RMB1,000,000	90	10	Acquired through establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. ("Sales Company")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB8,000,000	100	-	Acquired through establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. ("Shanghai Sales")	Shanghai, China	Shanghai, China	Marketing and sales	RMB1,000,000	100	-	Acquired through establishment or investment
Beijing Changyu AFIP Agriculture development Co., Ltd. ("Agriculture Development")	Miyun, Beijing, China	Miyun, Beijing, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. ("AFIP") (b)	Beijing, China	Beijing, China	Manufacturing	RMB642,750,000	91.53	-	Acquired through establishment or investment
Yantai Changyu Wine Sales Co., Ltd. ("Wines Sales")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	90	10	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Yantai Changyu Pioneer International Co., Ltd. ("Pioneer International")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	70	30	Acquired through establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. ("Hangzhou Changyu")	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Marketing and sales	RMB500,000	-	100	Acquired through establishment or investment
Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Growing")	Yinchuan, Ningxia, China	Ningxia, China	Plating	RMB1,000,000	100	-	Acquired through establishment or investment
Huanren Changyu National Wines Sales Co., Ltd. ("National Wines")	Benxi, Liaoning, China	Benxi, Liaoning, China	Marketing and sales	RMB2,000,000	100	-	Acquired through establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. ("Golden Icewine Valley")	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	RMB59,687,300	100	-	Acquired through establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. ("Development Zone Trading")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	-	100	Acquired through establishment or investment
Beijing AFIP Meeting Center ("Meeting Center")	Miyun, Beijing, China	Miyun, Beijing, China	Services	RMB500,000	-	100	Acquired through establishment or investment
Beijing AFIP Tourism and Culture ("AFIP Tourism")	Miyun, Beijing, China	Miyun, Beijing, China	Tourism	RMB500,000	-	100	Acquired through establishment or investment
Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine")	Ningxia, China	Ningxia, China	Manufacturing	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Chateau Tinlot Co., Ltd. ("Chateau Tinlot")	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	RMB400,000,000	65	35	Acquired through establishment or investment
Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	RMB550,000,000	100	-	Acquired through establishment or investment
Ningxia Chateau Changyu Moser XV Co., Ltd. ("Chateau Ningxia")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	RMB2,000,000	100	-	Acquired through establishment or investment
Shaanxi Chateau Changyu Rena Co., Ltd. ("Chateau Changan")	Xiayang, Shaanxi, China	Xiayang, Shaanxi, China	Manufacturing	RMB20,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre") (c)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB500,000,000	100	-	Acquired through establishment or investment
Changyu (HuanRen) Wine Co., Ltd. ("Huan Ren Wine")	Benxi, Liaoning, China	Benxi, Liaoning, China	Wine production projecting	RMB5,000,000	100	-	Acquired through establishment or investment
Xinjiang Changyu Sales Co., Ltd. ("Xinjiang Sales")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Marketing and sales	RMB10,000,000	-	100	Acquired through establishment or investment
Ningxia Changyu Trading Co., Ltd. ("Ningxia Trading")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Shaanxi Changyu Rena Wine Sales Co., Ltd. ("Shaanxi Sales")	Xiayang, Shaanxi, China	Xiayang, Shaanxi, China	Marketing and sales	RMB3,000,000	-	100	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Penglai Changyu Wine Sales Co., Ltd. ("Penglai Sales")	Penglai, Shandong, China	Penglai, Shandong, China	Marketing and sales	RMB5,000,000	-	100	Acquired through establishment or investment
Laizhou Changyu Wine Sales Co., Ltd. ("Laizhou Sales")	Laizhou, Shandong, China	Laizhou, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Francs Champs Participations SAS ("Francs Champs")	Cognac, France	Cognac, France	Investment and trading	EUR32,000,000	100	-	Acquired through establishment or investment
Yantai Rouillet Fransac Wine Sales Co., Ltd. ("Yantai Rouillet Fransac")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Yantai Changyu Wine Sales Co., Ltd. ("Wine Sales Company")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	100	-	Acquired through establishment or investment
Shaanxi Chateau Changyu Rena Tourism Co., Ltd. ("Chateau Tourism")	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism	RMB1,000,000	-	100	Acquired through establishment or investment
Longkou Changyu Wine Sales Co., Ltd. ("Longkou Sales")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Yantai Changyu Cultural Tourism Development Co., Ltd. ("Culture Development")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB10,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Wine Culture Museum Co., Ltd. ("Museum")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB500,000	-	100	Acquired through establishment or investment
Yantai Changyu Culture Tourism Production Sales Co., Ltd. ("Culture Sales")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB5,000,000	-	100	Acquired through establishment or investment
Yantai Changyu International Window of the Wine City Co., Ltd. ("Window of the Wine City")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB60,000,000	-	100	Acquired through establishment or investment
Yantai KOYA Brandy Chateau Co., Ltd. ("Chateau KOYA")	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB10,000,000	100	-	Acquired through establishment or investment
Changyu (Shanghai) International Digital Marketing Center Limited ("Digital Marketing")	Shanghai, China	Shanghai, China	Marketing and sales	RMB50,000,000	100	-	Acquired through establishment or investment
Shanghai Changyu Guoqu Digital Technology Co., Ltd. ("Shanghai Guoqu")	Shanghai, China	Shanghai, China	Marketing and sales	RMB6,000,000	-	51	Acquired through establishment or investment
Tianjin Changyu Yixin Digital Technology Co., Ltd. ("Tianjin Yixin")	Tianjin, China	Tianjin, China	Marketing and sales	RMB10,000,000	-	51	Acquired through establishment or investment
Shanghai Changyu Yixin Digital Technology Co., Ltd. ("Shanghai Yixin")	Shanghai, China	Shanghai, China	Marketing and sales	RMB10,000,000	-	51	Acquired through establishment or investment
Yantai Creighton Catering Company Limited ("Creighton Catering")	Yantai, Shandong, China	Yantai, Shandong, China	Services	RMB1,000,000	-	100	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Weimeisi Shanghai	Shanghai, China	Shanghai, China	Marketing and sales	RMB10,000,000	100	-	Acquired through establishment or investment

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

- (a) Chateau Changyu is a Sino-foreign joint venture established by the Company and a foreign investor, accounting for 70% of Changyu Chateau's equity interest. Through agreement arrangement, the Company has the full power to control Changyu Chateau's strategic operating, investing and financing policies. The agreement arrangement is terminated on 31 December 2027.
- (b) AFIP is a limited liability company established by Yantai Dean and Beijing Qinglang. After the equity change, the Company holds 91.53% of its equity. Through agreement arrangement, the Company has the full power to control AFIP's strategic operating, investing and financing policies. The agreement arrangement will be terminated on 2 September 2024.
- (c) R&D Centre was a joint venture established by the Company and CADF, at December 31, 2023 the Company held 100% of its equity. Through agreement arrangement in Note V. 30, the Company has the full power to control R&D Centre's strategic operating, investing and financing policies. The agreement arrangement will be terminated on 28 February 2025. The R&D Centre settled all CADF borrowings early and completed the change of business license on 28 December 2023.

(2) Material non-wholly owned subsidiaries

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests	Comprehensive income attributable to non-controlling interests for the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
AFIP	8.47%	-	-	56,409,393
IWCC	15%	1,248,415	1,151,483	57,361,438

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

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

	AFIP		Chile Indomita Wine Group	
	2023	2022	2023	2022
Current assets	268,602,777	251,902,602	252,718,459	221,192,234
Non-current assets	384,948,572	399,165,555	314,112,626	320,233,623
Total assets	653,551,349	651,068,157	566,831,085	541,425,857
Current liabilities	26,013,757	22,424,425	167,265,413	140,793,252
Non-current liabilities	3,603,886	3,020,582	9,598,445	11,311,586
Total liabilities	29,617,643	25,445,007	176,863,858	152,104,838
Operating income	198,426,991	175,992,960	232,778,304	238,351,323
Net profit/(loss)	2,636,577	(3,366,711)	11,018,541	23,561,992
Total comprehensive income	2,636,577	(3,366,711)	8,322,765	29,720,066
Cash flows from operating activities	10,320,219	8,265,568	22,541,317	18,971,851

2 Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

(1) Changes in the Group's interests in subsidiaries:

<i>Fiscal year</i>	<i>Name of Subsidiary</i>	<i>Percentage of minority shareholdings acquired</i>	<i>Purchase date</i>
2023	Golden Ice Wine Vally	49%	30/01/2023

(2) Impact of transactions on non-controlling interests and equity attributable to the shareholders of the Company:

	<i>Golden Ice Wine Vally</i>
Acquisition cost consideration	
- Cash	29,246,777
- Non-cash assets	3,500,000
Total	32,746,777
Less: Share of net assets in subsidiaries based on the shares acquired	31,502,609
Difference	1,244,168
Including: Adjustment to capital reserve	1,244,168

## IX. Risk related to financial instruments

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

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

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

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

### 1 Credit risk

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

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

As at 31 December 2023, 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 31 December 2023, 49.0% of the Group trade receivables are due from top five customers (31 December 2022: 48.8%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

## 2 Liquidity risk

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

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

Item	2023 Contractual undiscounted cash flow					Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Short-term loans	378,707,190	-	-	-	378,707,190	364,981,445
Accounts payable	473,352,525	-	-	-	473,352,525	473,352,525
Other payables	555,634,336	-	-	-	555,634,336	555,634,336
Long-term payables (including the portion due within one year)	62,702,857	9,455,183	61,890,894	-	134,048,934	125,127,311
Lease liability (including the portion due within one year)	24,050,888	23,215,484	21,007,143	62,047,723	130,321,238	105,051,460
<b>Total</b>	<b>1,494,447,796</b>	<b>32,670,667</b>	<b>82,898,037</b>	<b>62,047,723</b>	<b>1,672,064,223</b>	<b>1,624,147,077</b>

Item	2022 Contractual undiscounted cash flow					Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Short-term loans	396,981,235	-	-	-	396,981,235	389,378,480
Accounts payable	503,323,746	-	-	-	503,323,746	503,323,746
Other payables	372,608,689	-	-	-	372,608,689	372,608,689
Long-term loans (including the portion due within one year)	75,108,083	70,927,517	115,864,799	-	261,900,399	231,124,009
Long-term payables (including the portion due within one year)	22,546,674	22,282,674	20,039,452	-	64,868,800	64,000,000
Lease liability (including the portion due within one year)	22,767,666	22,126,517	33,652,990	68,864,863	147,412,036	128,514,033
<b>Total</b>	<b>1,393,336,093</b>	<b>115,336,708</b>	<b>169,557,241</b>	<b>68,864,863</b>	<b>1,747,094,905</b>	<b>1,688,948,957</b>

### 3 Interest rate risk

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

(1) As at 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Item	2023		2022	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	1.45% - 2.25%	579,200,000	2.00% - 2.25%	53,200,000
Financial liabilities				
- Short-term loans	6.83% ~ 7.30%	(96,562,141)	0.65% - 6.76%	(155,774,939)
- Long-term loans (including the portion due within one year)	1.50% - 3.28%	(5,860,499)	1.50% - 3.65%	(183,331,680)
- Long-term payables (including the portion due within one year)	-	-	1.20%	(64,000,000)
- Lease liability (including the portion due within one year)	4.65%	(105,051,460)	4.65%	(128,514,033)
Total		371,725,900		(478,420,652)

Variable rate instruments:

Item	2023		2022	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	0.20% - 1.61%	1,638,418,696	0.25% - 1.61%	1,598,206,161
Financial liabilities				
- Short-term loans	1Year LPR - 0.95%	(100,000,000)	1 year LPR 0.5%	(200,000,000)
- Short-term loans	1.81% ~ 2.54%	(23,272,320)	1.81% - 2.54%	(33,603,542)
- Short-term loans	3.90% ~ 6.95%	(145,146,984)	-	-
- Long-term loans (including the portion due within one year)	-	-	BBSY+1.10%	(44,781,100)
- Long-term loans (including the portion due within one year)	2.00% ~ 7.59%	(119,266,812)	2.85% - 3.35%	(3,011,228)
Total		1,250,732,580		1,316,810,291

(2) Sensitivity analysis

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

As at 31 December 2023, 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 1,453,823 (2022: RMB1,055,235), and net profit by RMB 1,453,823 (2022: RMB1,055,235).

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

#### 4 Foreign currency risk

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

- (1) As at 31 December, the Group's exposure to main currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	2023		2022	
	Balance at foreign currency	Balance at RMB equivalent	Balance at foreign currency	Balance at RMB equivalent
Cash at bank and on hand				
- USD	308,229	2,184,232	10,922	76,068
- EUR	67	523	67	494
- HKD	217	196	208	186
Short-term loans				
- USD	13,625,000	96,562,141	13,750,000	95,792,132

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

	Average rate		Balance sheet date mid-spot rate	
	2023	2022	2023	2022
USD	7.0558	6.7573	7.0871	6.9646
EUR	7.6689	7.0985	7.8592	7.4229
HKD	0.9011	0.8583	0.9062	0.8933

(3) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and Euro dollar at 31 December would have impact on the Group's equity and net profit by the amount shown below. whose effect is in Renminbi and translated using the spot rate at the year-end date:

	<i>Equity</i>	<i>Net profit</i>
31 December 2023		
USD	3,539,172	3,539,172
EUR	(20)	(20)
HKD	(7)	(7)
Total	3,539,145	3,539,145
31 December 2022		
USD	3,589,352	3,589,352
EUR	(19)	(19)
HKD	(7)	(7)
Total	3,589,326	3,589,326

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

X. Fair value disclosure

All financial assets and financial liabilities held by the Group are carried at amounts not materially different from their fair value at 31 December 2023 and 31 December 2022.

XI. Related parties and related party transactions

1 Information about the parent of the Company

<i>Company name</i>	<i>Registered place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage (%)</i>	<i>Percentage of voting rights (%)</i>	<i>Ultimate controlling party of the Company</i>
Changyu Group	Yantai	Manufacturing	50,000,000	49.9%	49.9%	Jointly controlled by Yantai GuoFeng Investment Holding Ltd, ILLVA SARONNO HOLDING SPA, International Finance Corporation and Yantai Yuhua Investment and Development Company Limited.

The registered capital of the parent company did not change in 2023, while the parent company's shareholding percentage and proportion of voting rights changed from 50.4% to 49.9%.

2 Information about the subsidiaries of the Company

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

3 Information on other related parties

<i>Name of other related parties</i>	<i>Related party relationship</i>
Yantai Shenma Packaging Co., Ltd. ("Shenma Packaging")	Controlled by the same parent company
Yantai Zhongya Zhibao Pharmaceutical Co., Ltd. ("Zhongya Zhibao")	Information on the Group's directors, supervisors and the senior management
WEMISS (Shanghai) Enterprise Development Co., Ltd ("WEMISS Shanghai")	Associate of the Group from January 1 to January 30, 2023 Subsidiaries of the joint venture after January 31, 2023
Shanghai Yufeng Brand Management Co., Ltd. ("Shanghai Yufeng")	Associate of the Group
Yantai Guolong Wine Industry Co., Ltd ("Yantai Guolong")	Associate of the Group
Societe Civile Agricole Du Chateau De Mirefleurs ("Mirefleurs")	Subsidiaries of the joint venture
CHATEAU DE LIVERSAN ("LIVERSAN")	Subsidiaries of the joint venture

4 Transactions with related parties

(1) Product procurement

<i>Related parties</i>	<i>Nature of transaction</i>	2023	2022
Shenma Packaging	Product procurement	83,991,232	82,187,388
Zhongya Zhibao	Product procurement	152,932	253,410
Mirefleurs	Product procurement	7,844,108	7,054,664
LIVERSAN	Product procurement	2,602,967	2,870,515
Total		94,591,239	92,365,977

(2) Sales of goods

<i>Related parties</i>	<i>Nature of transaction</i>	2023	2022
Zhongya Zhibao	Sales of goods	4,306,827	5,384,362
Shanghai Yufeng	Sales of goods	5,691,239	2,017,066
Wemiss Shanghai	Sales of goods	-	614,302
Shenma Packaging	Sales of goods	121,548	110,048
Yantai Guolong	Sales of goods	9,152,265	26,816,648
Total		19,271,879	34,942,426

(3) Purchase of fixed assets

<i>Related parties of the Company</i>	<i>Nature of transaction</i>	<i>2023</i>	<i>2022</i>
Shenma Packaging	Purchase of fixed assets	1,592,698	4,245,929
Total		1,592,698	4,245,929

(4) Leases

(a) As the lessor

<i>Name of lessee</i>	<i>Type of assets leased</i>	<i>Lease income recognised in 2023</i>	<i>Lease income recognised in 2022</i>
Shenma Packaging	Offices and plants	1,549,410	1,549,410
Zhongya Zhibao	Offices and plants	963,810	590,476
Total		2,513,220	2,139,886

(b) As the lessee

<i>Name of lessor</i>	<i>Type of assets leased</i>	<i>Lease expense recognised in 2023</i>	<i>Lease expense recognised in 2022</i>
Changyu Group	Office buildings	1,612,118	1,425,735
Changyu Group	Offices and plants	1,394,762	1,275,144
Changyu Group	Offices and plants	4,184,286	3,825,433
Changyu Group	Offices and commercial building	7,057,143	6,145,488
Total		14,248,309	12,671,800

(5) Remuneration of key management personnel

<i>Item</i>	<i>2023</i>	<i>2022</i>
Remuneration of key management personnel	12,846,007	10,265,674

(6) Other related party transactions

<i>Related parties</i>	<i>Nature of transaction</i>	<i>2023</i>	<i>2022</i>
Changyu Group	Trademarks	27,515,798	21,877,171

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

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

The Group incurred a trademark usage fee of RMB27,515,798 this year.

5 Receivables from and payables to related parties

Receivables from related parties

Item	Related party	2023		2022	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Zhongya Zhibao	1,476,262	2,670	2,627,473	8,091
Accounts receivable	Shanghai Yufeng	2,925,045	5,290	-	-
Accounts receivable	Yantai Guolong	-	-	200,000	616
Prepayments	Mirefleurs	6,642,165	-	-	-
Other current assets	Changyu Group	-	-	120,930,641	-

Payables to related parties

Item	Related party	2023	2022
Accounts payable	Shenma Packaging	27,358,723	36,600,233
Accounts payable	Zhongya Zhibao	2,066	5,365,862
Accounts payable	Shanghai Yufeng	-	143,659
Accounts payable	Changyu Group	-	19,434,600
Contract liabilities	Zhongya Zhibao	-	240
Contract liabilities	Yantai Guolong	14,840,000	-
Other payables	Changyu Group	27,515,798	-
Other payables	Shenma Packaging	400,000	471,869

XII. Capital management

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

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

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

XIII. Share-based payments

1 Equity instruments

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

Type of grantees	Granted during the year		Exercised during the year		Unlocked during the year		Forfeited during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Some directors, the senior management, the middle management and core technical (operational) cadre	6,785,559	103,411,919	-	-	-	-	-	-
Total	6,785,559	103,411,919	-	-	-	-	-	-

(2) Equity-settled share-based payments

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

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

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

As at 31 December 2023, the total costs of equity-settled share-based payments recognised in the consolidated financial statements for the year were RMB30,735,755, and the accumulated amount of equity-settled share-based payments recognised in the capital reserve for the year amounted to RMB30,735,755.

XIV. Commitments and contingencies

1 Significant commitment

(1) Capital commitments

<i>Item</i>	2023	2022
Long-term assets acquisition commitment	50,057,140	45,698,000
Total	50,057,140	45,698,000

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of the Group's properties were payable as follows:

<i>Item</i>	2023	2022
Within 1 year (inclusive)	50,000	-
Total	50,000	-

2 Contingencies

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

XV. Subsequent events

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

According to the proposal of the Board of Directors on 10 April 2024, the Company intends to distribute cash dividend totaling RMB346,124,780 to all shareholders of 692,249,559 capital shares for the year ended 31 December 2023 on the basis of RMB 5 (including tax) for every 10 shares. The proposal is subject to the approval by the Shareholders' meeting. This distribution of profit in cash has not been recognised as a liability at the balance sheet date.

XVI. Other significant items

1 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organisation structure, management requirements and internal reporting system, the Group's operation is divided into five parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2023, over 86% of revenue, more than 96% of profit and over 91% of non-current assets derived from China/are located in China. Therefore, the Group does not need to disclose additional segment report information.

XVII. Notes to the Company's financial statements

1 Receivables under financing

<i>Item</i>	<i>Note</i>	<i>2023</i>	<i>2022</i>
Bills receivable	(1)	36,322,019	41,061,417
Total		36,322,019	41,061,417

(1) The pledged bills receivable of the Company at the end of the year

As at 31 December 2023, there was no pledged bills receivable (31 December 2022: Nil).

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

<i>Item</i>	<i>Amount recognised at year end</i>
Bank acceptance bills	53,825,102
Total	53,825,102

As at 31 December 2023, derecognised bills endorsed by the Company to other parties which are not yet due at the end of the period is RMB 53,825,102 (31 December 2022: RMB105,149,583). The notes are used for payment to suppliers. The Company believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Company would undertake limited liability for the notes.

2 Other receivables

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Dividends receivable	(1)	-	250,000,000
Others	(2)	576,949,997	470,176,320
Total		576,949,997	720,176,320

(1) Dividends receivable

<i>Item</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Dividends to subsidiaries	-	250,000,000
Total	-	250,000,000

(2) Others

(a) Others by customer type:

<i>Customer type</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Amounts due from subsidiaries	574,127,885	470,128,362
Amounts due from related parties	2,822,112	47,958
Sub-total	576,949,997	470,176,320
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	<b>576,949,997</b>	<b>470,176,320</b>

(b) The ageing analysis is as follows:

<i>Ageing</i>	<i>2023</i>	<i>2022</i>
Within 1 year (inclusive)	576,845,525	470,071,848
Over 1 year but within 2 years (inclusive)	-	-
Over 2 years but within 3 years (inclusive)	-	104,472
Over 3 years	104,472	-
Sub-total	576,949,997	470,176,320
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	<b>576,949,997</b>	<b>470,176,320</b>

The ageing is counted starting from the date.

(c) Movements of provisions for bad and doubtful debts

As at 31 December 2023, no bad and doubtful debt provision was made for other receivables (31 December 2022: Nil).

As at 31 December 2023, the Company has no other receivables written off (31 December 2022: Nil).

(d) Others categorised by nature

<i>Nature of other receivables</i>	<i>2023</i>	<i>2022</i>
Amounts due from subsidiaries	574,127,885	470,128,362
Others	2,822,112	47,958
Sub-total	576,949,997	470,176,320
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	<b>576,949,997</b>	<b>470,176,320</b>

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

<i>Debtor</i>	<i>Nature of the receivable</i>	<i>Balance at the end of the year</i>	<i>Ageing</i>	<i>Percentage of ending balance of others (%)</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Sales Company	Amounts due from subsidiaries	213,386,151	Within 1 year	37.0%	-
Kilikanoon Australia	Amounts due from subsidiaries	53,338,503	Within 1 year	9.2%	-
R&D Centre	Amounts due from subsidiaries	32,533,000	Within 1 year	5.6%	-
Chateau Changyu	Amounts due from subsidiaries	14,130,944	Within 1 year	2.4%	-
Chile Indomita Wine Group	Amounts due from subsidiaries	13,100,592	Within 1 year	2.3%	-
<b>Total</b>		<b>326,489,190</b>		<b>56.5%</b>	<b>-</b>

3 Long-term equity investments

(1) Long-term equity investments by category:

<i>Item</i>	<i>2023</i>			<i>2022</i>		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Investments in subsidiaries	7,690,772,693	(42,274,055)	7,648,498,638	7,703,535,027	-	7,703,535,027
Investments in associates	-	-	-	2,318,351	-	2,318,351
<b>Total</b>	<b>7,690,772,693</b>	<b>(42,274,055)</b>	<b>7,648,498,638</b>	<b>7,705,853,378</b>	<b>-</b>	<b>7,705,853,378</b>

(2) Investments in subsidiaries:

Subsidiary	Balance at the beginning of the year	Additions during the year	Additions during the year - Equity Incentives	Decrease during the year	Balance at the end of the year	Balance of provision for impairment at the end of the year
Xinjiang Tianzhu	60,000,000	-	-	(60,000,000)	-	-
Kylin Packaging	23,176,063	-	367,372	-	23,543,435	-
Chateau Changyu	28,968,100	-	304,959	-	29,273,059	-
Pioneer International	3,500,000	-	2,434,696	-	5,934,696	-
Ningxia Growing	36,573,247	-	-	-	36,573,247	-
National Wines	2,000,000	-	-	-	2,000,000	-
Golden Icewine Valley	30,440,500	32,746,777	244,217	-	63,431,494	-
Chateau Beijing	588,389,444	-	244,217	-	588,633,661	-
Sales Company	7,200,000	-	14,059,694	-	21,259,694	-
Langfang Sales	100,000	-	-	(100,000)	-	-
Langfang Castel	19,835,730	-	-	(19,835,730)	-	-
Wine Sales	4,500,000	-	833,190	-	5,333,190	-
Shanghai Marketing	1,000,000	-	-	-	1,000,000	-
Beijing Sales	850,000	-	-	-	850,000	-
Jingyang Sales	100,000	-	-	(100,000)	-	-
Jingyang Wine	900,000	-	-	-	900,000	-
Ningxia Wine	222,309,388	-	-	-	222,309,388	-
Chateau Ningxia	453,463,500	-	284,014	-	453,747,514	-
Chateau Tinlot	212,039,586	-	-	-	212,039,586	-
Chateau Shihezi	812,019,770	-	284,014	-	812,303,784	-
Chateau Changan	803,892,258	-	304,959	-	804,197,217	-
R&D Centre	3,288,906,445	-	1,324,269	-	3,290,230,714	-
Huanren Wine	22,200,000	-	-	-	22,200,000	-
Wine Sales Company	5,000,000	-	102,210	-	5,102,210	-
Francs Champs	236,025,404	-	-	-	236,025,404	-
Dicot	233,142,269	-	-	-	233,142,269	5,210,925
Chile Indomita Wine Group	274,248,114	-	-	-	274,248,114	-
Australia Kilikanoon Estate	129,275,639	-	-	-	129,275,639	37,063,130
Digital Marketing	1,000,000	-	186,121	-	1,186,121	-
Chateau Koya	110,000,000	-	328,128	-	110,328,128	-
Wemiss Shanghai	-	7,910,985	-	-	7,910,985	-
Culture Development	92,479,570	-	142,004	-	92,621,574	-
Development Zone Trading	-	-	861,192	-	861,192	-
Penglai sales	-	-	1,104,339	-	1,104,339	-
Longkou sales	-	-	1,611,286	-	1,611,286	-
Laizhou sales	-	-	84,916	-	84,916	-
Yantai Roullet Fransac	-	-	244,217	-	244,217	-
Museum	-	-	265,162	-	265,162	-
Window of the Wine City	-	-	470,134	-	470,134	-
AFIP Tourism	-	-	162,952	-	162,952	-
Meeting Center	-	-	102,210	-	102,210	-
Ningxia Trading	-	-	162,952	-	162,952	-
Creighton Catering	-	-	102,210	-	102,210	-
Total	7,703,535,027	40,657,762	26,615,634	(80,035,730)	7,690,772,693	42,274,055

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

(3) Investments in associates:

<i>Subsidiary</i>	<i>Balance at the beginning of the year</i>	<i>Investment losses recognized under the equity method</i>	<i>Others (Notes.V.9)</i>	<i>Balance at the end of the year</i>
WEMISS Shanghai	2,318,351	54,934	(2,373,285)	-
Total	2,318,351	54,934	(2,373,285)	-

4 Operating income and operating costs

<i>Item</i>	<i>2023</i>		<i>2022</i>	
	<i>Income</i>	<i>Cost</i>	<i>Income</i>	<i>Cost</i>
Principal activities	723,412,525	615,998,040	672,635,481	575,896,372
Other operating activities	7,746,429	5,638,524	2,426,940	1,420,479
Total	731,158,954	621,636,564	675,062,421	577,316,851
Including: Revenue from contracts with customers	723,412,525	615,998,040	672,635,481	575,896,372
Rent income	7,746,429	5,638,524	2,426,940	1,420,479

Disaggregation of revenue from contracts with customers:

<i>Type of contract</i>	<i>2023</i>	<i>2022</i>
By type of goods or services		
- Liquor	723,412,525	672,635,481
By timing of transferring goods or services		
- Revenue recognised at a point in time	723,412,525	672,635,481

5 Investment income

<i>Item</i>	<i>2023</i>	<i>2022</i>
Income from long-term equity investments accounted for using cost method	476,632,356	738,407,264
Income / (Loss) from long-term equity investments accounted for using equity method	54,935	(48,460)
Loss from long-term equity investments accounted for disposal of long-term equity investment	(37,436,762)	(1,842,325)
Total	439,250,529	736,516,479

6 Transactions with related parties

(1) Product procurement

<i>Related parties</i>	<i>Nature of transaction</i>	<i>2023</i>	<i>2022</i>
Subsidiary of the parent company	Product procurement	292,073,183	154,806,785
Other related parties of the Company	Product procurement	43,934,847	42,578,235
Total		336,008,030	197,385,020

(2) Sales of goods

<i>Related parties</i>	<i>Nature of transaction</i>	2023	2022
Subsidiary of the parent company	Sales of goods	787,731,546	504,080,073
Other related parties of the Company	Sales of goods	3,184,145	2,952,493
Total		790,915,691	507,032,566

(3) Guarantee

The Company as the guarantor

<i>Guarantee holder</i>	<i>Currency</i>	<i>Amount of guarantee</i>	<i>Inception date of guarantee</i>	<i>Maturity date of guarantee</i>	<i>Guarantee expired (Y/N)</i>
Australia Kilikanoon Estate	AUD	17,550,000	13 December 2018	13 December 2023	Y
Australia Kilikanoon Estate	AUD	4,800,000	1 March 2025	29 February 2028	N

(4) Leases

(a) As the lessor

<i>Name of lessee</i>	<i>Type of assets leased</i>	<i>Lease income recognised in 2023</i>	<i>Lease income recognised in 2022</i>
Other related parties of the Company	Offices and plants	2,513,220	2,139,886
Subsidiary of the parent company	Offices buildings	85,714	85,714
Total		2,598,934	2,225,600

(b) As the lessee

<i>Name of lessor</i>	<i>Type of assets leased</i>	<i>Lease expense recognised in 2023</i>	<i>Lease expense recognised in 2022</i>
Other related parties of the Company	Office buildings	1,394,762	1,275,144
Total	Office buildings	1,394,762	1,275,144

7 Receivables from and payables to related parties

Receivables from related parties

<i>Item</i>	<i>Related party</i>	2023		2022	
		<i>Book value</i>	<i>Provision for bad and doubtful debts</i>	<i>Book value</i>	<i>Provision for bad and doubtful debts</i>
Accounts receivables	Other related parties of the Company	727,123	1,298	2,309,309	7,805
Prepayments	Other related parties of the Company	4,472,159	-	-	-
Other receivables	Subsidiary of the parent company	574,127,885	-	720,128,362	-
Other non-current assets	Subsidiary of the parent company	1,934,430,000	-	1,850,200,000	-

Payables to related parties

<i>Item</i>	<i>Related party</i>	<i>2023</i>	<i>2022</i>
Accounts payable	Other related parties of the Company	13,895,970	35,944,149
Other payables	Subsidiary of the parent company	441,681,129	421,781,524
Other payables	Other related parties of the Company	400,000	471,869

XVIII. Extraordinary gains and losses in 2023

	<i>Item</i>	<i>Amount</i>
(1)	Profit and loss from disposal of non-current assets	23,852,237
(2)	Government grants recognised through profit or loss (except for those which are closely related to the company's normal operations, which the company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the company)	51,523,799
(3)	Other non-operating income and expenses besides items above	9,137,420
	Sub-total	84,513,456
(4)	Tax effect	(13,643,745)
(5)	Effect on non-controlling interests after taxation	(2,504,497)
	Total	68,365,214

Note: Extraordinary gain and loss items (1) to (3) listed above are presented in the amount before taxation.

XIX. Return on net assets and earnings per share

1 Calculation of earnings per share

(1) Basic earnings per share

For calculation of the basic earnings per share, please refer to Note V.50.

(2) Basic earnings per share excluding extraordinary gain and loss

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

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	532,438,907	428,681,411
Extraordinary gains and losses attributable to ordinary shareholders of the Company	68,365,214	14,850,052
Consolidated net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	464,073,693	413,831,359
Weighted average number of ordinary shares outstanding	685,464,000	685,464,000
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.68	0.60

(3) Diluted earnings per share

For calculation of the diluted earnings per share, please refer to Note V.50.

(4) Diluted earnings per share excluding extraordinary gains and losses

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

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	532,438,907	428,681,411
Extraordinary gains and losses attributable to ordinary shareholders of the Company	68,365,214	14,850,052
Consolidated net profit excluding extraordinary gains and losses attributable to the Company's ordinary equity shareholders (diluted)	464,073,693	413,831,359
Weighted average number of ordinary shares outstanding (diluted)	685,670,893	685,464,000
Diluted earnings per share excluding extraordinary gains and losses (RMB/share)	0.68	0.60

2 Calculation of weighted average return on net assets

(1) Weighted average return on net assets

Weighted average return on net assets is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	532,438,907	428,681,411
Weighted average amount of consolidated net assets	10,684,054,057	10,487,764,058
Weighted average return on net assets	4.98%	4.09%

Calculation of weighted average amount of consolidated net assets is as follows:

	2023	2022
Consolidated net assets at the beginning of the year	10,579,053,733	10,447,884,183
Effect of consolidated net profit attributable to ordinary shareholders of the Company	270,707,233	219,814,175
Effects of Restricted Share Incentive Plan	15,367,878	-
Acquisition of non-controlling interests	(1,140,487)	-
Effect of shares repurchased (Note V.37)	(179,934,300)	(179,934,300)
Weighted average amount of consolidated net assets	10,684,054,057	10,487,764,058

(2) Weighted average return on net assets excluding extraordinary gain and loss

Weighted average return on net assets excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

	2023	2022
Consolidated net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	464,073,693	413,831,359
Weighted average amount of consolidated net assets	10,684,054,057	10,487,764,058
Weighted average return on net assets excluding extraordinary gain and loss	4.34%	3.95%