

Yantai Changyu Pioneer Wine Co., Ltd.

2024 Semi-annual Report

Final 2024-03



August 22, 2024

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I. Important Notice, Table of Contents and Definition

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

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

Except for the following directors, other directors attended this board meeting for reviewing this semi-annual report in person.

Name of director not attending the meeting personally	Position of director not attending the meeting personally	Reason of not attending the meeting personally	Name of entrustee
Zhuquan WANG	Independent director	On a business trip	Huirong LIU
Renzhu YU	Independent director	On a business trip	Qinglin LIU

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

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

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

Reference Documents

- (1) The original of 2024 Semi-annual Report autographed by the Chairman.
- (2) The Financial Statements autographed and sealed by the chairman, chief accountant and accountants in charge.
- (3) The *Prospectus and Public Offering Announcement* for Stock B in 1997; The *Prospectus and The Shares' Change & Public Offering Announcement* for Stock A in 2000.
- (4) The originals of all documents and announcements that the Company made public during the report period in the newspapers designated by China Securities Regulatory Commission.

Definition

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

II. Brief Introduction for the Company and Main Financial Indicators

1. Company's information

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

2. Contact person and information

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

3. Other information

1) Contact information of the Company

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

Available Not available

There is no change in the Company's registered address, office address, corresponding postcode, website address and email address during the report period. Please refer to *2023 Annual Report* for detailed information.

2) Information disclosure and filing location

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

Available Not available

There is no change in the name of the newspaper for information disclosure, the address of the website designated by the China Securities Regulatory Commission for publishing the semi-annual report, and the filing location of the Company's semi-annual report selected by the Company during the report period. Please refer to *2023 Annual Report* for detailed information.

3) Other relevant information

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

Available Not available

4. Key accounting data and financial indicators

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

Yes No

	During the report period	In the same period of last year	More or less than the same period of last year (%)
Operating revenue (CNY)	1,522,309,436	1,966,738,485	-22.60%
Net profit attributed to shareholders of the listed company (CNY)	221,177,382	363,569,436	-39.17%
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	194,883,882	324,321,975	-39.91%
Net cash flows from operating activities (CNY)	203,880,364	527,919,786	-61.38%
Basic earnings per share (CNY/share)	0.32	0.53	-39.62%
Diluted earnings per share (CNY/share)	0.32	0.53	-39.62%
Weighted average return on equity	2.03%	3.40%	-1.37%
	At the end of this report period	At the end of last year	More or less than the end of last year (%)
Total assets (CNY)	12,297,889,483	13,336,267,204	-7.79%
Net Assets attributed to shareholders of the listed company (CNY)	10,583,533,749	10,841,500,988	-2.38%

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

Available Not available

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

2) Differences of net profit and net asset in the financial report disclosed according to both foreign accounting standards and PRC accounting standards

Available Not available

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

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

Available Not available

Unit: CNY

Item	Amount	Explanation
Profits and losses on disposal of non-current assets (including the write-off part of the provision for asset impairment has been made)	-95,670	
Government grants included in the current profits and losses(except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper basis of calculation)	33,630,640	
Other non-operating income and expenditure besides above-mentioned items	1,166,359	
Less: Amount affected by income tax	8,371,006	
Amount affected by minority equity (after tax)	36,823	
Total	26,293,500	

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

 Available Not available

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

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

 Available Not available

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

III. Discussion and Analysis of Management Team

1. Main businesses during the report period

During the report period, the Company's main business was production and operation of wine and brandy.

The Company need to comply with the disclosure requirements of "Food and Liquor Manufacturing Related Businesses" in *Shenzhen Stock Exchange Industry Information Disclosure Guideline No. 3 - Industry Information Disclosure*.

1) Situation of the industry in which the Company operates

During the report period, the Company's main business was production and operation of wine and brandy, thus providing domestic and foreign consumers with healthy and fashionable alcoholic drinks. Compared with earlier stage, there were no significant changes happened to the Company's main business. The wine industry that the Company involved in was still in growth stage. Being affected by many factors in recent years, the competition in domestic wine market was fierce and coupled with other dominant wine squeeze increasingly serious, the wine consumption continuously declined, and a large number of wine production enterprises have further increased losses, even some wine enterprises were eliminated from the market. There are no clear signs of a reversal for the industry. However, seen from the long term, the Company believes that the existing consumption concept might change with the increase of people's income level and their pursuit of a relaxed, romantic and healthy lifestyle. More domestic wine would be drunk by people, and wine would enter more and more household consumption. The situation of current low average consumption of domestic wine would gradually improve. The Company was at the forefront in the domestic wine market and was significantly ahead of major domestic competitors.

2) License obtained

Producer name	Food category	Obtaining time	Obtaining method	Food production license number
Yantai Changyu Pioneer Wine Co., Ltd.	Alcohol	2021.06.01	Approval from government authority	SC11537060100050
Beijing Chateau Changyu AFIP Global Co., Ltd.	Alcohol	2022.08.22	Approval from government authority	SC11511280920745
Liaoning Changyu Golden Icewine Valley Co., Ltd.	Alcohol	2021.03.25	Approval from government authority	SC11521052200370

Ningxia Chateau Changyu Moser XV Co., Ltd.	Alcohol	2018.01.25	Approval from government authority	SC11564010500657
Xinjiang Chateau Changyu Baron Balboa Co., Ltd.	Alcohol	2017.08.25	Approval from government authority	SC11565900100392
Yantai Chateau Changyu-Castel Co., Ltd.	Alcohol	2021.06.08	Approval from government authority	SC11537063600172
Shaanxi Chateau Changyu Rena Co., Ltd.	Alcohol	2020.10.19	Approval from government authority	SC11561040400532
Yantai Chateau Koya Brandy Co., Ltd.	Alcohol	2021.01.11	Approval from government authority	SC11537063601165

3) Explanation for other significant events

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

Brand operation

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

Major sales mode

The Company's main sales mode was the distribution mode, and main sales channel was offline sales, that is, the Company's products were distributed to sales terminals through approximately 5000 distributors at home and abroad and ultimately provided to consumers.

Distribution mode

Available Not available

Situation of change in the number of distributors is shown as follows.

Region	At the beginning of the report period	Increased number during the report period	At the end of the report period
Eastern China	2065	140	2205
South China	593	-6	587
Central China	416	-2	414
North China	352	-6	346

Northwest China	161	-2	159
Southwest China	463	-7	456
Northeast China	302	-7	295
HongKong, Macao, Taiwan China and overseas	707	37	744
Total	5059	147	5206

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

No.	Customer name	Sales amount (CNY)	Proportion in total sales (%)
1	Rank 1 st	17,674,484	1.16%
2	Rank 2 nd	15,277,431	1%
3	Rank 3 rd	13,334,943	0.88%
4	Rank 4 th	13,096,188	0.86%
5	Rank 5 th	12,308,913	0.81%
Total	--	71,691,959	4.71%

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

Available Not available

Sales of online direct sales

Available Not available

Sales model	First half of 2024			First half of 2023		
	Operating income (CNY)	Operating cost (CNY)	Gross margin	Operating income (CNY)	Operating cost (CNY)	Gross margin
Distribution	1,264,253,556	497,864,362	60.62%	1,711,154,537	699,449,920	59.12%
Direct sales	258,055,880	97,884,368	62.07%	255,583,948	106,009,472	58.52%
Total	1,522,309,436	595,748,730	60.87%	1,966,738,485	805,459,392	59.05%

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

Available Not available

Procurement mode and procurement content

Unit: CNY

Procurement mode	Procurement content	Amount of major procurement contents
Qualitative and price comparison	Raw materials including grape/bulk wine	219,174,681
Invitation for bids / qualitative and price comparison	Packaging materials	184,136,100
Invitation for bids / qualitative and price comparison	Brewing materials	9,180,981

Invitation for bids / qualitative and price comparison	Goods and materials for vineyard	432,081
Contract	Fuel and power	16,007,230
Qualitative and price comparison	Other alcoholic products and derivatives	7,245,468

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

Available Not available

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

Available Not available

Major production mode

The production mode of the Company is self-produce.

Commissioned processing and production

Available Not available

Major components of operating costs

Classification of sector

Unit: CNY

Sector	Project	First half of 2024		First half of 2023		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Liquor and alcoholic beverage	Blending liquor	266,328,765	46.35%	378,409,335	48.11%	-29.62%
	Packing material	144,493,097	25.15%	220,678,705	28.06%	-34.52%
	Wages	17,738,659	3.09%	26,735,936	3.40%	-33.65%
	Manufacturing expenses	94,920,089	16.52%	99,862,087	12.70%	-4.95%
	Contract performance costs	51,110,026	8.90%	60,798,412	7.73%	-15.94%

Classification of product

Unit: CNY

Sector	Project	First half of 2024		First half of 2023		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	199,534,226	46.08%	269,460,895	47.65%	-25.95%
	Packing material	106,908,471	24.69%	150,989,468	26.70%	-29.19%
	Wages	14,382,917	3.32%	22,021,926	3.89%	-34.69%
	Manufacturing expenses	74,450,283	17.19%	78,989,432	13.97%	-5.75%

	Contract performance costs	37,735,812	8.71%	44,036,568	7.79%	-14.31%
Brandy	Blending liquor	66,794,539	47.18%	108,948,440	49.30%	-38.69%
	Packing material	37,584,626	26.55%	69,689,237	31.54%	-46.07%
	Wages	3,355,742	2.37%	4,714,010	2.13%	-28.81%
	Manufacturing expenses	20,469,806	14.46%	20,872,655	9.45%	-1.93%
	Contract performance costs	13,374,214	9.45%	16,761,844	7.59%	-20.21%

Yield and inventory

Sector	Item	Unit	First half of 2024	First half of 2023	Year-on-year increase or decrease (%)
Liquor and alcoholic beverage	Sales	Ton	35,129	42,791	-17.90%
	Yield	Ton	34,633	35,128	-1.41%
	Inventory	Ton	25,585	22,411	14.16%
Wine	Sales	Ton	26,010	29,779	-12.65%
	Yield	Ton	23,798	25,918	-8.18%
	Inventory	Ton	14,694	14,471	1.54%
Brandy	Sales	Ton	9,119	13,012	-29.91%
	Yield	Ton	10,835	9,210	17.64%
	Inventory	Ton	10,891	7,940	37.17%

2. Analysis of core competitiveness

Compared with the participants in the arena of the Chinese wine competition sector, the Company owns following advantages:

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

Secondly, the Company has set up a nationwide marketing network. The Company has formed a “three-level” marketing network system mainly composed of the Company’s salesmen and distributors and the online sales platform has had a certain scale and strong influence, owing strong marketing ability and market exploitation ability.

Thirdly, the Company has strong scientific prowess and a product R&D system. Relying on the country’s “State-level Wine R&D Center”, the Company has owned powerful winemaker

team, mastered advanced winemaking technology and production processes and had strong product innovation capacity and perfect quality control system.

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

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

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

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

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

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

3. Analysis in main business

Summarization

During the reporting period, affected by the overall economic environment and consumption downturn, weak wine consumption foundation and other factors, the domestic wine market demand continues to shrink, the profitability of wine enterprises is deteriorating, the market investment and development and innovation ability is seriously insufficient, coupled with the extrusion of other advantageous wines, the development trend of the industry is still hovering

at a low level, and there is no obvious sign of stopping the decline.

In the face of adverse situation, the Company insisted in taking the market as the center, insisted the development strategy of “Focus on high quality, Focus on middle-and-high level, Focus on big product” and the marketing concept of “Increasing sales from the terminal and continuously-cultivated consumers” without wavering, vigorously expanded the consumer market, steadily improved product quality, continuously carried out marketing innovation and consumer cultivation activities, and constantly improved the incentive mechanism, achieving favorable results. In the first half year, the Company realized the operating income of CNY1,522.31million with a year-on-year decrease of 22.60% and the net profit attributable to shareholders of the parent company of CNY221.18million with a year-on-year decrease of 39.17%. During the report period, the Company mainly conducted following work:

First, the Company insisted market-oriented strategy and took efforts to improve market competitiveness. The Company insisted on taking the market as the center, constantly improved the market layout according to the development stage and market characteristics of different markets, formulated differentiated strategies from product positioning, personnel setting, product layout, channel construction, marketing and other aspects, and concentrated superior resources to do well in key market development; focused on key products including Longyu, Koya and Noble Dragon, deepened the construction of channel outlets and the operation of core consumer groups, and continued to create core large products; constantly optimized and digital marketing to promote product sales; improved the index assessment system, continued to promote marketing transformation, increased circle marketing and banquet marketing activities, and further promoted the optimization of product structure; strengthened the training of marketing personnel, established a high-quality marketing team, continued to improve the marketing organizational structure and effectively enhanced the market coordination ability while ensuring the flexible operation of each business unit.

Second, the Company continued to promote product quality upgrading in comparison with well-known international and domestic best-selling brands. The Company continued to take international and domestic well-known best-selling brands as benchmark, strengthened market research, carried out various process tests, and constantly promoted product quality upgrading, improving the internal quality of products in different amplitude; completed the application work of “Hao Pin Shandong”, National Quality Benchmark, Shandong Manufacturing • Qilu Quality, Yantai Key Industry Chain Quality Tackle Competition, Geographical Indication and other projects. The Company’s products participated in the 2024 International Wine (Spirit) Competitions (Mundus Vini, Berliner Wein Trophy, DWA, CIV, IWC, IWSC, CMB, FIWA and LSC) and domestic wine competitions (Asian Wine Competition, CADA Qing Zhuo Award New Product), and won a total of 76 awards, including 12 grand gold medals (all international grand gold awards), 35 gold medals (28 international gold awards, 7 domestic gold awards), 11 silver medals, and 9 bronze medals.

Third, the Company strengthened the control in key costs in the production system, intensified energy conservation and emission reduction, strictly implemented the procurement strategy of reliable quality with reasonable price and price comparison, optimized and restructured the production organization system, scientifically arranged production batches

and production times, constantly reduced production costs, and improved production and operation efficiency.

Fourth, the Company strengthened financial management and audit supervision and improved the quality of business operation. The Company took various measures to save financing costs through strengthening capital management; increased interest income through time deposits, structured deposits, agreed deposits and other ways; reasonably carried out tax planning to prevent unnecessary fiscal and tax expenditures. The Company also gave full play to the function of audit supervision, insisted on doing routine audits including off-office auditing and economic benefit auditing, and strengthened the audit in key expenses such as advertising expenses of business departments; explored the innovation of auditing work methods and models, and improved the level of audit supervision by constantly strengthening audit quality control.

Fifth, the Company conducted the buyback of B shares to protect the interests of investors. As of July 17, 2024, the Company has repurchased 19,999,993 B shares in the way of centralized bidding through the special securities account for share buyback, accounting for approximately 8.6206% of the Company's B shares and approximately 2.8891% of the Company's total share capital.

Although the Company achieved certain results in the first half of 2024 through the adoption of above measures, its operating income and net profit declined in different amplitude, and it is facing great pressure to fully complete the 2024 financial target and the performance target determined in the restricted shares incentive plan for 2024 annual. In order to achieve the business objectives, the Company will focus on following work in the second half of 2024:

The first is to do the best to explore the market and try to reverse the adverse situation of declining sales. The Company will further rectify the marketing team, adhere to the combination of external introduction and internal training, and create a high-quality marketing team that matches the current new business form of alcohol consumption; strengthen the circle marketing and banquet promotion to strive for breakthrough; pay attention to the principal contradiction, implement the focus strategy, and ask each sales division to continue to focus on corresponding regional markets, brands and channels; increase the innovation of Grappie system, accelerate the establishment of the catering-direct distribution system, promote the operation of online channel, and strengthen the brand communication innovation of Grappie in the new media era.

The second is to continuously improve product quality and highlight product characteristics. The Company will strictly implement the system of "weekly inspection, monthly scheduling", strengthen the blind comparison of internal quality, further highlight the Chinese characteristics and Chinese cultural elements of products, and form a series of characteristic products with "Chinese terroir, Changyu style and world quality".

The third is to expand the tourism business to enhance brand empowerment and sell products. The Company will further improve the operation level of tourism projects including Changyu Wine Culture Museum, experience centers in Qingdao airport and Yantai airport, Longyu Estate and Chateau AFIP, and complete the renovation of exhibition in Chateau Rena at a lower cost.

The fourth is to strictly control key expenses and guard against operational risks. The Company will adhere to several basic tasks such as developing high-margin products, limiting low-margin products, controlling unsalable products, monitoring the use of advertising fee, and conducting major raw materials procurement based on price comparison, strengthen daily tracking, scheduling and auditing work, and strengthen the control in key costs, in order to eliminate potential risks and improve business efficiency.

The fifth is to complete the acquisition of grape material through scientific organization and scheduling. The Company will, on the basis of extensive research and sufficient demonstration, in accordance with the principle of reliable quality with reasonable price, properly plan the quantity, variety structure and production area of grapes and other raw materials this year to ensure the timely and full acquisition of high-quality grapes and other raw materials, providing reliable raw material guarantee for the Company's future development.

Year-on-year change in key financial data

Unit: CNY

	This period	The same period of last year	Year-on-year increase or decrease	Cause of significant changes
Operating revenue	1,522,309,436	1,966,738,485	-22.60%	Mainly due to the decline in product sales volume
Operating cost	595,748,730	805,459,392	-26.04%	Mainly due to the decline in operating income
Sales expense	391,916,515	453,001,710	-13.48%	Mainly due to the decrease in marketing expenses
Management expense	132,945,615	128,695,395	3.30%	Mainly due to the increase in the expense of restricted share incentive plan
Financial expense	3,223,510	3,226,433	-0.09%	No significant change
Income tax expense	92,758,345	130,350,513	-28.84%	Mainly due to the decline in operating profit
R&D expense	6,748,675	6,653,626	1.43%	No significant change
Net cash flow generated in operating activities	203,880,364	527,919,786	-61.38%	Mainly due to the decline in operating income
Net cash flow generated in investment activities	101,776,789	-251,021,334	Not available	Mainly due to an increase in the recovery of time deposits
Net cash flow generated in financing activities	-704,692,341	-467,609,294	-50.70%	Mainly due to the increase in cash paid for the buy-back of B shares
Net increased amount of cash and cash equivalents	-400,166,503	-189,672,821	-110.98%	Mainly due to the decrease in net cash flow from financing activities

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

Available Not available

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

Composition of operating revenue

Unit: CNY

	This report period		The same period of last year		Year-on-year increase or decrease (%)
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	1,522,309,436	100%	1,966,738,485	100%	-22.60%
Sector-classified					
Sector of liquor and alcoholic beverage	1,522,309,436	100%	1,966,738,485	100%	-22.60%
Product-classified					
Wine	1,105,466,306	72.62%	1,371,894,155	69.75%	-19.42%
Brandy	356,049,751	23.39%	534,282,319	27.17%	-33.36%
Tourism	43,588,165	2.86%	43,589,121	2.22%	0%
Others	17,205,214	1.13%	16,972,890	0.86%	1.37%
Area-classified					
Domestic	1,277,499,221	83.92%	1,687,735,613	85.81%	-24.31%
Overseas	244,810,215	16.08%	279,002,872	14.19%	-12.26%

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

Available Not available

Unit: CNY

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease (%) of operating revenue	Year-on-year increase or decrease (%) of operating cost	Year-on-year increase or decrease (%) of gross margin
Sector-classified						
Sector of liquor and alcoholic beverage	1,522,309,436	595,748,730	60.87%	-22.60%	-26.04%	1.82%
Product-classified						
Wine	1,105,466,306	433,011,709	60.83%	-19.42%	-23.43%	2.05%

Brandy	356,049,751	141,578,927	60.24%	-33.36%	-35.93%	1.60%
Tourism	43,588,165	11,945,702	72.59%	0%	-3.22%	0.91%
Others	17,205,214	9,212,392	46.46%	1.37%	38.90%	-14.46%
Area-classified						
Domestic	1,277,499,221	445,552,765	65.12%	-24.31%	-26.65%	1.11%
Abroad	244,810,215	150,195,965	38.65%	-12.26%	-24.16%	9.64%

Under the condition that the statistical caliber of the Company's main business data is adjusted during the report period, the Company's main business data adjusted on the basis of caliber at the end of report period in recent one period.

Available Not available

The Company need to comply with the disclosure requirements of "Food and Liquor Manufacturing Related Businesses" in *Shenzhen Stock Exchange Industry Information Disclosure Guideline No. 3 - Industry Information Disclosure*.

4. Analysis in non-main business

Available Not available

5. Analysis in assets and liabilities

1) Significant change in assets composition

Unit: CNY

	At the end of this report period		At the end of last year		Proportion increase or decrease (%)	Explanation on significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Monetary funds	1,659,684,740	13.50%	2,217,693,647	16.63%	-3.13%	No significant changes
Account receivables	172,184,919	1.40%	382,132,334	2.87%	-1.47%	No significant changes
Contract assets	—	—	—	—	—	—
Inventory	2,886,202,651	23.47%	2,765,390,587	20.74%	2.73%	No significant changes
Investment real estate	23,237,000	0.19%	24,482,831	0.18%	0.01%	No significant changes
Long-term equity investments	36,353,528	0.30%	38,285,620	0.29%	0.01%	No significant changes
Fixed assets	5,687,285,125	46.25%	5,795,082,569	43.45%	2.80%	No significant changes
Construction in progress	10,097,466	0.08%	3,323,241	0.02%	0.06%	No significant changes
Right-of-use asset	112,742,536	0.92%	121,745,910	0.91%	0.01%	No significant changes
Short-term borrowings	202,057,523	1.64%	364,981,445	2.74%	-1.10%	No significant changes

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Contract liability	138,471,595	1.13%	175,278,849	1.31%	-0.18%	No significant changes
Long-term borrowings	36,651,931	0.30%	66,616,443	0.50%	-0.20%	No significant changes
Lease liability	68,134,685	0.55%	85,038,335	0.64%	-0.09%	No significant changes

2) Main overseas assets situation Available Not available

Unit: CNY

Details of assets	Formation reasons	Assets scale	Location	Operation mode	Control measures for safeguarding of asset security	Earning condition	Proportion of overseas assets in the Company's net assets	Whether there are significant impairment risks
Hacienda Y Vinedos Marques Del Atrio. SL	Acquisition of equity	542,039,993	Spain	Independent operation	The Company participates in making important decisions through board of directors and appoints CFO on financial management.	6,510,153	5.12%	No
Indomita Wine Company Chile, S.p.A.	Establishment of joint venture	538,029,550	Chile	Independent operation	The Company participates in making important decisions through board of directors.	-528,407	5.08%	No
Kilikanoon Estate Pty., Ltd.	Acquisition of equity	168,788,947	Australia	Independent operation	The Company participates in making important decisions through board of directors.	-1,652,806	1.59%	No
Francs Champs Participations SAS	Sole proprietorship establishment	216,426,784	France	Independent operation	The Company participates in making important decisions through board of directors.	-2,738,940	2.04%	No
Other information explanation	None							

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

① For information about assets mortgage and pledge, please refer to *Announcement on External Guarantee* and *Announcement on Guarantee provided by Spanish Atrio Company for Bank Loan* disclosed on *China Securities Journal*, *Securities Times* and CNINFO (<http://www.cninfo.com.cn>) in 2016, 2017, 2018, 2019, 2020 and 2023.

② For the types and amounts of mortgaged and pledged assets, please refer to “20. Assets with ownership or use right restrictions” in “7. Notes to items

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

6. Analysis in investment condition

1) Overall situation

Available Not available

Investment amount during the report period (CNY)	Investment amount of the same period of last year (CNY)	Variation
30,353,311	3,460,000	777.26%

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

Available Not available

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

Available Not available

Unit: CNY

Project name	Investment mode	Whether belongs to fixed assets investment	Involved sectors of investment projects	Investment amount during the report period	Accumulated actual investment amount up to the end of the report period	Capital source	Project progress	Estimated earnings	Accumulated realized earnings up to the end of the report period	Reasons for unreached planning schedule and estimated earnings	Disclosure date	Disclosure index (if have)
Yantai Changyu International Wine City Blending and Cooling Center	Self-constructed	Yes	Liquor and alcoholic beverage sector	0	1,705,784,100	Owned fund	100%	0	0	Achieve the planned progress	2017.04.22	Please refer to <i>Resolution Announcement of Seventh Session Board of Directors 4th Meeting, Resolution Announcement of Seventh</i>

Yantai Changyu International Wine City Bottling Center	Self-constructed	Yes		0	1,136,520,000	Owned fund	100%	0	0	Achieve the planned progress	2017.04.22	<i>Session Board of Directors 8th Meeting, Resolution Announcement of Seventh Session Board of Directors 10th Meeting, Resolution Announcement of Eighth Session Board of Directors 4th Meeting, Resolution Announcement of Eighth Session Board of Directors 11th Meeting, Resolution Announcement of Ninth Session Board of Directors 5th Meeting and Resolution Announcement of Ninth Session Board of Directors 9th Meeting disclosed on CNINFO (http://www.cninfo.com.cn/)</i>
Oak Barrel Procurement Project	Self-constructed	Yes		22,991,311	230,845,511	Owned fund	92%	0	0	Achieve the planned progress	2021.04.28	
Intellectualized Upgrade and Renovation Project of Changyu Wine Culture Museum	Self-constructed	Yes		2,817,000	62,930,000	Owned fund	100%	0	0	Achieve the planned progress	2022.04.27	
New fermentation workshop project of Ningxia Chateau	Self-constructed	Yes		4,545,000	4,545,000	Owned fund	20%	0	0	Achieve the planned progress	2024.04.12	
Changyu Industrial Park infrastructure improvement project	Self-constructed	Yes		0	0	Owned fund	0%	0	0	Achieve the planned progress	2022.04.27	

Total	--	--	--	30,353,311	3,140,624,611	--	--	0	0	--	--	--
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4) Financial assets investment **Security investment situation** Available Not available

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

 Derivatives investment Available Not available

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

5) The usage situation of raised capital Available Not available

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

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

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

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

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

Unit: CNY

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Yantai Changyu Pioneer Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY8million	480,155,448	116,109,299	877,511,336	215,256,197	164,756,999

Yantai Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY5million	283,195,251	272,301,864	310,571,158	51,903,408	38,927,556
Changyu Trading Co., Ltd. in Development Zone of Yantai	Subsidiary	Sales of alcoholic products	CNY5million	77,346,336	15,263,030	71,562,870	6,074,416	4,452,411
Laizhou Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY1million	75,120,978	1,082,779	121,102,449	6,929,256	5,166,732

Acquisition and disposal of subsidiaries during the report period

Available Not available

Explanation on main holding and joint stock companies

None

9. Situation of the structured subjects controlled by the Company

Available Not available

10. Risks and response measures

1) Risk in price fluctuation of raw materials

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

2) Risk in uncertainty of market input and output

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

3) Risk in product transport

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

4) Risk in investment faults

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

5) Risk in exchange rate

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

6) Other risks

During the production and sales of the Company's products, it may be affected by force majeure such as wars, typhoons, earthquakes, etc..

11. Implementation of the "The Improvement Both on Quality and Return" action plan

Whether the company disclosed the "The Improvement Both on Quality and Return" action plan

Yes No

IV. Corporate Governance

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

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

Session	Meeting type	Participation ratio of investors	Convening date	Disclosure date	Meeting Resolution
First Interim Shareholders' Meeting in 2024	Interim Shareholders' Meeting	55.38%	2024.03.11	2024.03.12	According to the voting results, the meeting deliberated and approved the <i>Plan on Buy-Back of Partial B Shares of Yantai Changyu Pioneer Wine Co., Ltd.</i> , <i>Proposal on Replacement and Election of Directors</i> and <i>Proposal on Authorization to Buy Back Shares</i> .
2023 Annual Shareholders' Meeting	Annual Shareholders' Meeting	54.04%	2024.05.17	2024.05.18	According to the voting results, the meeting deliberated and approved the <i>2023 Annual Board of Directors' Work Report</i> , <i>2023 Annual Board of Supervisors' Work Report</i> , <i>2023 Annual Report</i> , <i>Proposal on 2023 Annual Profit Distribution</i> , <i>Proposal on 2024 Annual Financial Budget</i> and <i>Proposal on Appointment of Certified Public Accounting Firm</i> .
Second Interim Shareholders' Meeting in 2024	Interim Shareholders' Meeting	52.23%	2024.06.25	2024.06.26	According to the voting results, the meeting deliberated and approved the <i>Proposal on Amendment of the Company's "Articles of Association"</i> , <i>Proposal on Amendment of the Company's "Rules of Procedure for Shareholders' Meeting"</i> , <i>Proposal on Amendment of the Company's "Rules of Procedure for Board of Directors"</i> , <i>Proposal on Amendment of the Company's "Rules of Procedure for Board of Supervisors"</i> and <i>Proposal on Formulation of "Working System of Independent Directors"</i> .

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

Available Not available

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

Available Not available

Name	Position held	Type	Date	Reason
Dianxin CHEN	Director	Outgoing	2024.03.11	Ms. Dianxin CHEN has resigned as a director of the Company due to job adjustment.
Xunzhang LIU	Director	Be elected	2024.03.11	Nominated by Yantai Changyu Group Co., Ltd. and elected as a director of the Company.

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

Available Not available

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

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

Available Not available

1) Equity incentive

In 2023, the Company implemented the restricted share incentive plan for 203 middle-level managers and core cadres and granted them 5.2956 million shares of restricted share. On July 22, 2024, the Company's Fourth Interim Board of Directors Meeting in 2024 and the Second Interim Board of Supervisors in 2024 deliberated and approved the *Proposal on the Achievement for Lifting Restrictions in the First Period of Lifting Restriction Regarding the Company's 2023 Restricted Share Incentive Plan*. According to the relevant provisions of the Company's *Incentive Plan*, the conditions for lifting restrictions in the first restriction-lifted period of restricted shares granted under the Company's Incentive Plan in 2023 have been met, and the number of restricted shares that can be released during the first restriction-lifted period of the Company's 172 incentive subjects that meet the conditions for the release of the restricted shares are 1,720,495 shares; the number of bought back and cancelled restricted shares are 425,666 shares due to various reasons.

2) Implementation of employees' share ownership plan

Available Not available

3) Other employee incentives

Available Not available

V. Environmental and Social Responsibility

1. Major environmental situation

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

Yes No

Policies and industry standards related to environmental protection

The Environmental Protection Law of People's Republic of China, The Water Pollution's Prevention and Control Law of People's Republic of China, The Air Pollution's Prevention and Control Law of People's Republic of China, The Environmental Noise Pollution's Prevention and Control Law of People's Republic of China, The Environmental Solid Waste Pollution's Prevention and Control Law of People's Republic of China and The Environmental Protection Regulations of Liaoning Province; the national's General Principles of Hazardous Waste Identification Standards, Surface Water Environmental Quality Standards, Groundwater Environmental Quality Standards, Environmental Air Quality Standards, Acoustic Environmental Quality Standards, Emission Standard for Environmental Noise at the Boundary of Industrial Enterprises, Comprehensive Discharge Standard for Boiler Air Pollutants, The Limiting Value of Occupational Exposure to Hazardous Factors in the Workplace (Chemical Hazardous Factors) and Comprehensive Wastewater Discharge Standard of Liaoning Province.

Administrative permit for environmental protection

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

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

						<i>Industrial Enterprises (GB12348-2008), Comprehensive Wastewater Discharge Standard of Liaoning Province (DB21/1627-2008)</i>			
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Treatment of pollutants

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

Emergency plan for emergent environmental incident

The Company has formulated a comprehensive emergency plan for emergent environmental incident.

Investment in environmental governance and protection and payment of environmental protection tax

The Company has made sufficient investment in environmental protection, done a good job in environmental governance and protection and paid environmental protection tax in full and timely according to law.

Environmental self-monitoring program

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

Administrative penalties due to environmental issues during the reporting period

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

Other environmental information that should be made public

No

Measures taken for reducing carbon emissions and effects

Available Not available

Other related environmental information

No

2. Social responsibility performance

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

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

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

VI. Major issues

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

Available Not available

Commitments	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co., Ltd.	Solve horizontal competition	Non-horizontal competition	1997.05.18	Forever	Has been performing
Commitment under timely implementation or not	Yes					
Whether or not to have specific reasons of the unimplemented commitment and next steps	None					

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

Available Not available

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

3. Illegal external guarantee

Available Not available

There is no illegal guarantee situation during the report period.

4. Appointment and dismissal of certified public accountants

Whether the semi-annual report has been audited

Yes No

The semi-annual report has not been audited.

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

Available Not available

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

Available Not available

7. Issues related with bankruptcy reorganization

Available Not available

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

8. Litigation Issue

Material litigation and arbitration

Available Not available

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

Other Litigation Issue

Available Not available

9. Penalty and rectification

Available Not available

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

Available Not available

11. Major related transactions

1) Related transactions in relation to routine operations

Available Not available

Related party	Relationship	Type	Content	Pricing principle	Price	Amount (CNY '0000)	Proportion accounting for amount of similar transactions	Approved transaction quota (CNY '0000)	Whether exceed approved transaction quota	Clearing form	Available market price of similar transactions	Disclosure date	Disclosure index
Yantai Shenma Packaging Co., Ltd.	Controlled by the same parent company	Purchase and commission processing	Purchase and commission processing packaging materials	Agreement pricing	Determined by agreement	3,425	18.60%	9,000	No	Cash	No	2024.04.12	<i>Expected Announcement on 2024 Annual Routine Related Transaction disclosed in China Securities Journal, Securities Times and CNINFO in 2024</i>
Total				--	--	3,425	--	9,000	--	--	--	--	--
Details of the return of large sales				No									
Actual performance of the estimated total amount for daily operations related transactions by category that will occur during this period.				No									
Reason for the deference between transaction price and market reference price(if available)				Not available									

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

Available Not available

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

3) Related transactions in relation to common foreign investment

Available Not available

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

4) Related credit and debt dealings

Available Not available

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

Yes No

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

5) Deals of related financial companies

Available Not available

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

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

Available Not available

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

7) Other major related transactions

Available Not available

For other major related transactions, please refer to the *Announcement of 2023 Annual Expected Routine Related Transaction* and the Section XI “Related Parties and Related Transaction” of the Financial Report of this report.

Disclosure website of interim report for major related transaction

Name of interim announcement	Disclosure date of interim announcement	Name of disclosure website for interim announcement
Announcement of 2024 Annual Expected Routine Related Transaction	2024.04.12	CNINFO (www.cninfo.com.cn)

12. Major contracts and execution conditions

1) Trusteeship, contract and lease issues

① Trusteeship situation

Available Not available

There is no trusteeship situation during the report period.

② Contract situation

Available Not available

There is no such contract situation during the report period.

③ Lease situation

Available Not available

Explanation for lease situation

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

In 2023, this Company signed a house-leasing contract with Yantai Shenma Packaging Company Limited. According to this contract, since July 1st, 2023, this Company leased property to Yantai Shenma Packaging Company Limited for a business purpose with the annual rent of CNY 1,626,880. This contract expires on June 30th, 2028.

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

Available Not available

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

2) Major guarantee

☑ Available ☐ Not available

Unit: CNY'0000

External guarantee of the Company and its subsidiaries (excluding guarantee to subsidiaries)											
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral (if have)	Counter guarantee situation (if have)	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee	
Yantai Economic and Technological Development Zone Management Council	2016.12.22	34,160	2016.12.21	34,160	Joint liability assurance; Mortgage	-	-	10 years	Yes	No	
Total of the external guarantee quota approved during the report period (A1)				0	Total of the actual external guarantee amount during the report period (A2)					0	
Total of the external guarantee quota approved by the end of the report period (A3)				34,160	Balance of the actual external guarantee by the end of the report period (A4)					0	
Guarantee situations between the Company and subsidiaries											
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral	Counter guarantee situation	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee	
Yantai Changyu Wine Research and Development Company Limited	2016.12.22	72,176	2016.12.21	72,176	Joint liability assurance; Mortgage	-	-	10 years	Yes	Yes	
Kilikanoon Estate Pty Ltd	2023.08.31	7,530	2023.09.01	7,530	Joint liability assurance	-	-	Effective as of the date this Agreement is signed and will remain in effect as long as the guarantor remains in business with East West Bank	No	Yes	
Total of the guarantee quota approved to subsidiaries during the report period (B1)				0	Total of the actual guarantee amount for subsidiaries during the report period (B2)					0	

Total of the guarantee quota approved to subsidiaries by the end of the report period (B3)	80,376	Balance of the actual guarantee for subsidiaries by the end of the report period (B4)	7,530
Guarantee situations between subsidiaries			
None			
Total guarantee amount of the Company (Total of above three major items)			
Total of the approved guarantee quota during the report period (A1+B1+C1)	0	Total of the actual guarantee amount during the report period (A2+B2+C2)	0
Total of the approved guarantee quota by the end of the report period (A3+B3+C3)	114,536	Balance of the actual guarantee by the end of the report period (A4+B4+C4)	7,530
The proportion of actual total guarantee amount (A4+B4+C4) accounting for the Company's net asset		0.71%	
Among :			
The amount of guarantee for shareholders, actual controllers and their related parties (D)		0	
The amount of debt guarantee for the guaranteed objects whose asset-liability ratio is more than 70% directly or indirectly (E)		0	
Total amount of guarantee of the part that exceeds 50% of net assets (F)		0	
Total amount of the above-mentioned three items (D+E+F)		0	
Explanation for undue guarantees that have happened warranty liability or may take joint payback liabilities during the report period		No	
Explanation for violating due process to provide external guarantee		No	

Explanation on specific situations of adapting guarantee by complex methods

None

3) Financial management entrustment

Available Not available

There is no financial management entrustment during the report period.

4) Other important contracts

Available Not available

There are no other important contracts during the report period.

13. Other Major issues

Available Not available

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

14. Major issues of Company's subsidiaries

Available Not available

VII. Changes in Shares and Shareholders' Situation

1. Changes in shares

1) Changes in shares

Unit: share

	Amount before this change		Change (+, -)					Amount after this change	
	Amount	Percentage %	Allot new share	Distribute bonus share	Transfer other capital to share capital	Others	Subtotal	Amount	Percentage %
I. Shares with trading limited condition	6,912,759	1%						6,912,759	1%
1. State-owned holdings									
2. State-owned legal person holdings									
3. Other domestic holdings	6,912,759	1%						6,912,759	1%
Among which: domestic legal person									
domestic natural person	6,912,759	1%						6,912,759	1%
4. Foreign-owned holdings									
Among which: foreign legal person									
foreign natural person									
II. Shares without trading limited condition	685,336,800	99%						685,336,800	99%
1. A shares	453,438,300	65.50%						453,438,300	65.50%
2. B shares	231,898,500	33.50%						231,898,500	33.50%
3. Oversea listed foreign shares									
4. Others									
III. Total shares	692,249,559	100%						692,249,559	100%

Cause of share change

Available Not available

Approval of share change

Available Not available

Transfer ownership of changed shares

Available Not available

Implementation progress of share buy-back

Available Not available

On May 21, 2024, the Company bought back 470,000 B shares of the Company for the first time through the share buy-back special securities account in a centralized bidding mode, accounting for 0.06789% of the Company's current total share capital, with the highest transaction price of HKD9.80 per share and the lowest transaction price of HKD9.54 per share. The total transaction amount was HKD4,562,470 (excluding transaction fees).

As of May 31, 2024, the Company has bought back 5,794,500 B shares of the Company through share buy-back special securities account in a centralized bidding mode, accounting for 0.83705% of the Company's current total share capital, with the highest transaction price of HKD10.16 per share and the lowest transaction price of HKD9.54 per share. The total transaction amount was HKD58,191,775.31 (excluding transaction fees).

As of June 17, 2024, the Company has bought back 7,066,500 B shares of the Company through share buy-back special securities account in a centralized bidding mode, accounting for 1.020802% of the Company's current total share capital, with the highest transaction price of HKD10.16 per share and the lowest transaction price of HKD9.26 per share. The total transaction amount was HKD70,112,955.78 (excluding transaction fees).

As of June 21, 2024, the Company has bought back 13,880,000 B shares of the Company through share buy-back special securities account in a centralized bidding mode, accounting for 2.005057% of the Company's current total share capital, with the highest transaction price of HKD10.16 per share and the lowest transaction price of HKD9.26 per share. The total transaction amount was HKD134,451,959.88 (excluding transaction fees).

As of June 30, 2024, the Company has bought back 16,860,000 B shares of the Company through share buy-back special securities account in a centralized bidding mode, accounting for 2.4355378% of the Company's current total share capital, with the highest transaction price of HKD10.16 per share and the lowest transaction price of HKD9.26 per share. The total transaction amount was HKD162,467,975.57 (excluding transaction fees).

As of July 17, 2024, the Company has bought back 19,999,993 B shares of the Company through share buy-back special securities account in a centralized bidding mode, accounting for 8.6206% of the Company's B shares and 2.8891% of the Company's current total share capital, with the highest transaction price of HKD10.16 per share and the lowest transaction price of HKD9.13 per share. The total transaction amount was HKD191,585,678.23 (including transaction fees), equivalented to CNY175,028,843.9, which does not exceed CNY200million. All the shares buy-back had been completed, and the number of buy-back shares had basically reached the maximum number of buy-back shares in the Buy-back Plan.

There is no difference between the actual number, the proportion and the total amount of funds used of buy-back shares by the Company and the Buy-back Plan approved by the Company's Shareholders' Meeting. The number of buy-back shares this time has exceeded the lower limit in the Buy-back Plan, which did not exceed the upper limit in the Buy-back Plan, and basically reached the upper limit in the Buy-back Plan; The total amount of funds used to buy back shares did not reach the total amount of funds intended to be used to buy back shares in the Buy-back Plan, and the share buy-back matters have been completed in accordance with the established plan by July 17, 2024.

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

Available Not available

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

Available Not available

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

Available Not available

2) Changes in restricted shares

Available Not available

2. Securities issuance and listing situation

Available Not available

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

Total shareholders in the report period	44,267	Total number of preferred shareholder recovering voting power by the end of report period (if have) (see note 8)					0	
Shareholders holding more than 5% or the top 10 shareholders holding situation								
Name of Shareholders	Character of shareholders	Percentage (%)	Shares held until the end of the report period	Changes during the report period	Number of restricted shares	Number of unrestricted shares	Pledged or frozen	
							Share status	Amount
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state legal person	49.91%	345,473,856	0	0	345,473,856	Not available	0
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	1.03%	7,101,352	-1,960,000	0	7,101,352	Not available	0
#Fengdi JIANG	Domestic natural person	0.74%	5,120,000	-187,000	0	5,120,000	Not available	0
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.50%	3,483,537	0	0	3,483,537	Not available	0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.49%	3,358,492	-3,560,346	0	3,358,492	Not available	0
Social Security Fund 114	Other	0.47%	3,253,455	2,658,000	0	3,253,455	Not available	0
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.47%	3,223,441	-870,822	0	3,223,441	Not available	0
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	0.46%	3,171,686	-2,151,348	0	3,171,686	Not available	0
Hongwei DENG	Domestic natural person	0.40%	2,790,816	-116,500	0	2,790,816	Not available	0
ICBC Credit Suisse Innovation Power Stock Type Securities Investment Fund	Other	0.39%	2,670,050	2,670,050	0	2,670,050	Not available	0
Strategic investors or legal result of the placement of new shares to become a top 10 shareholders (see note 3)	No							
The explanation for the associated relationship and accordant action	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, while the relationship among the other shareholders is unknown.							
Explanation of the above-mentioned shareholders' entrustment/ fiduciary voting rights and waiver of the voting rights	No							
Special explanation for the existence of a special repurchase account among the top 10 shareholders (see note 11)	Among the top ten shareholders, Yantai Changyu Pioneer Wine Co., Ltd. has a special securities account for buy-back, which is not listed among the top 10 shareholders according to regulations. During the reporting period, a total of 16,860,000 B shares of the company were bought back, accounting for 2.44% of the total share capital at the end of the reporting period.							

The top 10 shareholders with shares without trading limited condition			
Name of Shareholders	Number of shares without trading limited condition held until the end of the year	Type of share	
		Type of share	Amount
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A	345,473,856
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	7,101,352	B	7,101,352
#Fengdi JIANG	5,120,000	A	5,120,000
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,483,537	B	3,483,537
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	3,358,492	B	3,358,492
Social Security Fund 114	3,253,455	A	3,253,455
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,223,441	B	3,223,441
HONG KONG SECURITIES CLEARING COMPANY LIMITED	3,171,686	A	3,171,686
Hongwei DENG	2,790,816	B	2,790,816
ICBC Credit Suisse Innovation Power Stock Type Securities Investment Fund	2,670,050	A	2,670,050
The explanation for the associated relationship and accordant action of the top 10 shareholders with unrestricted shares, the the associated relationship and accordant action between the top 10 shareholders with unrestricted shares and the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the top 10 shareholders who involved in financing activities and stock trading business (see note 4)	The top 10 shareholders do not involve in financing activities and stock trade business.		

Shareholders holding more than 5%, the top 10 shareholders and the top 10 shareholders with unrestricted tradable shares participate in the lending of shares involved in the refinancing business

Available Not available

The top 10 shareholders and the top 10 shareholders with unrestricted tradable shares have changed from the previous period due to refinancing lending/restitution reasons

Available Not available

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

Yes No

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

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

Available Not available

Name	Position	Status	Number of Shares held at the beginning period (shares)	Increased number of shares held in the current period (shares)	Decreased number of shares held in the current period (shares)	Number of shares held at the end period (shares)	Number of restricted shares granted at the beginning period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares granted at the end period (shares)
ZHOU Hongjiang	Chairman	Incumbent	279,600			279,600	240,000	0	240,000
SUN Jian	Director and General Manager	Incumbent	330,000			330,000	210,000		210,000
LI Jiming	Director and Deputy General Manager	Incumbent	160,000			160,000	160,000		160,000
LIU Xunzhang	Director	Incumbent							
CHEN Dianxin	Director	Outgoing							
Aldino Marzorati	Director	Incumbent							
JIANG Jianxun	Director, Deputy General Manager and Board secretary	Incumbent	160,000			160,000	160,000		160,000
Stefano Battioni	Director	Incumbent							
Enrico Sivieri	Director	Incumbent							

CHIANG Yun	Director	Incumbent							
DUAN Changqing	Independent Director	Incumbent							
LIU Huirong	Independent Director	Incumbent							
LIU Qinglin	Independent Director	Incumbent							
YU Renzhu	Independent Director	Incumbent							
WANG Zhuquan	Independent Director	Incumbent							
LENG Bin	Chairman of the Board Supervisory	Incumbent							
Liu Zhijun	Supervisor	Incumbent							
YU Jinfeng	Supervisor	Incumbent							
ZHENG Wenping	Supervisor	Outgoing							
JIANG Hua	Deputy General Manager	Incumbent	170,000			170,000	160,000		160,000
PENG Bin	Deputy General Manager	Incumbent	160,000			160,000	160,000		160,000
PAN Jianfu	General Manager Assistant	Incumbent	100,000			100,000	100,000		100,000
KONG Qingkun	General Manager Assistant	Incumbent	100,000			100,000	100,000		100,000
LIU Shilu	General Manager	Incumbent	100,000			100,000	100,000		100,000

	Assistant								
XIAO Zhenbo	General Manager Assistant	Incumbent	100,000			100,000	100,000		100,000
Total	--	--	1,659,600	0	0	1,659,600	1,490,000	0	1,490,000

5. Changes in controlling shareholders or actual controllers

Changes in the controlling shareholders during the report period

Available Not available

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

Changes in the actual controllers during the report period

Available Not available

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

VIII. Related Situation of Preferred Shares

Available Not available

There are no preferred shares during the report period.

IX. Related Situation of Bonds

Available Not available

X. Financial Report

1. Audit report

Whether the semiannual report has been audited

Yes No

2. Financial statement

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

2.1 Consolidated balance sheet

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

June 30, 2024

Unit:

Item	Note	June 30, 2024	December 31, 2023
Current assets:			
Monetary fund	7.1	1,659,684,740	2,217,693,647
Settlement reserves			
Lending funds			
Tradable financial assets			
Derivative financial assets			
Bills receivable	7.2	440,667	1,260,000
Accounts receivable	7.3	172,184,919	382,132,334
Receivables financing	7.4	212,135,108	408,316,028
Advance payment	7.5	45,718,117	61,497,933
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Other receivables	7.6	76,437,050	71,496,276
Including: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	7.7	2,886,202,651	2,765,390,587
Including: Data resource			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	7.8	72,912,415	88,368,542
Total current assets		5,125,715,667	5,996,155,347
Non-current assets:			
Offering loans and imprest			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7.9	36,353,528	38,285,620
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	7.10	23,237,000	24,482,831
Fixed assets	7.11	5,687,285,125	5,795,082,569
Construction in progress	7.12	10,097,466	3,323,241
Productive biological assets	7.13	170,252,547	177,461,983
Oil-and-gas assets			
Right-of-use assets	7.14	112,742,536	121,745,910

Yantai Changyu Pioneer Wine Co., Ltd. 2024 Semi-annual Report

Item	Note	June 30, 2024	December 31, 2023
Intangible assets	7.15	535,248,176	542,625,776
Including: Data resource			
Development expenditure			
Including: Data resource			
Goodwill	7.16	107,163,616	107,163,616
Long-term prepaid expenses	7.17	308,457,240	306,662,107
Deferred income tax assets	7.18	181,336,582	221,518,204
Other non-current assets	7.19		1,760,000
Total non-current assets		7,172,173,816	7,340,111,857
Total assets		12,297,889,483	13,336,267,204
Current liabilities:			
Short-term loans	7.21	202,057,523	364,981,445
Borrowings from the Central Bank			
Borrowing funds			
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	7.22	397,974,969	473,352,525
Advances from customers			
Contract liabilities	7.23	138,471,595	175,278,849
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee remunerations payable	7.24	87,669,532	185,331,292
Taxes and dues payable	7.25	145,797,124	274,723,431
Other payables	7.26	353,518,418	555,634,336
Including: Interest payable			
Dividends payable		383,085	
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	7.27	81,231,755	78,523,993
Other current liabilities	7.28	18,001,307	44,958,297
Total current liabilities		1,424,722,223	2,152,784,168
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	7.29	36,651,931	66,616,443
Bonds payable			
Including: Preferred stock			
Perpetual bonds			

Yantai Changyu Pioneer Wine Co., Ltd. 2024 Semi-annual Report

Item	Note	June 30, 2024	December 31, 2023
Lease liabilities	7.30	68,134,685	85,038,335
Long-term accounts payable			
Long-term employee remunerations payable			
Estimated liabilities			
Deferred income	7.31	29,292,739	32,582,734
Deferred income tax liabilities	7.18	8,329,523	8,719,729
Other non-current liabilities			
Total non-current liabilities		142,408,878	192,957,241
Total liabilities		1,567,131,101	2,345,741,409
Owner's equities:			
Capital stock	7.32	692,249,559	692,249,559
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus	7.33	675,434,203	651,086,707
Minus: Treasury stock	7.34	250,924,123	103,411,919
Other comprehensive income	7.35	-24,854,346	-14,784,677
Special reserves			
Surplus reserves	7.36	342,732,000	342,732,000
General risk preparation			
Undistributed profit	7.37	9,148,896,456	9,273,629,318
Total owner's equities attributable to the parent company		10,583,533,749	10,841,500,988
Minority equity		147,224,633	149,024,807
Total owner's equities		10,730,758,382	10,990,525,795
Total liabilities and owner's equities		12,297,889,483	13,336,267,204

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

2.2 Balance sheet of the parent companyCompiling unit: Yantai Changyu Pioneer Wine Co., Ltd.
yuan

Unit:

Item	Note	June 30, 2024	December 31, 2023
Current assets:			
Monetary fund		664,611,150	1,242,484,544
Tradable financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable	18.1	1,260,252	5,189,894
Receivables financing		30,006,125	36,322,019
Advance payment			52,587
Other receivables	18.2	507,125,567	576,949,997
Including: Interest receivable			
Dividends receivable		3,447,765	
Inventories		397,600,313	323,465,919
Including: Data resource			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		22,212,993	147,187
Total current assets		1,622,816,400	2,184,612,147
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	18.3	7,671,408,253	7,648,498,638
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate		23,237,000	24,482,831
Fixed assets		184,548,217	194,601,612
Construction in progress		264,175	264,175

Yantai Changyu Pioneer Wine Co., Ltd. 2024 Semi-annual Report

Item	Note	June 30, 2024	December 31, 2023
Productive biological assets		97,461,785	100,785,279
Oil-and-gas assets			
Right-of-use assets		34,960,098	37,025,896
Intangible assets		71,179,279	72,552,201
Including: Data resource			
Development expenditure			
Including: Data resource			
Goodwill			
Long-term prepaid expenses			
Deferred income tax assets		1,456,176	2,327,585
Other non-current assets		1,977,430,000	1,934,430,000
Total non-current assets		10,061,944,983	10,014,968,217
Total assets		11,684,761,383	12,199,580,364
Current liabilities:			
Short-term loans			100,000,000
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		48,661,601	63,686,113
Advances from customers			
Contract liabilities			
Employee remunerations payable		58,772,991	68,654,350
Taxes and dues payable		6,062,369	6,439,899
Other payables		534,216,588	608,904,995
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		5,167,038	3,803,910
Other current liabilities			
Total current liabilities		652,880,587	851,489,267

Yantai Changyu Pioneer Wine Co., Ltd. 2024 Semi-annual Report

Item	Note	June 30, 2024	December 31, 2023
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		37,162,717	42,380,074
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income		38,372	55,718
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		37,201,089	42,435,792
Total liabilities		690,081,676	893,925,059
Owner's equities:			
Capital stock		692,249,559	692,249,559
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus		712,672,729	687,544,350
Minus: Treasury stock		250,924,123	103,411,919
Other comprehensive income			
Special reserves			
Surplus reserves		342,732,000	342,732,000
Undistributed profit		9,497,949,542	9,686,541,315
Total owner's equities		10,994,679,707	11,305,655,305
Total liabilities and owner's equities		11,684,761,383	12,199,580,364

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

2.3 Consolidated profit statement

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

Unit:

Item	Note	Sum of this period	Sum of prior period
1. Total operating income		1,522,309,436	1,966,738,485
Including: Operating income	7.38	1,522,309,436	1,966,738,485
Interest income			
Earned premium			
Handling fee and commission income			
2. Total operating costs		1,243,403,652	1,528,483,622
Including: Operating costs	7.38	595,748,730	805,459,392
Interest expenditure			
Handling fees and commission expenditure			
Premium rebate			
Net amount of indemnity expenditure			
Net amount of the withdrawn reserve fund for insurance contract			
Policy bonus payment			
Reinsurance expenditures			
Taxes and surcharges	7.39	112,820,607	131,447,066
Selling expenses	7.40	391,916,515	453,001,710
Administrative expenses	7.41	132,945,615	128,695,395
Research and development expenses	7.42	6,748,675	6,653,626
Financial expenses	7.43	3,223,510	3,226,433
Including: Interest expenses		9,918,886	12,325,532
Interest income		12,390,815	9,060,578
Plus: Other profit	7.44	33,630,640	28,971,185
Investment profit (loss is listed with “-”)	7.45	-1,932,092	15,614,536
Including: Investment profit for joint-run business and joint venture		-1,932,092	-932,588
Financial assets measured at amortized cost cease to be recognized as income			
Exchange income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)	7.46	4,083,362	-993,494
Asset impairment loss (loss is listed with “-”)	7.47	-1,024,683	-244,434
Income from asset disposal (loss is listed with “-”)	7.48	4,647	-298,401
3. Operating profit (loss is listed with “-”)		313,667,658	481,304,255
Plus: Non-operating income	7.49	1,677,625	1,772,522
Minus: Non-operating expenses	7.50	611,583	2,125,945
4. Total profits (total loss is listed with “-”)		314,733,700	480,950,832
Minus: Income tax expenses	7.51	92,758,345	130,350,513
5. Net profit (net loss is listed with “-”)		221,975,355	350,600,319

Item	Note	Sum of this period	Sum of prior period
5.1 Classification by operation continuity			
5.1.1 Net profit from continuing operation (net loss is listed with “-”)		221,975,355	350,600,319
5.1.2 Net profit from terminating operation (net loss is listed with “-”)			
5.2 Classification by ownership			
5.2.1 Net profit attributable to owner of the parent company		221,177,382	363,569,436
5.2.2 Minority interest income		797,973	-12,969,117
6. Net after-tax amount of other comprehensive income	7.52	-11,182,076	13,707,142
Net after-tax amount of other comprehensive income attributable to owner of the parent company		-10,069,669	12,136,065
6.1 Other comprehensive income not to be reclassified into profit and loss later			
6.1.1 Changes after remeasuring and resetting the benefit plans			
6.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
6.1.3 Changes in the fair value of other investments in equity instruments			
6.1.4 Changes in the fair value of the enterprise’s own credit risk			
6.1.5 Other			
6.2 Other comprehensive income to be reclassified into profit and loss later		-10,069,669	12,136,065
6.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
6.2.2 Changes in the fair value of other debt investments			
6.2.3 Amount of financial assets reclassified into other comprehensive income			
6.2.4 Provision for credit impairment of other credit investments			
6.2.5 Provision for cash-flow hedge			
6.2.6 Difference in translation of Foreign Currency Financial Statement		-10,069,669	12,136,065
6.2.7 Other			
Net after-tax amount of other comprehensive income attributable to minority shareholders		-1,112,407	1,571,077
7. Total comprehensive income		210,793,279	364,307,461
Attributable to owner of the parent company		211,107,713	375,705,501
Attributable to minority shareholders		-314,434	-11,398,040
8. Earnings per share:			

Item	Note	Sum of this period	Sum of prior period
8.1 Basic earnings per share		0.32	0.53
8.2 Diluted earnings per share		0.32	0.53

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

2.4 Profit statement of the parent company

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

Unit:

Item	Note	Sum of this period	Sum of prior period
1. Operating income	18.4	185,899,536	241,967,096
Minus: Operating costs	18.4	166,106,938	200,913,318
Taxes and surcharges		4,511,741	9,139,640
Selling expenses			
Administrative expenses		31,118,671	19,481,354
Research and development expenses		399,923	533,807
Financial expenses		-8,236,589	-753,987
Including: Interest expenses		2,318,915	2,862,882
Interest income		4,102,498	4,368,355
Plus: Other profit		608,617	774,925
Investment profit (loss is listed with “-”)	18.5	164,552,732	149,080,018
Including: Investment profit for joint-run business and joint venture			54,934
Financial assets measured at amortized cost cease to be recognized as income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)		-1,262	-3,661
Asset impairment loss (loss is listed with “-”)			
Income from asset disposal (loss is listed with “-”)			-639,633

Item	Note	Sum of this period	Sum of prior period
2. Operating profit (loss is listed with “-”)		157,158,939	161,864,613
Plus: Non-operating income		415,749	167,110
Minus: Non-operating expenses		505,099	914,209
3. Total profits (total loss is listed with “-”)		157,069,589	161,117,514
Minus: Income tax expenses		-248,882	-405,243
4. Net profit (net loss is listed with “-”)		157,318,471	161,522,757
4.1 Net profit from continuing operation (net loss is listed with “-”)		157,318,471	161,522,757
4.2 Net profit from terminating operation (net loss is listed with “-”)			
5. Net after-tax amount of other comprehensive income			
5.1 Other comprehensive income not to be reclassified into profit and loss later			
5.1.1 Changes after re-measuring and resetting the benefit plans			
5.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
5.1.3 Changes in the fair value of other investments in equity instruments			
5.1.4 Changes in the fair value of the enterprise’s own credit risk			
5.1.5 Other			
5.2 Other comprehensive income to be reclassified into profit and loss later			
5.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
5.2.2 Changes in the fair value of other debt investments			
5.2.3 Amount of financial assets reclassified into other comprehensive income			
5.2.4 Provision for credit impairment of other credit investments			
5.2.5 Provision for cash-flow hedge			
5.2.6 Difference in translation of Foreign Currency Financial Statement			
5.2.7 Other			
6. Total comprehensive income		157,318,471	161,522,757
7. Earnings per share:			
7.1 Basic earnings per share		0.23	0.23

Item	Note	Sum of this period	Sum of prior period
7.2 Diluted earnings per share		0.23	0.23

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

2.5 Consolidated cash flow statement

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

Unit: yuan

Item	Note	Sum of this period	Sum of prior period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,866,371,505	2,065,105,263
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Cash received from collecting interest, handling fees and commissions			
Net increase in borrowing funds			
Net increase in repurchased business funds			
Net cash received for buying and selling securities			
Tax refund received		16,377,257	29,311,454
Other cash received related to operating activities	7.53	48,893,252	47,251,102
Subtotal of cash flows of operating activities		1,931,642,014	2,141,667,819
Cash paid for goods and services		758,417,685	622,088,864
Net increase in customer loans and advances			
Net increase in deposits in central bank and interbank deposits			
Cash paid to original insurance contract payments			
Net increase in lending funds			
Cash paid to interest, handling fees and commissions			
Cash paid to policy bonus			
Cash paid to and on behalf of employees		264,499,866	241,778,846
Cash paid for taxes and expenses		408,101,346	457,071,706
Other cash paid related to operating activities	7.53	296,742,753	292,808,617
Sub-total of cash outflows of operating activities		1,727,761,650	1,613,748,033
Net cash flow from operating activities		203,880,364	527,919,786
2. Cash flow from investing activities:			
Cash received from disinvestment			
Cash received from withdrawal of fixed deposits		413,000,000	6,000,000

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Item	Note	Sum of this period	Sum of prior period
Cash received from obtaining investment income			
Cash received from obtaining interest income		2,589,064	167,919
Cash received from disposal of fixed assets, intangible assets and other long-term assets		80,843	1,431,000
Net cash received from disposal of branch and other business unit			7,238,585
Other cash received related to investing activities			657,049
Subtotal of cash flows of investment activities		415,669,907	15,494,553
Cash paid to acquire fixed assets, intangible assets and other long-term assets		67,893,118	60,515,887
Cash for investment			
Cash paid for purchasing fixed deposits		246,000,000	206,000,000
Net increase in hypothecated loan			
Net cash paid for acquiring branch and other business unit			
Other cash paid related to investment activities			
Subtotal of cash outflows of investment activities		313,893,118	266,515,887
Net cash flow from investing activities		101,776,789	-251,021,334
3. Cash flow from financing activities			
Cash received from acquiring investment			13,900,832
Including: Cash received from acquiring minority shareholders investment by branch			
Cash received from acquiring loans		307,063,337	295,974,371
Other cash received related to financing activities			
Subtotal cash flows of financing activities		307,063,337	309,875,203
Cash paid for paying debts		484,652,320	419,615,315
Cash paid for distributing dividend and profit or paying interest		359,372,568	319,861,482
Including: Dividend and profit paid to minority shareholders by branch			70,317
Other cash paid related to financing activities		167,730,790	38,007,700
Subtotal of cash outflows of financing activities		1,011,755,678	777,484,497
Net cash flow from financing activities		-704,692,341	-467,609,294
4. Influences of exchange rate fluctuation on cash and cash equivalents		-1,131,315	1,038,021
5. Net Increase in cash and cash equivalents		-400,166,503	-189,672,821
Plus: Balance at the beginning of the period of cash and cash equivalents		1,963,155,752	1,612,753,600
6. Balance at the end of the period of cash and cash equivalents		1,562,989,249	1,423,080,779

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

2.6 Cash flow statement of the parent company

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

Unit: yuan

Item	Sum of this period	Sum of prior period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	251,492,494	245,770,806
Tax refund received		
Other cash received related to operating activities	8,000,504	10,820,471
Subtotal of cash flows of operating activities	259,492,998	256,591,277
Cash paid for goods and services	137,448,769	204,180,816
Cash paid to and on behalf of employees	34,244,388	22,218,740
Cash paid for taxes and expenses	23,228,320	43,953,062
Other cash paid related to operating activities	28,704,858	76,577,506
Sub-total of cash outflows of operating activities	223,626,335	346,930,124
Net cash flow from operating activities	35,866,663	-90,338,847
2. Cash flow from investing activities:		
Cash received from disinvestment		27,690,000
Cash received from withdrawal of fixed deposits	413,000,000	
Cash received from obtaining investment income	161,104,967	325,390,390
Cash received from obtaining interest income	2,589,064	167,919
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities	20,000,000	
Subtotal of cash flows of investment activities	596,694,031	353,248,309
Cash paid to acquiring fixed assets, intangible assets and other long-term assets	3,193,066	3,845,079
Cash for investment	1,883,538	20,161,100
Cash paid for purchasing fixed deposits	246,000,000	206,000,000
Net cash paid for acquiring branch and other business unit		

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Item	Sum of this period	Sum of prior period
Other cash paid related to investment activities	198,200,000	44,230,000
Subtotal of cash outflows of investment activities	449,276,604	274,236,179
Net cash flow from investing activities	147,417,427	79,012,130
3. Cash flow from financing activities:		
Cash received from acquiring investment		13,900,832
Cash received from acquiring loans		100,000,000
Other cash received related to financing activities		
Subtotal cash flows of financing activities		113,900,832
Cash paid for debts	100,000,000	100,000,000
Cash paid to distribute dividend, profit or pay interest	347,324,780	310,002,967
Other cash paid related to financing activities	155,356,609	4,567,148
Subtotal of cash outflows of financing activities	602,681,389	414,570,115
Net cash flow from financing activities	-602,681,389	-300,669,283
4. Influences of exchange rate fluctuation on cash and cash equivalents		
5. Net Increase in cash and cash equivalents	-419,397,299	-311,996,000
Plus: Balance at the beginning of the period of cash and cash equivalents	988,284,544	843,369,997
6. Balance at the end of the period of cash and cash equivalents	568,887,245	531,373,997

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

2.7 Consolidated owner's equities changing list

Unit: yuan

Item	This period														
	Owner's equities of the parent company													Minority equity	Total owner's equities
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Others	Subtotal		
	Preferred stock	Perpetual bonds	Others												
1. Balance at the end of last 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
Plus: Accounting policies changing															
Previous error correction															
Others															
2. Balance at the beginning of this 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
3. Increased or decreased amount in the period (reducing amount is listed with "-")					24,347,496	147,512,204	-10,069,669				-124,732,862		-257,967,239	-1,800,174	-259,767,413
3.1 Total comprehensive income							-10,069,669				221,177,382		211,107,713	-314,434	210,793,279
3.2 Owner's invested and reduced capital					24,347,496	147,512,204							-123,164,708	-1,102,655	-124,267,363
3.2.1 Owner's invested common stock						150,932,125							-150,932,126		-150,932,126
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owner's equities					25,146,195	-3,419,921							28,566,117		28,566,117
3.2.4 Others					-798,699								-798,699	-1,102,655	-1,901,354
3.3 Profit distribution													-345,910,244	-383,085	-346,293,329
3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)													-345,910,244	-383,085	-346,293,329
3.3.4 Others															
3.4 Internal transfer of owner's equities															
3.4.1 Capital reserves transferred and increased capital (or capital stock)															
3.4.2 Surplus reserves transferred and increased capital (or capital stock)															

3.3 Profit distribution											-308,458,800		-308,458,800	-1,538,316	-309,997,116
3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)											-308,458,800		-308,458,800	-1,538,316	-309,997,116
3.3.4 Others															
3.4 Internal transfer of owner's equities															
3.4.1 Capital reserves transferred and increased capital (or capital stock)															
3.4.2 Surplus reserves transferred and increased capital (or capital stock)															
3.4.3 Surplus reserves covering deficit															
3.4.4 Retained earnings carried over from the benefit plan amount															
3.4.5 Retained earnings carried over from other comprehensive income															
3.4.6 Others															
3.5 Special reserves															
3.5.1 Accrual in this period															
3.5.2 Usage in this period															
3.6 Other															
4. Balance at the end of this period	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

2.8 Owner's equities changing list of the parent company

Unit: yuan

Item	This period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equities
		Preferred stock	Perpetual bonds	Others								
1. Balance at the end of last year	692,249,559				687,544,350	103,411,919			342,732,000	9,686,541,315		11,305,655,305
Plus: Accounting policies changing												
Previous error correction												
Others												
2. Balance at the beginning of this year	692,249,559				687,544,350	103,411,919			342,732,000	9,686,541,315		11,305,655,305
3. Increased or decreased amount in this period (reducing amount is listed with "-")					25,128,379	147,512,204				-188,591,773		-310,975,598
3.1 Total comprehensive income										157,318,471		157,318,471
3.2 Owner's invested and reduced capital					25,128,379	147,512,204						-122,383,825
3.2.1 Owner's invested common stock						150,932,125						-150,932,126
3.2.2 Other equity instrument holder's invested capital												
3.2.3 Amount of shares paid and reckoned in owner's equities					25,146,195	-3,419,921						28,566,117
3.2.4 Others					-17,816							-17,816
3.3 Profit distribution										-345,910,244		-345,910,244
3.3.1 Accrued surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-345,910,244		-345,910,244
3.3.3 Others												
3.4 Internal transfer of owner's equities												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from the benefit plan amount												

3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Others												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Others												
4. Balance at the end of this period	692,249,559				712,672,729	250,924,123			342,732,000	9,497,949,542		10,994,679,707

Unit: yuan

Item	Last period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equities
		Preferred stock	Perpetual bonds	Others								
1. Balance at the end of last year	685,464,000				560,182,235				342,732,000	9,582,860,014		11,171,238,249
Plus: Accounting policies changing												
Previous error correction												
Others												
2. Balance at the beginning of this year	685,464,000				560,182,235				342,732,000	9,582,860,014		11,171,238,249
3. Increased or decreased amount in this period (reducing amount is listed with "-")	6,785,559				127,362,115	103,411,919				103,681,301		134,417,056
3.1 Total comprehensive income										412,140,101		412,140,101
3.2 Owner's invested and reduced capital	6,785,559				127,362,115	103,411,919						30,735,755
3.2.1 Owner's invested common stock												
3.2.2 Other equity instrument holder's invested capital												
3.2.3 Amount of shares paid and reckoned in owner's equities	6,785,559				127,362,115	103,411,919						30,735,755
3.2.4 Others												
3.3 Profit distribution										-308,458,800		-308,458,800
3.3.1 Accrued surplus reserves												

3.3.2 Distribution to owners (or shareholders)											-308,458,800		-308,458,800
3.3.3 Others													
3.4 Internal transfer of owner's equities													
3.4.1 Capital reserves transferred and increased capital (or capital stock)													
3.4.2 Surplus reserves transferred and increased capital (or capital stock)													
3.4.3 Surplus reserves covering deficit													
3.4.4 Retained earnings carried over from the benefit plan amount													
3.4.5 Retained earnings carried over from other comprehensive income													
3.4.6 Other													
3.5 Special reserves													
3.5.1 Accrual in this period													
3.5.2 Usage in this period													
3.6 Others													
4. Balance at the end of this period	692,249,559				687,544,350	103,411,919				342,732,000	9,686,541,315		11,305,655,305

3. Company profile

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

As at June 30, 2024, the Company issued 692,249,559 shares accumulatively. Refer to Note 7.32 for details.

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

The financial statement and the consolidated financial statement of the Company were approved by the Board of Directors in August 20, 2024.

The details of scope of the consolidated financial statement in this period can be seen in Note 10 “Equity in other entities”.

4. Preparation basis of financial statement

4.1 Preparation basis

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

4.2 Continuous operation

The Group has appraised the ability of continuous operation for 12 months from June 30, 2024, and no issues or situations causing major doubts to this ability are found. Therefore, this financial statement is prepared on the basis of the continuous operation assumption.

5. Main accounting policies and accounting estimates

5.1 Statement on compliance with ASBE

This financial statement fulfills the requirement of Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and gives a true and integrated view of the consolidated financial status and the financial status as at June 30, 2024, as well as the consolidated operating result, the operating result, the consolidated cash flow and the cash flow of the Company from January to June 2024.

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

5.2 Accounting period

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

5.3 Operating cycle

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

5.4 Recording currency

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

5.5 Determination method and selection criteria for significant standards

Item	Significant standards
Other significant payables / accounts payable with an aging of over 1 year	Single of other payables / accounts payable with an aging of over 1 year exceeding 0.5% of the Group's total liabilities
Significant construction in progress	Single of construction in progress with the carrying amount exceeding 0.5% of the Group's noncurrent assets
Significant non-wholly-owned subsidiary	Non-wholly-owned subsidiary with the book value of net assets attributable to minority shareholders exceeding 0.5% of the Group's net assets
Significant cash flows from investing activities	Single of cash flows with the amount exceeding 0.5% of the Group's total assets

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

5.6.1 Business combination under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or same multiple parties before and after the combination, and that control is not transitory. The assets and liabilities obtained by the combining party in the business combination shall be measured on the basis

of the carrying amount in the ultimate controlling party's consolidated financial statement as at the combination date. Where there is a difference between the carrying amount of the net assets acquired and the carrying amount of the combination consideration paid (or the total par value of the shares issued), the stock premium in capital surplus shall be adjusted. If the stock premium in capital surplus is not sufficient to offset, the retained earnings shall be adjusted. The direct related expenses incurred for the business combination shall be included in the current profit and loss when incurred. The combination date is the date on which the combining party actually obtains control of the combined party.

5.6.2 Business combination under non-common control

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

For a business combination involving entities not under common control and achieved in stages, the Group re-measures its previously-held equity interest in the acquiree to its acquisition-date fair value, and recognizes any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. Other comprehensive income and other changes in owner's equities that can be reclassified into profit or loss under the equity method of accounting for the equity interest of the acquiree held before acquisition date shall be transferred to current investment income on the purchase date; and if equity interests of the acquiree held before acquisition date are equity instrument investments measured at fair value with changes recognized in other comprehensive income, other comprehensive income recognized before acquisition date shall be transferred to retained earnings on acquisition date.

5.7 Determination standard of control and compiling methods of consolidated financial statement

5.7.1 General principles

The consolidation scope of the consolidated financial statements is determined based on control, including the Company and its controlled subsidiaries. Control refers to the Group's power over the investee, enjoying variable returns through participation in related activities of the investee, and having the ability to use its power over the investee to influence its return amount. When determining whether the Group has power over the investee, the Group only considers substantive rights related to the investee (including substantive rights enjoyed by

the Group itself and other parties). The financial condition, operating performance, and cash flows of the subsidiaries shall be included in the consolidated financial statements from the date of control to the date of control termination.

The equity, profit and loss, and total comprehensive income attributable to minority shareholders of the subsidiaries shall be separately presented in the shareholders' equity section of the consolidated balance sheet and the net profit and total comprehensive income section of the consolidated profit statement.

If the current losses shared by minority shareholders of the subsidiaries exceed their share of the subsidiaries' initial owner's equity, the balance shall still be offset against the minority equity.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company has made necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. All intra-group transactions and balances during the combination, including unrealized intra-group transactions gains and losses, have been offset. If there is evidence that unrealized losses incurred in intra-group transactions are related to impairment losses of assets, the full amount of such losses shall be recognized.

5.7.2 Subsidiaries acquired through a business combination

Where a subsidiary is acquired through a business combination involving entities under common control, when preparing the consolidated financial statements for current period, based on the carrying amounts of the assets and liabilities of the combined subsidiary in the financial statements of the ultimate controlling party, the combined subsidiary shall be deemed to be included in the consolidation scope of the Company when the ultimate controlling party of the Company begins to exercise control over it, and the initial balance and the comparative figures of the consolidated financial statements shall be correspondingly adjusted.

Where a subsidiary is acquired through a business combination involving entities not under common control, when preparing the consolidated financial statements for current period, based on the fair value of identifiable assets and liabilities of the acquired subsidiary determined on the acquisition date, the acquired subsidiary shall be included in the consolidation scope of the Company from the acquisition date.

5.7.3 Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized 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 recognized as investment income for the current period.

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

transaction:

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

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

If each of the multiple transactions forms part of a bundled transaction, each transaction shall be treated as a transaction for disposing of the existing subsidiary and losing control. The difference between the disposal price and the net carrying value of the subsidiary that is continuously calculated from the acquisition date corresponding to the disposal investment before losing control shall be included in other comprehensive income in the consolidated financial statements, and be transferred when losing control to profit or loss of the period losing control.

5.7.4 Changes in minority equity

The difference between the cost of long-term equity investment acquired by the Company through the purchase of minority equity and the net asset share of the subsidiary calculated based on the newly increased shareholding ratio, as well as the difference between the disposal price obtained from partial disposal of equity investment in the subsidiary without losing control and the net asset share of the subsidiary corresponding to the disposal of long-term equity investment, shall be adjusted to the capital reserve (share premium) in the consolidated balance sheet. And if the capital reserve (share premium) is insufficient to offset, the retained earnings shall be adjusted.

5.8 Determination standard of cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be used for payment at any time, and short-term highly liquid investments which are readily convertible into known amount of cash with an insignificant risk of changes in value.

5.9 Foreign currency transaction and foreign currency statement translation

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot

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

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

5.10 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, receivables, payables, loans and borrowings and share capital.

5.10.1 Recognition and initial measurement of financial assets and financial liabilities

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

A financial asset (unless it is a trade receivable without a significant financing component) and financial liability 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 attributable transaction costs are included in their initial costs. Accounts receivable containing no significant financing component or not considering financing component of contracts that do not exceed one year are measured initially at transaction prices determined by the accounting policies set out in Note 5.22.

5.10.2 Classification and subsequent measurement of financial assets

(a) Classification of financial assets of this Group

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 amortized 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 amortized 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 amortized 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 amortized 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 recognized in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortized cost

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

5.10.3 Classification and subsequent measurement of financial liabilities

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

- Financial liabilities at amortized cost

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

5.10.4 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 recognized amounts ;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

5.10.5 Derecognition of financial assets and financial liabilities

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

- the 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 recognized in current 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 recognized directly in other comprehensive income for the part derecognized.

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

5.10.6 Impairment

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

- financial assets measured at amortized 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.

ECLs within the next 12 months refers to the ECLs that may occur due to a financial instrument default event within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, it is within the expected duration), and is a part of the ECLs for the entire duration.

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

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

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

Bad debt provision for accounts receivable

(a) Combination categories and determination criteria for bad debt provision based on credit risk characteristics

Bills receivable	According to the different credit risk characteristics of the acceptor, the Group divides bills receivable into two combinations: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Based on the historical experience of this Group, there is no significant difference in the occurrence of losses among different segmented customer groups. Therefore, this Group considers all accounts receivable as a combination and does not further differentiate between different customer groups when calculating the bad debt provision for accounts receivable.
Accounts receivable financing	The accounts receivable financing of this Group is for accounts receivable bank acceptance bills with dual holding purposes. Due to the fact that the accepting banks are all banks with high credit ratings, this Group considers all accounts receivable financing as a combination.

Other receivables	The other receivables of this Group mainly include deposits receivable and security deposits. Based on the nature of accounts receivable and the credit risk characteristics of different counterparties, the Group divides other accounts receivable into two combinations, namely: combination of deposits receivable and security deposits, and combination of other accounts receivable.
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(b) Determination criteria for single provision of bad debt reserves based on individual provision

For bills receivable, accounts receivable, accounts receivable financing, and other accounts receivable, the Group usually measures its loss provision based on a combination of credit risk characteristics. If the credit risk characteristics of a counterparty are significantly different from those of other counterparties in the portfolio, or if there is a significant change in the credit risk characteristics of that counterparty, a separate provision for loss shall be made for accounts receivable from that counterparty. For example, when a counterparty experiences serious financial difficulties and the ECL rate of accounts receivable from that counterparty is significantly higher than the ECL rate of its aging range, a separate provision for loss shall be made for it.

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the

assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortized 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 reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are re-measured 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 recognized as an impairment gain or loss in profit or loss. The Group recognizes 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 recognized 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

5.10.7 Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is

recognized in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

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

5.11 Inventories

5.11.1 Classification and cost

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

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

5.11.2 Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

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

5.11.3 Basis for determining the net realizable value and method for provision for obsolete inventories

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

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

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

5.11.4 Inventory count system

The Group maintains a perpetual inventory system.

5.12 Long-term equity investments

5.12.1 Investment cost determination 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 recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

5.12.2 Subsequent measurement and profit and loss recognition methods of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have

been included in the price or consideration paid in obtaining the investments, the Company recognizes 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 impairment losses.

For the impairment testing method and impairment provision method of the investments in subsidiaries, refer to Note 5.21.

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

(b) Investments in joint ventures and associates

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

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

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

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized 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 recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in current profit or loss.
- After the acquisition of the investment in joint ventures and associates, the Group recognizes 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 recognized 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 recognizes 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. Unrealized 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. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.
- The Group discontinues recognizing 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 recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

For the impairment testing method and impairment provision method of the investments in joint ventures and associates of this Group, refer to Note 5.21.

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

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

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

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

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

5.13 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, amortization and impairment losses, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights, unless the investment property is classified as held for sale. For the impairment testing method and impairment provision method, refer to Note 5.21.

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

5.14 Fixed assets

5.14.1 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 initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed fixed assets is measured in accordance with the policy set out in Note 5.15.

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 recognized as a separate fixed asset.

For any subsequent cost of fixed assets, including the cost of replacing part of an item of fixed assets, when it is probable that the economic benefits associated with the costs will flow to the Group, it shall be capitalized and included in the cost of fixed assets, and the carrying amount of the replaced part is derecognized meanwhile; and the costs related to the day-to-day maintenance of fixed assets shall be recognized in current profit or loss as incurred.

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

5.14.2 Depreciation of fixed assets

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

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

assets are as follows:

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

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

5.14.3 For impairment testing method and impairment provision method, refer to Note 5.21.

5.14.4 Disposal of fixed assets

The Group will derecognize of a fixed asset when meeting one of the following conditions:

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

5.15 Construction in progress

The cost of self-constructed fixed assets includes the cost of materials, direct labor, capitalized borrowing costs, and necessary costs attributable to bringing the asset to working condition for its intended use.

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

Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 5.21).

If an enterprise sells products or by-products produced by fixed assets before they reach their intended usable state to the outside parties, in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14 – Revenue* and *Accounting Standards for Business Enterprises No. 1 – Inventories*, relevant income and costs shall be accounted for separately and included in profit or loss for the current period.

5.16 Borrowing costs

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

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

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

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

5.17 Biological assets

The biological assets of the Group are productive biological assets.

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

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

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

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

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

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

5.18 Intangible assets

Service life and amortization method

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 5.21). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortized on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective service life, determination basis, and amortization method for intangible assets are as follows:

Item	Service life (years)	Determination basis	Amortization method
Land use rights	40 – 50 years	Period of land use rights	Straight-line method
Software licenses	5 – 10 years	The shorter one of software service life or expected service life	Straight-line method
Trademark rights	10 years	The shorter one of duration of trademark rights or expected service life	Straight-line method

The useful life and amortization method of intangible assets with limited useful life are reviewed at least at each year-end.

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

5.19 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 amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note 5.21). 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.

5.20 Long-term deferred expenses

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

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

5.21 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
- productive biological asset
- investment properties measured using a cost model
- long-term equity investments
- goodwill
- long-term deferred expenses, etc.

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

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

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

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

An impairment loss is recognized 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 recognized 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 recognized, it is not reversed in a subsequent period.

5.22 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.

5.23 Estimated liabilities

If the obligation related to contingencies is a current obligation undertaken by the Group, and the performance of such obligation is likely to result in the outflow of economic benefits from the Group, and the relevant amount can be reliably measured, the Group will recognize the estimated liability.

The estimated liabilities are initially measured based on the best estimate of the expenses required to fulfill the relevant current obligations. For assets that have a significant impact on the time value of money, the estimated liability is determined by discounting the estimated future cash flows. When determining the best estimate, the Group takes into account factors such as risks, uncertainties, and time value of money related to contingencies. If the required expenditure exists a continuous range, and the likelihood of various outcomes occurring within this range is the same, the best estimate is determined based on the median value within this range; and in other cases, the best estimate is handled as follows:

- If the contingency involves a single item, it shall be determined based on the most likely amount to occur.
- If the contingency involves multiple items, it shall be determined based on various possible outcomes and related probabilities.

The Group reviews the carrying amount of estimated liabilities on the balance sheet date and adjusts the carrying amount based on the current best estimate.

5.24 Share-based payment

5.24.1 Type of share-based payment

The share-based payment of this Group is equity-settled share-based payment.

5.24.2 Accounting treatment related to implementing share-based payment plan

- Equity-settled share-based payment

When the Group exchanges shares or other equity instruments for employee services, the equity instruments granted to employees shall be measured at fair value on the grant date. For share-based payment transactions that are immediately exercisable upon grant, the Group recognizes the fair value of equity instruments as relevant costs or expenses on the grant date, and increases capital reserves accordingly. For share-based payment transactions that can only be exercised after completing the vesting period for services or meeting the prescribed performance conditions after the grant, the Group will make the best estimate of the number of feasible equity instruments on each balance sheet date during the vesting period based on subsequent information such as changes in the number of feasible employees. Based on this, the services obtained in the current period will be included in relevant costs or expenses according to the fair value of the equity instruments on the grant date, and correspondingly included in capital reserves.

When the Group accepts services but does not have settlement obligations, and the equity instruments granted to employees are those of the ultimate controlling party of the Company or its controlled subsidiaries other than the Group, the Group will treat this share-based payment plan as a share-based payment for equity settlement.

5.25 Revenue

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

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

If there are two or more performance obligations under the contract, which shall be fulfilled, the Group will apportion the transaction price to various individual performance obligations in accordance with the relative proportion of separate selling prices of various goods or services under these performance obligations on the commencement date of the contract, and measure and recognize the revenue in accordance with the transaction prices apportioned to various individual performance obligations. The stand-alone selling price refers to the price at which the Group sells goods or provides services to customers separately. If the stand-alone selling price cannot be directly observed, the Group comprehensively considers all the

relevant information that can be reasonably obtained, and uses observable input values to the greatest extent to estimate the stand-alone selling price.

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

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

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

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

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

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

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

- The client has accepted the goods or services, etc.

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

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

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

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

5.26 Contract cost

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

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

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

- Where such cost is directly related to a current or anticipated contract, including direct

labor cost, direct material cost, manufacturing expenses (or similar expenses), costs clearly specified to be borne by the customer and other costs incurred solely due to the contract;

- Where such cost includes resources to be used by the Group to fulfill future performance obligations;
- Where such cost is expected to be recovered.

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

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

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

5.27 Employee benefits

5.27.1 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 recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

5.27.2 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 organizations. 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 recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

5.27.3 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 recognized with a corresponding expense in profit or loss at the earlier of the following dates:

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

5.28 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 recognized 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 recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Company for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognized, or included in other income or non-operating income directly.

5.29 Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized 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 realize the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are

recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising in a single transaction that is not a business combination, and affects neither accounting profit nor taxable profit (or deductible loss) at the time of the transaction, and the initially recognized assets and liabilities do not result in equal taxable temporary differences or deductible temporary differences. Deferred tax is not recognized 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 utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

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

5.30 Lease

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

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

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

- Whether the contract involves the use of an identified asset. An identified asset can be either explicitly specified in a contract, or implicitly when the asset is available to the

customer and can be a physically distinct portion, or if some capacity or other portion of the asset is not physically distinct but substantially represents the full capacity of the asset, so that the customer obtains substantially all of the economic benefits from the use of the asset. If the supplier of the asset has the practical ability to substitute the asset throughout the period of use, the asset is not an identified asset;

- Whether the lessee has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and
- Whether the lessee has the right to direct the use of an identified asset throughout this period of use.

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

5.30.1 Where the Group is the lessee

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

The Group employs the straight-line method to depreciate right-of-use assets. Where it can be reasonably recognized that the ownership of leased assets will be obtained by the Group upon expiration of the lease term, leased assets will be depreciated during the service life; otherwise, leased assets will be depreciated during the lease term or the remaining service life of such leased assets by the Group, whichever is shorter. Right-of-use assets shall be provided for impairment in accordance with the accounting policies stated in Note 5.21.

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

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

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

- Where the amount payable anticipated changes according to the guaranteed residual value;
- Where the index or ratio used for recognizing the lease payment changes;
- Where there is a change in the Group's assessment results of the option of purchase, renewal option or option of termination of lease or the actual exercising of the termination of the renewal option or option of termination of lease is inconsistent with the original assessment result.

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

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

5.30.2 The Group as the lessor

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

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

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

The Group calculates and recognizes the interest income in each period within the lease term according to a fixed periodic rate. Derecognition and impairment of finance lease receivables shall be subject to accounting treatment in accordance with the accounting policies stated in Note 5.10. The variable lease payment which is not included in the net investment in a lease shall be recognized in current profits and losses when it actually occurs.

During each period of the lease term, the Group recognizes lease receipts from operating leases as rental revenue by using the straight-line method. The Group capitalizes initial direct costs pertaining to operating leases upon their occurrence, and apportions them as per the

same basis used for recognizing the rental income within the lease term and includes them in current profits and losses by period. The variable lease receipts related to operating leases that are not included in the lease receipts shall be recognized in current profits and losses when they actually occur. The variable lease payment which is not included in the lease receipts shall be recognized in current profits and losses when it actually occurs.

5.31 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 less costs to sell (except financial assets, deferred tax assets and investment properties subsequent measured at fair value initially and subsequently. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss in profit or loss.

5.32 Profit distributions

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

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

5.34 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 organization structure, management requirements and internal reporting system, the Group's operation is divided into four parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2024, over 84% of revenue, more than 90% 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.

5.35 Significant accounting estimates and judgments

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

For significant accounting estimates of this Company, see Notes 5.3, 7, 11 and 16.

5.36 Changes in significant accounting policies and accounting estimates

5.36.1 Changes in significant accounting policies

Nil

5.36.2 Changes in significant accounting estimates

Nil

6. Taxes

6.1 Main taxes and tax rates

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

Corporate income tax	Levied on taxable income.	25% (China), 25% (France), 28% (Spain), 27% (Chile), 30% (Australia)
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6.2 Tax incentives

Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”), a subsidiary of the Group, engaged in grape growing, is incorporated in Yongning County, Ningxia Huizu Autonomous Region. According to clause 27 of *PRC Corporate Income Tax* and clause 86 of *PRC Corporate Income Tax Measures for Implementation*, Ningxia Growing enjoys the preferential policy of an exemption of corporate income tax from grape cultivation income.

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

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

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

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

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

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

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

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Exempting Small-Scale Value-Added Tax Taxpayers from Value-Added Tax* (Announcement No. 19 of [2023] of the Ministry of Finance and the State Taxation Administration) on August 1, 2023, small-scale VAT taxpayers with monthly sales below 100,000 yuan (including this amount) are exempt from value-added tax, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will enjoy a reduced VAT rate of 1%; and prepaid VAT items that are subject to a 3% pre-levy rate will enjoy a reduced VAT prepayment rate of 1%. The announcement shall be executed until December 31, 2027, and Xinjiang Changyu Sales Co., Ltd. Weimeisi Tasting Center Branch enjoys this exemption policy.

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

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

Shaanxi and other provinces (autonomous regions and municipalities) have reduced the “six taxes and two fees” by 50%, and some of the Company’s subsidiaries are eligible for the reduction.

7. Notes to items in the consolidated financial statement

7.1 Monetary capital

Unit: yuan

Item	Ending balance	Beginning balance
Cash on hand	28,867	74,951
Bank deposit	1,603,134,009	2,217,280,801
Other monetary capital	56,521,864	337,895
Total	1,659,684,740	2,217,693,647
Including: Total overseas deposits	32,640,469	24,317,469

As at June 30, 2024, the bank deposits of the Group including short-term fixed deposits ranging from 3 months to 12 months and interests amounted to RMB 87,200,000 yuan, with the interest rates ranging from 1.75% to 2.25% (December 31, 2023: RMB 254,200,000 yuan).

As at June 30, 2024, the details of other monetary funds are listed as follows:

Unit: yuan

Item	Ending balance	Beginning balance
Deposit investment funds for stock repurchase	49,050,278	
Guaranteed deposits paid for the letter of credit	6,500,000	
Account balance of Alipay	830,078	192,997
Guaranty money for ICBC platform	10,000	10,000
Guaranty money for customs	131,508	134,898
Total	56,521,864	337,895

As of June 30, 2024, the Group does not have any special interest arrangements such as establishing joint fund management accounts with related parties.

7.2 Bills receivable

Classification of bills receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	440,667	1,260,000
Total	440,667	1,260,000

The above bills receivable are all due within one year.

7.3 Accounts receivable

7.3.1 Disclosed by age:

Unit: yuan

Age	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	174,171,825	387,161,172
1-2 years	588,650	2,367,283
2-3 years	6,499,530	5,396,673
Over 3 years		365,654
Total	181,260,005	395,290,782

As at June 30, 2024, the accounts receivable with ownership restrictions were RMB 56,793,558 yuan (December 31, 2023: 73,628,265 yuan). Please refer to Note 7.20 for details.

7.3.2 Accounts receivable are analyzed by customer category as follows:

Name	Ending balance		
	Book balance	Provision for bad debts	Accrued proportion
Receivable from related parties	4,372,960	4,180	0.96%
Other customers	176,887,045	9,070,906	5.13%
Total	181,260,005	9,075,086	--

7.3.3 Disclosed by provision for bad debts:

Unit: yuan

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivable for which provision for bad debts is accrued on single item basis										
Accounts receivable for which provision for bad debts is accrued on a combined basis	181,260,005	100%	9,075,086	5.01%	172,184,919	395,290,782	100%	13,158,448	3.30%	382,132,334
Total	181,260,005	100%	9,075,086	5.01%	172,184,919	395,290,782	100%	13,158,448	3.30%	382,132,334

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

Provision for bad debts accrued in this period:

Unit: yuan

Type	Beginning balance	Changes in this period				Ending balance
		Accrued	Withdrawn or transferred back	Cancelled	Others	
Provision for bad debts is accrued on a combined basis	13,158,448	-4,083,362				9,075,086
Total	13,158,448	-4,083,362				9,075,086

7.3.5 Accounts receivable actually cancelled after verification in this period

Nil

7.3.6 Accounts receivable and contract assets situation collected by borrowers of top 5 units ranked by ending balance

Unit: yuan

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage in total ending balance of accounts receivable and contract assets	Ending balance of bad debts provision and provision for impairment of contract assets
Customer 1	25,215,862		25,215,862	13.9%	24,105
Customer 2	10,028,632		10,028,632	5.5%	167,407
Customer 3	6,160,864		6,160,864	3.4%	102,843
Customer 4	5,454,585		5,454,585	3.0%	91,053
Customer 5	4,158,078		4,158,078	2.3%	69,410
Total	51,018,021		51,018,021	28.10%	454,818

7.3.7 Accounts receivable terminating recognition due to transfer of financial assets

Nil

7.3.8 Accounts receivable transferred and included in assets and liabilities

Nil

7.4 Receivables financing

Unit: yuan

Item	Ending balance	Beginning balance
Bills receivable	212,135,108	408,316,028
Total	212,135,108	408,316,028

7.4.1 Pledged bills receivable of the Group at the end of the year

Nil

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

Type	Amount derecognized at end of period
Bank acceptance bills	73,067,006
Total	73,067,006

As at June 30, 2024, bills endorsed by the Group to other parties which are not yet due is RMB 73,067,006 yuan (December 31, 2023: RMB 394,923,505 yuan). The notes are used for payment to suppliers and constructions. The Group believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognize the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Group would undertake limited liability for the notes.

7.5 Advance payment

7.5.1 Advance payment listed by age

Unit: yuan

Age	Ending balance		Beginning sum	
	Amount	Proportion	Amount	Proportion
Within 1 year	45,688,203	99.93%	61,468,643	99.95%
1-2 years	29,914	0.07%	29,290	0.05%
2-3 years				
More than 3 years				
Total	45,718,117	--	61,497,933	--

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

Unit: yuan

Client type	Relationship with the Group	Amount	Age	Reason for unsettlement	Percentage in the total advance payment %
Unit 1	Third party	26,048,133	Within 1 year	Prepaid payment for goods	57.0%
Unit 2	Third party	5,389,825	Within 1 year	Prepaid payment for goods	11.8%
Unit 3	Third party	2,145,679	Within 1 year	Prepaid service charge	4.7%
Unit 4	Third party	1,232,078	Within 1 year	Prepaid service charge	2.7%
Unit 5	Third party	500,000	Within 1 year	Prepaid service charge	1.1%
Total	--	35,315,715	--		77.30%

7.6 Other receivables

Unit: yuan

Item	Ending balance	Beginning balance
Interests receivable		
Dividends receivable		

Other receivables	76,437,050	71,496,276
Total	76,437,050	71,496,276

Other receivables

7.6.1 Other receivables classified by nature

Unit: yuan

Nature	Ending book balance	Beginning book balance
Land acquisition and storage receivable	37,768,902	37,768,902
Consumption tax and added-value tax export rebate	20,599,820	19,104,008
Deposit and guaranty money receivable	6,627,431	5,429,202
Imprest receivable	266,112	154,354
Others	11,174,785	9,039,810
Total	76,437,050	71,496,276

7.6.2 Other receivables classified by nature

Unit: yuan

Age	Ending balance	Beginning balance
Within 1 year (including 1 year)	31,878,163	29,551,266
1-2 years	41,905,368	39,753,227
2-3 years	334,355	160,000
More than 3 years	2,319,164	2,031,783
Total	76,437,050	71,496,276

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

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

7.6.4 Other receivables actually cancelled after verification in this period

Nil

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

Unit: yuan

Unit Name	Nature	Ending balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Unit 1	Land acquisition and reserve funds	37,768,902	1-2 years	49.41%	

Unit 2	Value-added tax and consumption tax export rebate	19,390,305	Within 1 year	25.37%	
Unit 3	Housing maintenance fund	2,670,094	Within 1 year	3.49%	
Unit 4	Value-added tax export rebate	736,946	Within 1 year	0.96%	
Unit 5	Guaranty money	572,880	1-2 years	0.75%	
Total	--	61,139,127		79.98%	

7.6.6 Accounts receivable involving government subsidies

Nil

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

Nil

7.6.8 Other receivables transferred and then included in assets and liabilities

Nil

7.7 Inventories

7.7.1 Inventory classification

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	78,086,555		78,086,555	241,961,713		241,961,713
Goods in process	2,164,760,433		2,164,760,433	1,915,860,327		1,915,860,327
Commodity stocks	661,887,880	18,532,217	643,355,663	625,076,081	17,507,534	607,568,547
Total	2,904,734,868	18,532,217	2,886,202,651	2,782,898,121	17,507,534	2,765,390,587

7.7.2 Inventory depreciation provision

Unit: yuan

Item	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Accrual	Others	Transfer back or write-off	Others	
Raw materials						
Goods in process						
Commodity stocks	17,507,534	18,532,217		17,507,534		18,532,217
Total	17,507,534	18,532,217		17,507,534		18,532,217

7.8 Other current assets

Unit: yuan

Item	Ending balance	Beginning balance
Accounts receivable return cost		16,876,869
Prepaid corporate income tax	17,386,402	4,438,001
Deductible input tax	53,826,234	65,228,189
Expense to be amortized	1,699,779	1,825,483
Total	72,912,415	88,368,542

7.9 Long-term equity investments

Unit: yuan

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Movements during the period								Ending balance (book value)	Ending balance of provision for impairment	
			Increase in capital	Decrease in capita	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changing	Declare cash dividend or profit	Accrual provision for impairment	Others			
1. Joint ventures													
SAS L&M Holdings ("L&M Holdings")	37,018,893				-1,874,370							35,144,523	
Subtotal	37,018,893				-1,874,370							35,144,523	
2. Associates													
Shanghai Yufeng Brand Management Co., Ltd. ("Shanghai Yufeng") (Note)	365,362				23,802							389,164	
Yantai Guolong Wine Industry Co., Ltd. ("Yantai Guolong") (Note)	901,365				-81,524							819,841	
Subtotal	1,266,727				-57,722							1,209,005	
Total	38,285,620				-1,932,092							36,353,528	

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

7.10 Investment real estate

7.10.1 Investment real estate by cost measurement method

Unit: yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I Original book value				

Item	Houses and buildings	Land use right	Construction in progress	Total
1. Beginning balance	81,165,619			81,165,619
2. Increase in this period				
2.1 Outsourcing				
2.2 Transfer in from inventories\fixed construction in progress				
2.3 Business merger increase				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	81,165,619			81,165,619
II. Accumulated depreciation & accumulated amortization				
1. Beginning balance	56,682,788			56,682,788
2. Increase in this period	1,245,831			1,245,831
2.1 Accrual or amortization	1,245,831			1,245,831
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	57,928,619			57,928,619
III. Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	23,237,000			23,237,000
2. Beginning book value	24,482,831			24,482,831

7.11 Fixed assets

Unit: yuan

Item	Ending balance	Beginning balance
Fixed assets	5,687,285,125	5,795,082,569
Disposal of fixed assets		

Item	Ending balance	Beginning balance
Total	5,687,285,125	5,795,082,569

7.11.1 Particulars of fixed assets

Unit: yuan

Item	Houses and buildings	Machinery equipment	Transportation equipment	Total
I. Original book value:				
1. Beginning balance	5,882,104,759	2,811,522,051	24,268,214	8,717,895,024
2. Increase in this period	5,859,902	37,507,199	1,663,156	45,030,257
2.1 Acquisition	5,859,902	36,852,644	1,663,156	44,375,702
2.2 Transfer in from construction in progress		654,555		654,555
2.3 Business merger increase				
3. Decrease in this period		5,582,660	530,858	6,113,518
3.1 Disposal or retirement		5,582,660	530,858	6,113,518
3.2 Others				
4. Ending balance	5,887,964,661	2,843,446,590	25,400,512	8,756,811,763
II. Accumulated depreciation				
1. Beginning balance	1,312,265,801	1,577,413,953	22,769,318	2,912,449,072
2. Increase in this period	77,980,703	73,637,264	715,559	152,333,526
2.1 Accrual	77,980,703	73,637,264	715,559	152,333,526
3. Decrease in this period		5,297,683	321,660	5,619,343
3.1 Disposal or retirement		5,297,683	321,660	5,619,343
3.2 Others				
4. Ending balance	1,390,246,504	1,645,753,534	23,163,217	3,059,163,255
III. Impairment provision				
1. Beginning balance		10,363,383		10,363,383
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal or retirement				
3.2 Others				
4. Ending balance		10,363,383		10,363,383
IV. Book value				
1. Ending book value	4,497,718,157	1,187,329,673	2,237,295	5,687,285,125
2. Beginning book value	4,569,838,958	1,223,744,715	1,498,896	5,795,082,569

As at June 30, 2024, the net value of the fixed assets with ownership restrictions was RMB 33,600,396 yuan (December 31, 2023: RMB 37,985,117 yuan). Please refer to Note 7.20 for details.

7.11.2 Particulars of temporarily idle fixed assets

Unit: yuan

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Remarks
Machinery equipment	29,423,698	19,060,315	10,363,383		
Total	29,423,698	19,060,315	10,363,383		

7.11.3 Particulars of fixed assets under finance leases

Nil

7.11.4 Fixed assets under operating lease

Unit: yuan

Item	Ending book value
Buildings	88,875,383
Machinery equipment	931

7.11.5 Particulars of fixed assets without property certificates

Unit: yuan

Item	Book value	Reason for not receiving the property certificate
Dormitory building, main building and reception building of Chang'an Chateau	256,853,439	Under transaction
European town, main building and service building of Chateau AFIP	155,905,448	Under transaction
Wine-making workshop of Changyu (Jingyang)	4,094,630	Under transaction
Office building, laboratory building and workshop of Fermentation Center	4,107,265	Under transaction
Finished goods warehouse and workshop of Kylin Packaging	1,898,121	Under transaction
Others	849,213	Under transaction
Total	423,708,116	

7.12 Construction in progress

Unit: yuan

Item	Ending balance	Beginning balance
Construction in progress	10,097,466	3,323,241
Engineering materials		

Total	10,097,466	3,323,241
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7.12.1 Particulars of construction in progress

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Museum project of Ningxia Chateau	1,376,147		1,376,147	1,376,147		1,376,147
Construction project of Shihezi Chateau	700,000		700,000	700,000		700,000
Ningxia brewing and fermentation workshop	4,307,599		4,307,599	200,652		200,652
Projects of other companies	3,713,720		3,713,720	1,046,442		1,046,442
Total	10,097,466		10,097,466	3,323,241		3,323,241

7.12.2 Changes of major construction in progress in this period

Unit: yuan

Project name	Budget	Beginning balance	Increase in this period	Transferred to fixed assets in this period	Transferred to long-term unamortized expenses in this period	Ending balance	Proportion of accumulative project input in budget	Accumulative capitalized amount of interest	Including: capitalized amount of interest in this period	Capitalization ratio of interest in this period	Capital source
Construction project of Shihezi Chateau	780,000,000	700,000				700,000	98%				Self-raised funds
Ningxia brewing and fermentation workshop	6,900,000	200,652	4,106,947			4,307,599	62.43%				Self-raised funds

As at June 30, 2024, there was no indication for impairment of construction in progress of the Group, so no provision for impairment was made.

7.13 Productive biological assets

7.13.1 Productive biological assets by cost measurement method

Unit: yuan

Total	Plantation		Total
	Immature	Mature	
I Original book value			
1. Beginning balance	32,791,446	248,838,320	281,629,766
2. Increase in this period	-8,621,524	10,035,518	1,413,994
2.1 Outsourcing			
2.2 Self cultivation	1,413,994		1,413,994
The immature turn to the mature	-10,035,518	10,035,518	
3. Decrease in this period			
3.1 Disposal			
3.2 Others			
4. Ending balance	24,169,922	258,873,838	283,043,760
II Accumulated depreciation			
1. Beginning balance		104,167,783	104,167,783
2. Increase in this period		8,623,430	8,623,430
2.1 Accrual		8,623,430	8,623,430
3. Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance		112,791,213	112,791,213
III Impairment provision			
1. Beginning balance			
2. Increase in this period			
2.1 Accrual			
3. Decrease in this period			
3.1 Disposal			
3.2 Others			
4. Ending balance			
IV Book value			
1. Ending book value	24,169,922	146,082,625	170,252,547
2. Beginning book value	32,791,446	144,670,537	177,461,983

As at June 30, 2024, no ownership of the biological assets was restricted.

As at June 30, 2024, there was no indication for impairment of biological assets of the Group, so no provision was made.

7.14 Right-of-use assets

Unit: yuan

Item	Building	Land	Others	Total
I Original book value:				
1. Beginning balance	80,425,384	137,980,409	1,697,986	220,103,779
2. Increase in this period	2,020,302			2,020,302
3. Decrease in this period	2,457,813			2,457,813
4. Ending balance	79,987,873	137,980,409	1,697,986	219,666,268
II Accumulated amortization				
1. Beginning balance	41,596,011	55,403,469	1,358,389	98,357,869
2. Increase in this period	7,955,532	2,898,345	169,799	11,023,676
2.1 Accrual	7,955,532	2,898,345	169,799	11,023,676
3. Decrease in this period	2,457,813			2,457,813
4. Ending balance	47,093,730	58,301,814	1,528,188	106,923,732
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
4. Ending balance				
IV Book value				
1. Ending book value	32,894,143	79,678,595	169,798	112,742,536
2. Beginning book value	38,829,373	82,576,940	339,597	121,745,910

7.15 Intangible assets

7.15.1 Particulars of intangible assets

Unit: yuan

Item	Land use right	Software use right	Trademark	Total
I Original book value				
1. Beginning balance	444,520,847	102,888,216	189,715,738	737,124,801
2. Increase in this period	660,155	244,817	226,588	1,131,560
2.1 Acquisition	660,155	244,817	226,588	1,131,560
2.2 Internal R&D				
2.3 Business merger increase				
3. Decrease in this period				
3.1 Disposal				
3.2 Others				
4. Ending balance	445,181,002	103,133,033	189,942,326	738,256,361
II Accumulated amortization				
1. Beginning balance	108,815,810	69,678,463	16,004,752	194,499,025
2. Increase in this period	4,471,972	3,805,579	231,609	8,509,160
2.1 Accrual	4,471,972	3,805,579	231,609	8,509,160
3. Decrease in this period				
3.1 Disposal				
3.2 Others				
4. Ending balance	113,287,782	73,484,042	16,236,361	203,008,185
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Others				
4. Ending balance				
IV Book value				

Item	Land use right	Software use right	Trademark	Total
1. Ending book value	331,893,220	29,648,991	173,705,965	535,248,176
2. Beginning book value	335,705,037	33,209,753	173,710,986	542,625,776

As at December 31, 2023, no ownership of the intangible assets was restricted.

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

Nil

7.16 Goodwill

7.16.1 Original book value of goodwill

Unit: yuan

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

7.16.2 Provision for impairment of goodwill

Unit: yuan

Name of the invested unit or matter forming goodwill	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Accrual	Others	Disposal	Others	
Etablissements Roulet Fransac (“Roulet Fransac”)						
Dicot Partners, S.L (“Atrio Group”)	5,210,925					5,210,925
Indomita Wine Company Chile, SpA						
Kilikanoon Estate, Australia	37,063,130					37,063,130
Total	42,274,055					42,274,055

7.17 Long-term unamortized expenses

Unit: yuan

Item	Beginning balance	Increase in this period	Amortization in this period	Other decreases	Ending balance
Land acquisition fees	43,264,838		736,215		42,528,623
Afforestation fees	110,315,085		4,289,952		106,025,133
Renovation costs	146,637,493	11,926,605	5,050,794		153,513,304
Others	6,444,691	361,155	415,666		6,390,180
Total	306,662,107	12,287,760	10,492,627		308,457,240

7.18 Deferred income tax assets/liabilities

7.18.1 Un-offset deferred income tax assets

Unit: yuan

Item	Ending Balance		Beginning Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	37,970,686	9,798,697	41,029,365	10,563,366
Unrealized profits from inter-company transactions	284,529,904	71,132,476	403,653,124	100,913,281
Deductible loss	299,702,899	71,532,349	261,937,563	61,634,797
Unpaid bonus	62,021,830	15,505,458	138,873,637	34,718,409
Dismission welfare	6,265,119	1,566,280	8,475,845	2,118,961
Deferred income	29,292,739	6,209,492	32,582,734	7,021,304
Influence of restricted stock incentive plans	21,985,751	5,451,742	17,614,180	4,370,992
Influence of leasing standards	560,352	140,088	708,367	177,094
Total	742,329,280	181,336,582	904,874,815	221,518,204

7.18.2 Un-offset deferred income tax liabilities

Unit: yuan

Item	Ending Balance		Beginning Balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets appraisal appreciation in business combination under non-common control	25,553,660	7,397,675	26,659,530	7,718,480

Impact of leasing standards	3,664,135	931,848	3,995,628	1,001,249
Total	29,217,795	8,329,523	30,655,158	8,719,729

7.18.3 Details of unconfirmed deferred income tax assets

Unit: yuan

Item	Ending balance	Beginning balance
Deductible temporary difference		
Deductible loss	466,268,251	420,651,124
Total	466,268,251	420,651,124

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

Unit: yuan

Year	Ending sum	Beginning sum	Remark
2024	36,171,778	36,171,778	
2025	70,528,510	70,528,510	
2026	68,479,171	68,479,171	
2027	128,025,572	128,025,572	
2028	117,446,093	117,446,093	
2029	45,617,127		
Total	466,268,251	420,651,124	--

7.19 Other non-current assets

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payment for construction				1,760,000		1,760,000
Total				1,760,000		1,760,000

7.20 Assets with restricted ownership or use rights

Unit: yuan

Item	Ending				Beginning			
	Book balance	Book value	Restriction type	Restriction state	Book balance	Book value	Restriction type	Restriction state

Monetary capital	7,471,586	7,471,586	Pledge	Security deposit, etc.	337,895	337,895	Pledge	Security deposit, etc.
Fixed assets	46,653,467	33,600,396	Pledge	Mortgage loan	46,653,467	37,985,117	Pledge	Mortgage loan
Accounts receivable	56,793,558	56,793,558	Pledge	Factoring restricted	73,628,265	73,628,265	Pledge	Factoring restricted
Total	110,918,611	97,865,540			120,619,627	111,951,277		

7.21 Short-term loans

7.21.1 Classification of short-term loans

Unit: yuan

Item	Ending balance	Beginning balance
Mortgage loan	153,403,322	163,103,275
Guaranteed loan		23,272,320
Fiduciary loan	48,654,201	178,605,850
Total	202,057,523	364,981,445

·As at June 30, 2024, EUR mortgage loan was EUR 7,412,647 (equivalent of RMB 56,793,558 yuan) (December 31, 2023: EUR 9,368,417, equivalent of RMB 73,628,264 yuan) of accounts receivable factoring business handled by Hacienda Vinedos Marques del Atrio, S.L.U. (“Atrio”) with banks including Banco Santander, BBVA, and CAIXABANK;

·As at June 30, 2024, USD mortgage loan was USD 13,500,000 (equivalent of RMB 96,609,764 yuan) (December 31, 2023: USD 12,625,000, equivalent of RMB 89,475,011 yuan) of loans borrowed by Chile Indomita Wine Group from Banco Scotiabank with the fixed assets as collateral.

·On June 30, 2024, AUD guaranteed loan (December 31, 2023: AUD 4,800,000, equivalent of RMB 23,272,320 yuan) borrowed by Australia Kilikanoon Estate from ANZ Bank has been repaid.

7.22 Accounts payable

7.22.1 List of accounts payable

Unit: yuan

Item	Ending balance	Beginning balance
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Accounts payable for materials, etc.	397,974,969	473,352,525
Total	397,974,969	473,352,525

7.22.2 No significant accounts payable aged more than one year in this year

7.23 Contract liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Advances from customers	138,471,595	174,757,233
Withholding of goods with sales rebate		521,616
Total	138,471,595	175,278,849

7.24 Employee remunerations payable

7.24.1 List of employee remunerations payable

Unit: yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Short-term remuneration	176,534,963	144,584,655	239,758,114	81,361,504
2. Post-employment welfare – defined contribution plan	320,484	26,564,658	26,842,233	42,909
3. Dismissal welfare	8,475,845	1,691,342	3,902,068	6,265,119
4. Other welfare due within one year				
Total	185,331,292	172,840,655	270,502,415	87,669,532

7.24.2 List of short-term remunerations

Unit: yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Salaries, bonuses, allowances and	173,350,251	119,089,375	214,144,911	78,294,715
2. Staff welfare	1,247,367	9,409,212	9,211,771	1,444,808
3. Social insurance charges	295,016	7,771,769	8,012,615	54,170
Including: Medical insurance	295,016	7,118,130	7,359,182	53,964
Injury insurance		650,794	650,588	206
Maternity insurance		2,845	2,845	
4. Housing fund	38,582	6,407,429	6,407,429	38,582
5. Union fee and staff education fee	1,603,747	1,906,870	1,981,388	1,529,229
6. Short-term compensated absences				
7. Short-term profit-sharing plan				

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Minus: Those divided into non-current liabilities				
Total	176,534,963	144,584,655	239,758,114	81,361,504

7.24.3 List of defined contribution plan

Unit: yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Basic endowment insurance	319,251	25,961,016	26,237,613	42,654
2. Unemployment insurance	1,233	603,642	604,620	255
3. Enterprise annuity payment				
Total	320,484	26,564,658	26,842,233	42,909

7.24.4 Dismission welfare

Unit: yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Compensation for sever of labor relation				
2. Compensation for early retirement	8,475,845	1,691,342	3,902,068	6,265,119
Total	8,475,845	1,691,342	3,902,068	6,265,119

7.25 Taxes and dues payable

Unit: yuan

Item	Ending balance	Beginning balance
Value added tax	21,721,295	65,545,854
Consumption tax	20,725,067	50,879,210
Corporate income tax	87,628,791	134,574,175
Individual income tax	1,007,144	1,414,309
Urban maintenance and construction tax	2,136,859	6,787,018
Education surcharges	1,584,093	5,072,436
Urban land use tax	2,270,307	1,730,986

Item	Ending balance	Beginning balance
Others	8,723,568	8,719,443
Total	145,797,124	274,723,431

7.26 Other payables

Unit: yuan

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	383,085	
Other payables	353,135,333	555,634,336
Total	353,518,418	555,634,336

7.26.1 Dividends payable

Unit: yuan

Item	Ending balance	Beginning balance
Ordinary stock dividends		
Preferred stock dividends/sustainable debt dividends divided into equity instruments		
Others	383,085	
Total	383,085	

7.26.2 Other payables

7.26.2.1 Other payables listed by nature

Unit: yuan

Item	Ending balance	Beginning balance
Dealer's deposit payable	172,539,878	194,060,993
Equipment purchase and construction costs payable	11,311,800	14,832,439
Transportation charges payable	9,225,843	22,301,368
Trademark use fee payable	7,858,548	27,515,798
Advertisement expenses payable	10,668,411	104,815,517
Employee cash deposit	309,282	462,672
Supplier's deposit payable	15,585,662	18,284,971
Contracting fees payable	1,165,170	3,360,355
Repurchase of treasury stock funds payable	99,777,462	103,411,919
Equity payment payable	14,623,377	14,623,377

Others	10,069,900	51,964,927
Total	353,135,333	555,634,336

7.26.2.2 Explanation of large accounts payable aged more than one year

As at June 30, 2024, there were no other large accounts payable aged more than one year.

7.27 Non-current liabilities due within one year

Unit: yuan

Item	Ending balance	Beginning balance
Long-term loans due within one year	57,151,244	58,510,868
Bonds payable due within one year		
Long-term accounts payable due within one year		
Lease liabilities due within one year	24,080,511	20,013,125
Total	81,231,755	78,523,993

7.28 Other current liabilities

Item	Ending balance	Beginning balance
Refund payable		24,869,246
Unamortized VAT amount	18,001,307	20,089,051
Total	18,001,307	44,958,297

7.29 Long-term loans

7.29.1 Classification of long-term loans

Unit: yuan

Item	Ending balance	Beginning balance
Fiduciary loan	93,803,175	125,127,311
Minus: Long-term loans due within one year	57,151,244	58,510,868
Total	36,651,931	66,616,443

As at June 30, 2024, fiduciary loans (EUR) were EUR 12,243,128 (equivalent of RMB 93,803,175 yuan) (December 31, 2023: EUR 15,921,126, equivalent of RMB 125,127,311 yuan) borrowed by Atrio from banks including Banco de Sabadell S.A., Bankia, Banco Santander, BBVA, and Caja

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7.30 Lease Liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Long-term lease liabilities	92,215,196	105,051,460
Minus: Lease liabilities due within one year	24,080,511	20,013,125
Total	68,134,685	85,038,335

7.31 Deferred income

Unit: yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance	Forming reason
Governmental subsidy	32,582,734	576,000	3,865,995	29,292,739	
Total	32,582,734	576,000	3,865,995	29,292,739	--

Projects related to governmental subsidy

Unit: yuan

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/ income
Industrial development supporting funds	12,300,000			2,050,000			10,250,000	Related to assets
Subsidy for retaining wall	8,835,333			494,000			8,341,333	Related to assets
Xinjiang industrial revitalization and technological transformation project	8,532,000			711,000			7,821,000	Related to assets
Wine fermentation capacity construction (Huanren) project	1,200,000			200,000			1,000,000	Related to assets
Special funds for efficient water-saving irrigation project	829,000			81,000			748,000	Related to assets

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/income
Subsidy for economic and energy-saving technological transformation projects	384,900			64,150			320,750	Related to assets
Subsidy for scenic spot construction	245,784			12,500			233,284	Related to assets
Subsidy for mechanic development of Penglai Daliuhang Base	55,717			17,345			38,372	Related to assets
Jugezhuang government leisure agriculture subsidy	200,000	576,000		236,000			540,000	Related to income
Total	32,582,734	576,000		3,865,995			29,292,739	

7.32 Share capital

Unit: yuan

Item	Beginning balance	Increase or decrease (+,-) in this period					Ending balance
		Newly issued shares	Allocated shares	Share transferred from accumulation fund	Others	Subtotal	
Total shares	692,249,559						692,249,559

7.33 Capital reserves

Unit: yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Capital premium (share capital premium)	615,678,532	25,146,195	17,816	640,806,911
Other capital reserves	35,408,175		780,883	34,627,292
Total	651,086,707	25,146,195	798,699	675,434,203

·During the reporting period, the implementation of restricted stock incentive plans resulted in an increase of RMB 25,146,195 yuan in capital reserves due to the recognition of amortization expenses.

·Due to the acquisition of a minority equity in Australia Kilikanoon Estate, the Company recognized in the capital reserve the difference between the newly-acquired long-term equity investment and the net asset share of the subsidiary that shall be continuously calculated from the date of acquisition based on the newly-increased shareholding ratio, resulting in a decrease of RMB 780,883 yuan in capital reserve. Please refer to Note 10.2 for details.

·According to the *Plan for Repurchasing Shares of Part of Domestic Listed Foreign Shares (B-shares) of the Company* approved at the first extraordinary general meeting of shareholders in 2024, from January to June 2024, the transaction costs incurred by the Company in repurchasing the Company's shares through the dedicated securities account amounted to RMB 17,816 yuan, offsetting the capital premium of RMB 17,816 yuan.

7.34 Treasury share

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Repurchase of B-shares		150,932,125		150,932,125
Repurchase of restricted stock	103,411,919		3,419,921	99,991,998
Total	103,411,919	150,932,125	3,419,921	250,924,123

·The first extraordinary board meeting of 2024 was held on February 22, 2024, and the first extraordinary shareholders' meeting of 2024 was held on March 11, 2024. The *Plan for Repurchasing Shares of Part of Domestic Listed Foreign Shares (B-shares) of the Company* was reviewed and approved. According to the above-mentioned B-share repurchase plan, the Company will implement the repurchase of domestic listed foreign shares (B-shares) through centralized bidding trading, taking into account its own financial and operating conditions, with a total repurchase capital not exceeding RMB 200 million yuan and a repurchase price not exceeding HKD 12.65 per share (as the Company has implemented the 2023 equity distribution, the upper limit of the repurchase price of B-shares through centralized bidding trading has been adjusted from no more than HKD 12.65 per share (inclusive) to no more than HKD 12.11 per share (inclusive)). The repurchase period shall not exceed 12 months from the date of approval of share repurchase plan by the shareholders' meeting. The number of shares to be repurchased shall not be less than 10 million shares and shall not exceed 20 million shares. The repurchased shares shall be cancelled and the registered capital of the Company shall be correspondingly reduced.

·As of June 30, 2024, the Company has repurchased a total of 16,860,000 domestic listed foreign shares (B-shares) through centralized bidding method via a special securities account for share repurchase, accounting for 2.4355378% of the Company's current total share capital. The highest transaction price was HKD 10.16 per share, the lowest transaction price was HKD 9.26 per share, and the total transaction amount was HKD 162,467,975.57 (excluding transaction costs), equivalent to RMB 150,932,125.

·According to the Company's 2023 profit distribution plan, the Company distributes a cash dividend of 3,419,921 yuan to restricted stock incentive objects, and reduced the amount of treasury stock by 3,419,921 yuan in accordance with relevant provisions of Enterprise Accounting Standards.

7.35 Other comprehensive income

Unit: yuan

Item	Beginning	Amount incurred in this period	Ending
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	balance	Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	balance
1. Other comprehensive income not to be reclassified into profit and loss later								
Including: Changes after re-measuring and resetting the benefit plans								
Other comprehensive income not to be reclassified into profit and loss under equity method								
Changes in the fair value of other investments in equity instruments								
Changes in the fair value of the enterprise's own credit risk								
2. Other comprehensive income to be reclassified into profit and loss later	-14,784,677	-11,182,076				-10,069,669	-1,112,407	-24,854,346
Including: Other comprehensive income to be reclassified into profit and loss under equity method								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other credit investments								
Provision for cash-flow hedge								
Difference in translation of Foreign Currency Financial Statement	-14,784,677	-11,182,076				-10,069,669	-1,112,407	-24,854,346
Total other comprehensive income	-14,784,677	-11,182,076				-10,069,669	-1,112,407	-24,854,346

7.36 Surplus reserves

Unit: yuan

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

7.37 Undistributed profit

Unit: yuan

Item	This period	Prior period
Undistributed profit at the end of prior period before adjustment	9,273,629,318	9,049,649,211
Total undistributed profit at the beginning of the period before adjustment (increase listed with+ , and decrease listed with -)		
Undistributed profit at the beginning of the period after adjustment	9,273,629,318	9,049,649,211
Plus: Net profit for owner of the parent company	221,177,382	532,438,907
Minus: Drawn legal surplus		
Drawn free surplus		
Drawn common risk provision		
Common dividend payable	345,910,244	308,458,800
Common dividend transferred to share capital		
Undistributed profit at the end of period	9,148,896,456	9,273,629,318

7.38 Operating income and operating cost

7.38.1 Details of operating income

Unit: yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	1,487,897,428	583,656,058	1,934,472,124	796,260,619
Other businesses	34,412,008	12,092,672	32,266,361	9,198,773

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Total	1,522,309,436	595,748,730	1,966,738,485	805,459,392
Including: Income from contracts	1,519,454,062	593,381,289	1,965,668,542	804,756,028
Income from house rents	2,855,374	2,367,441	1,069,943	703,364

7.38.2 Situation of income from and cost of contracts

Unit: yuan

Contract classification	Operating income	Operating cost
Type of merchandise		
- Alcoholic beverage	1,487,897,428	583,656,058
- Others	31,556,634	9,725,231
Classified by the time of merchandise transfer		
- Revenue recognized at a point in time	1,519,454,062	593,381,289

7.39 Taxes and surcharges

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Consumption tax	73,844,921	83,799,789
Urban maintenance and construction tax	8,854,663	13,221,014
Education surcharges	6,398,857	9,591,885
Building tax	16,684,157	17,081,105
Land use tax	4,946,440	5,443,389
Vehicle and vessel use tax	13,677	13,298
Stamp duty	1,928,621	2,190,579
Others	149,271	106,007
Total	112,820,607	131,447,066

7.40 Selling expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Salary and welfare expenses	109,157,587	133,331,239
Marketing expenses	108,239,032	150,784,963
Labor expenses	14,966,602	18,891,110

Depreciation expenses	33,555,237	31,599,626
Storage expenses	12,833,741	13,287,122
Advertisement expenses	27,638,002	25,707,453
Trademark use fees	7,858,547	11,320,305
Travel expenses	12,764,888	12,462,566
Design & production expenses	2,757,387	9,833,969
Conference expenses	3,299,438	4,528,120
Water, electricity and gas charges	4,438,730	4,658,860
Restricted stock incentive plan expenses	17,339,929	
Others	37,067,395	36,596,377
Total	391,916,515	453,001,710

7.41 Management expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Employee remunerations	32,475,958	29,528,907
Depreciation expenses	40,527,533	46,150,402
Contracting expenses	2,007,300	2,119,800
Repair expenses	2,193,997	1,865,967
Office expenses	10,921,919	10,169,392
Amortization expenses	7,922,598	8,377,335
Afforestation fees	6,807,871	6,950,800
Safe production costs	2,940,546	3,124,162
Business entertainment expenses	1,475,072	1,373,098
Public security & clean-keeping expenses	3,208,403	3,539,193
Travel expenses	1,527,146	1,235,690
Depreciation and amortization of right-of-use assets	4,290,210	4,510,427
Restricted stock incentive plan expenses	7,806,266	671,300
Others	8,840,796	9,078,922
Total	132,945,615	128,695,395

7.42 R&D expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
R&D expenses	6,748,675	6,653,626
Total	6,748,675	6,653,626

7.43 Financial expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest expenditure	9,918,886	12,325,532
Minus: Interest income	12,390,815	9,060,578
Plus: Commission charges	705,999	662,758
Exchange gain or loss	4,989,440	-701,279
Total	3,223,510	3,226,433

7.44 Other income

Unit: yuan

Source of other income	Amount incurred in this period	Amount incurred in prior period
Industrial development supporting funds	2,050,000	2,050,000
Wine fermentation capacity construction project	200,000	200,000
Xinjiang industrial revitalization and technological transformation project	711,000	711,000
Subsidy for retaining wall	494,000	319,000
Other – related to assets	174,996	502,740
Special funds for supporting corporate development	8,732,100	14,840,000
Talent development fund	3,650,000	
Market development and product development subsidies	15,500,000	4,300,000
Other – related to income	2,118,544	6,048,445
Total	33,630,640	28,971,185

7.45 Investment income

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Investment income from long-term equity by equity method	-1,932,092	-932,588
Investment income from disposal of long-term equity		16,547,124
Investment income gained from trading financial assets during the holding period		
Investment income gained from disposal of trading financial assets		

Item	Amount incurred in this period	Amount incurred in prior period
Dividend income gained from other equity instruments during the holding period		
Gains generated from the remaining equity re-measured as per fair value after the loss of control		
Interest income gained from equity investment during the holding period		
Interest income gained from other equity investments during the holding period		
Investment income gained from disposal of other equity investments		
Total	-1,932,092	15,614,536

7.46 Loss on impairment of credit

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Loss on bad debts of accounts receivable	4,083,362	-993,494
Total	4,083,362	-993,494

7.47 Loss on impairment of assets

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Inventory falling price loss and loss on impairment of contract execution cost	-1,024,683	-244,434
Total	-1,024,683	-244,434

7.48 Income from asset disposal

Unit: yuan

Source of income from asset disposal	Amount incurred in this period	Amount incurred in prior period
Income from disposal of fixed assets	4,647	341,232
Income from disposal of productive biological assets		-639,633
Total	4,647	-298,401

7.49 Non-operating income

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Gains on exchange of non-monetary assets			
Grains on donations			
Governmental subsidy			
Gains on scrap of non-current assets	975		975
Others	1,676,650	1,772,522	1,676,650
Total	1,677,625	1,772,522	1,677,625

7.50 Non-operating expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Loss on exchange of non-monetary assets			
Donation	350,000	900,000	350,000
Loss on scrap of non-current assets	101,292	20,717	101,292
Fine, penalty and overdue fine paid due to violation of laws and administrative regulations	131,210	104,298	131,210
Others	29,081	1,100,930	29,081
Total	611,583	2,125,945	611,583

7.51 Income tax expenses

7.51.1 List of income tax expenses

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Current income tax expenses	52,966,929	120,466,280
Deferred income tax expenses	39,791,416	9,884,233
Total	92,758,345	130,350,513

7.51.2 Adjustment process of accounting profit and income tax expenses

Unit: yuan

Item	Amount incurred in this period
Total profit	314,733,700
Income tax expenses calculated according to the legal/applicable tax rate	78,683,425
Influence of different tax rates applicable to subsidiary	502,595

Item	Amount incurred in this period
Influence of income tax in the term before adjustment	1,396,038
Influence of nontaxable income	
Influence of non-deductible costs, expenses and losses	2,212,619
Influence of deductible loss from use of unconfirmed deferred income tax assets in prior period	-1,024,750
Influence of deductible temporary difference or deductible loss of unconfirmed deferred income tax assets in this period	10,988,418
Income tax expense	92,758,345

7.52 Other comprehensive incomes

Refer to Note 7.35 for details.

7.53 Items of cash flow statement

7.53.1 Other cash received related to operating activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Governmental subsidy income	30,340,645	24,849,782
Interest income	7,777,846	8,892,658
Net amercement income	39,759	254,866
Others	10,735,002	13,253,796
Total	48,893,252	47,251,102

7.53.2 Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Selling expenses	239,116,719	242,901,628
Administrative expenses	37,828,283	41,163,720
Guaranteed deposits paid	6,500,000	
Others	13,297,751	8,743,269
Total	296,742,753	292,808,617

7.53.3 Other cash received related to investing activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Net cash received from acquiring subsidiaries		657,049
Total		657,049

7.53.4 Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Cash paid for repurchasing B shares	150,949,941	
Cash paid for leasing	14,897,311	11,384,300
Cash paid for acquiring minority shareholders' equity	1,883,538	14,623,400
Capital reduction paid to minority shareholders		12,000,000
Total	167,730,790	38,007,700

Changes in various liabilities arising from financing activities

Unit: yuan

Item	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term loans	364,981,445	221,741,429	2,425,452	371,150,698	15,940,105	202,057,523
Long term loans (including long-term liabilities due within one year)	125,127,311	85,321,908		113,501,622	3,144,422	93,803,175
Lease liabilities (including lease liabilities due within one year)	105,051,460		2,061,047	14,897,311		92,215,196
Other payables - dividends payable			346,124,780	346,124,780		
Other payables - interest payable			13,247,788	13,247,788		
Other payables - equity payment payable	14,623,377					14,623,377
Other payables - accounts payable for repurchasing treasury shares	103,411,919				3,634,457	99,777,462
Other payables - repurchasing B shares			150,949,941	150,949,941		
Other payables - return the investment of minority shareholders			1,883,538	1,883,538		
Total	713,195,512	307,063,337	516,692,546	1,011,755,678	22,718,984	502,476,733

7.54 Supplementary information to cash flow statement

7.54.1 Supplementary information to cash flow statement

Unit: yuan

Supplementary materials	Amount in this period	Amount in prior period
1. Cash flows from operating activities calculated by adjusting	--	--

Supplementary materials	Amount in this period	Amount in prior period
the net profit:		
Net profit	221,975,355	350,600,319
Plus: Provision for impairment of assets	-3,058,679	1,237,928
Depreciation of fixed assets, oil-and-gas assets and productive biological assets	162,202,787	164,005,102
Depreciation of right-of-use assets	11,023,676	11,082,444
Amortization of intangible assets	8,509,160	8,936,336
Amortization of long-term deferred expenses	10,492,627	9,079,775
Losses on disposal of fixed assets, intangible assets and other long-term assets (profit listed with “-”)	-4,647	298,401
Losses on retirement of fixed assets (profit listed with “-”)	100,317	20,717
Losses on fair value change (profit listed with “-”)		
Financial costs (profit listed with “-”)	6,383,382	10,419,504
Investment losses (profit listed with “-”)	1,932,092	-15,614,536
Decrease in deferred income tax assets (increase listed with “-”)	40,181,622	12,217,010
Increase of deferred income tax liabilities (decrease listed with “-”)	-390,206	-2,332,777
Decrease in inventories (increase listed with “-”)	-121,836,747	-22,578,567
Decrease in operating receivables (increase listed with “-”)	423,502,362	217,964,425
Increase in operating payable (decrease listed with “-”)	-582,278,932	-218,087,595
Others	25,146,195	671,300
Net cash flows from operating activities	203,880,364	527,919,786
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Debt transferred into assets		
Convertible corporate bond due within one year		
Fixed assets under financing lease		
3. Net changes of cash and cash equivalent:		
Ending balance of cash	1,562,989,249	1,423,080,779
Minus: Beginning balance of cash	1,963,155,752	1,612,753,600
Plus: Ending balance of cash equivalent		
Minus: Beginning balance of cash equivalent		

Supplementary materials	Amount in this period	Amount in prior period
Net increase amount of cash and cash equivalent	-400,166,503	-189,672,821

7.54.2 Composition of cash and cash equivalents

Unit: yuan

Item	Ending balance	Beginning balance
1. Cash	1,562,989,249	1,963,155,752
Including: Cash on hand	28,867	59,243
Bank deposits available for payment at any time	1,513,910,104	1,423,021,536
Other monetary funds available for payment at any time	49,050,278	
Deposits with central bank available for payment		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of period	1,562,989,249	1,963,155,752

7.55 Monetary items of foreign currency

7.55.1 Monetary items of foreign currency

Item	Ending balance at foreign currency	Converted exchange rate	Ending balance at RMB equivalent
Monetary capital			47,232,240
Including: USD	480,399	7.1268	3,423,708
EUR	67	7.6617	513
HKD	48,003,527	0.9126	43,808,019
Accounts receivable			49,612,082
Including: USD	5,801,250	7.1268	41,344,349
EUR	303,383	7.6617	2,324,430
CAD	1,107	5.2274	5,787
GBP	656,587	9.0430	5,937,516
Short-term borrowings			97,102,650
Including: USD	13,625,000	7.1268	97,102,650
EUR			
HKD			
	--	--	

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

8. R&D expenditure

Item	Amount incurred in this period	Amount incurred in prior period
Employee compensation	1,743,745	1,103,311
Test and laboratory fees	117,777	163,766
Consulting fees	1,646,916	1,892,504
Consumption of materials	176,976	216,395
Others	3,063,261	3,277,650
Total	6,748,675	6,653,626
Including: Expensing research and development expenses	6,748,675	6,653,626
Capitalized research and development expenses		

9. Change of scope of consolidation

In the reporting period, the following new company was included to the consolidation scope of the Group:

Full name of investee	Method of obtaining equity	Foundation date	Business nature	Registered capital	Actual capital contribution
Ningxia Longyu Food Trading Co., Ltd.	Establishment	May 6, 2024	Sales	RMB 500,000 yuan	

10. Equity in other entities

10.1 Equity in subsidiaries

10.1.1 Constitution of enterprise group

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
Etablissements Rouillet Fransac (“Rouillet Fransac”)	EUR2,900,000	Cognac, France	Cognac, France	Trading		100	Acquired from a business combination under non-common control
Dicot Partners, S.L (“Dicot”)	EUR2,000,000	Navarre, Spain	Navarre, Spain	Sales	90		Acquired from a business combination under non-common control
Viña Indómita, S.A., Viña Dos Andes, S.A., and Bodegas Santa Alicia SpA. (“Indomita Wine”)	CLP31,100,000,000	Santiago, Chile	Santiago, Chile	Sales	85		Acquired by establishment or investment
Kilikanoon Estate Pty Ltd. (“Australia Kilikanoon Estate”)	AUD6,420,000	Adelaide, Australia	Adelaide, Australia	Sales	99		Acquired from a business combination under non-common control
Beijing Changyu Sales and Distribution Co., Ltd. (“Beijing Sales”)	RMB1,000,000	Beijing, China	Beijing, China	Sales	100		Acquired by establishment or investment
Yantai Kylin Packaging Co., Ltd. (“Kylin Packaging”)	RMB15,410,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100		Acquired by establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd. (“Chateau Changyu”) (a)	USD5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	70		Acquired by establishment or investment
Changyu (Jingyang) Wine Co., Ltd. (“Jingyang Wine”)	RMB1,000,000	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	90	10	Acquired by establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. (“Sales Company”)	RMB8,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100		Acquired by establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. (“Shanghai Sales”)	RMB1,000,000	Shanghai, China	Shanghai, China	Sales	100		Acquired by establishment or investment
Beijing Changyu AFIP Agriculture development Co., Ltd. (“Agriculture Development”)	RMB1,000,000	Miyun, Beijing, China	Miyun, Beijing, China	Sales		100	Acquired by establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. (“AFIP”) (b)	RMB642,750,000	Beijing, China	Beijing, China	Manufacturing	91.53		Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wines Sales”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	90	10	Acquired by establishment or investment
Yantai Changyu Pioneer International Co., Ltd. (“Pioneer International”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	70	30	Acquired by establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. (“Hangzhou Changyu”)	RMB500,000	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Sales		100	Acquired by establishment or investment
Ningxia Changyu Grape Growing Co., Ltd. (“Ningxia Growing”)	RMB1,000,000	Yinchuan, Ningxia, China	Ningxia, China	Planting	100		Acquired by establishment or investment
Huanren Changyu National Wines Sales Co., Ltd. (“National Wines”)	RMB2,000,000	Benxi, Liaoning, China	Benxi, Liaoning, China	Sales	100		Acquired by establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. (“Golden Icewine Valley”)	RMB59,687,300	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	100		Acquired by establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. (“Development Zone Trading”)	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100	Acquired by establishment or investment
Beijing AFIP Meeting Center	RMB500,000	Miyun, Beijing, China	Miyun, Beijing, China	Services		100	Acquired by establishment or investment

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
("Meeting Center")							investment
Beijing AFIP Tourism and Culture ("AFIP Tourism")	RMB500,000	Miyun, Beijing, China	Miyun, Beijing, China	Tourism		100	Acquired establishment investment by or
Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine")	RMB1,000,000	Ningxia, China	Ningxia, China	Manufacturing	100		Acquired establishment investment by or
Yantai Changyu Chateau Tinlot Co., Ltd. ("Chateau Tinlot")	RMB400,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	65	35	Acquired establishment investment by or
Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi")	RMB550,000,000	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	100		Acquired establishment investment by or
Ningxia Chateau Changyu Longyu Co., Ltd. ("Chateau Ningxia")	RMB2,000,000	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	100		Acquired establishment investment by or
Shaanxi Chateau Changyu Rena Co., Ltd. ("Chateau Chang'an")	RMB20,000,000	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	100		Acquired establishment investment by or
Yantai Changyu Wine Research, Development, and Manufacturing Co., Ltd. ("R&D Centre")	RMB500,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100		Acquired establishment investment by or
Changyu (Huanren) Wine Co., Ltd. ("Huanren Wine")	RMB5,000,000	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	100		Acquired establishment investment by or
Xinjiang Changyu Sales Co., Ltd. ("Xinjiang Sales")	RMB10,000,000	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Sales		100	Acquired establishment investment by or
Ningxia Changyu Trading Co., Ltd. ("Ningxia Trading")	RMB1,000,000	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Sales		100	Acquired establishment investment by or
Shaanxi Changyu Rena Wine Sales Co., Ltd. ("Shaanxi Sales")	RMB3,000,000	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Sales		100	Acquired establishment investment by or
Penglai Changyu Wine Sales Co., Ltd. ("Penglai Wine")	RMB5,000,000	Penglai, Shandong, China	Penglai, Shandong, China	Sales		100	Acquired establishment investment by or
Laizhou Changyu Wine Sales Co., Ltd. ("Laizhou Sales")	RMB1,000,000	Laizhou, Shandong, China	Laizhou, Shandong, China	Sales		100	Acquired establishment investment by or
FrancsChampsParticipationsSAS ("Francs Champs")	EUR32,000,000	Cognac, France	Cognac, France	Investment and trading	100		Acquired establishment investment by or
Yantai Roulet Fransac Wine Sales Co., Ltd. ("Yantai Roulet Fransac")	RMB1,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100	Acquired establishment investment by or
Yantai Changyu Wine Sales Co., Ltd. ("Wine Sales Company")	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100		Acquired establishment investment by or
Shaanxi Chateau Changyu Rena Tourism Co., Ltd. ("Chateau Tourism")	RMB1,000,000	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism		100	Acquired establishment investment by or
Longkou Changyu Wine Sales Co., Ltd. ("Longkou Sales")	RMB1,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100	Acquired establishment investment by or
Yantai Changyu Cultural Tourism Development Co., Ltd. ("Changyu Cultural Tourism Company")	RMB10,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	100		Acquired establishment investment by or
Yantai Changyu Wine Culture Museum Co., Ltd. ("Museum")	RMB500,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100	Acquired establishment investment by or
Yantai Changyu Cultural Tourism Product Sales Co., Ltd.	RMB5,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100	Acquired establishment investment by or

Name of subsidiary	Registered capital	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
					Direct	Indirect	
("Cultural Sales")		China	China				investment
Yantai Changyu Window of International Wine City Co. Ltd. ("Window of Wine City")	RMB60,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100	Acquired establishment investment by or
Yantai Chateau Koya Brandy Co., Ltd. ("Chateau Koya")	RMB10,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100		Acquired establishment investment by or
Changyu (Shanghai) International Digital Marketing Center Co., Ltd. ("Digital Marketing")	RMB50,000,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Sales	100		Acquired establishment investment by or
Shanghai Changyu Guoqu Digital Technology Co., Ltd. ("Shanghai Guoqu")	RMB6,000,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Sales		51	Acquired establishment investment by or
Tianjin Changyu Yixin Digital Technology Co., Ltd. ("Tianjin Yixin")	RMB10,000,000	Binhai New Area, Tianjin, China	Binhai New Area, Tianjin, China	Sales		51	Acquired establishment investment by or
Shanghai Changyu Yixin Digital Technology Co., Ltd. ("Shanghai Yixin")	RMB10,000,000	Hongkou, Shanghai, China	Hongkou, Shanghai, China	Sales		51	Acquired establishment investment by or
Yantai Christon Catering Co., Ltd. ("Christon Catering")	RMB1,000,000	Yantai, Shandong, China	Yantai, Shandong, China	Services		100	Acquired establishment investment by or
Weimeisi (Shanghai) Enterprise Development Co., Ltd. ("Weimeisi Shanghai")	RMB10,000,000	Shanghai, China	Shanghai, China	Sales	100		Acquired establishment investment by or
Ningxia Longyu Food Trading Co., Ltd. (Longyu Trading)	RMB 500,000	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Sales		100	Acquired establishment investment by or

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

- (a) Chateau Changyu is a Sino-foreign joint venture established by the Group and a foreign investor, accounting for 70% of Changyu Chateau's equity interest. Through agreement arrangement, the Group has the full power to control Changyu Chateau's strategic operating, investing and financing policies.
- (b) AFIP is a limited liability company jointly established by the Group and Yantai De'an and Beijing Qinglang. In June 2019, Yantai Dean transferred 1.31% of its equity to Yantai Changyu. After the equity change, the Group holds 91.53% of its equity. Through agreement arrangement, the Group has the full power to control AFIP's strategic operating, investing and financing policies. The agreement arrangement will be terminated on September 2, 2024.

10.1.2 Important non-wholly-owned subsidiaries

Unit: yuan

Name of subsidiary	Shareholding	Profit/loss	Other	Dividend declared	Balance of minority
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	proportion of minority shareholders	attributable to minority shareholders in this period	comprehensive income attributable to minority shareholders in this period	to be distributed to minority shareholders in this period	equity at the end of period
AFIP	8.47%				56,409,393
Indomita Wine	15%	-79,261	-820,870		56,461,307

Explanation for difference between the proportion of shareholding and proportion of voting power of the minority shareholders in the subsidiaries: See details in Note 10.1.1.

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

Unit: yuan

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
AFIP	264,108,834	378,244,258	642,353,092	23,725,057	3,826,256	27,551,313	268,602,777	384,948,572	653,551,349	26,013,757	3,603,886	29,617,643
Indomita Wine	223,976,385	314,053,165	538,029,550	144,464,755	9,598,445	154,063,200	252,718,459	314,112,626	566,831,085	167,265,413	9,598,445	176,863,858

Unit: yuan

Name of subsidiary	Amount incurred in this period				Amount incurred in prior period			
	Operating income	Net profit	Total comprehensive income	Operating cash flow	Operating income	Net profit	Total comprehensive income	Operating cash flow
AFIP	59,439,003	-4,006,527	-4,006,527	11,629,017	116,672,300.80	6,010,906	6,010,906	7,318,097
Indomita Wine	80,158,645	-528,407	-6,000,876	14,619,452	76,726,600	-5,893,708	893,680	13,656,192

10.2 Transactions where share of owner's equities in a subsidiary changes and the subsidiary is still controlled

10.2.1 Explanation of changes in share of owner's equities in a subsidiary

This Company has acquired 1.5% of the minority shareholders' equity in the subsidiary Australia Kilikanoon Estate in this period, with a transfer price of 1,883,538 yuan. After the completion of acquisition, this Company holds 99% equity in Australia Kilikanoon Estate.

10.2.2 Impact of transactions on minority equity and owner's equities attributable to the parent company

Items	Australia Kilikanoon Estate
Acquirement cost/disposal consideration	
-- Cash	1,883,538
-- Fair value of non-cash assets	
Total acquirement cost/disposal consideration	1,883,538
Minus: Net asset share of subsidiaries calculated based on the proportion of equity acquirement/disposal	1,102,655
Difference	780,883
Including: Adjustment of capital reserves	780,883
Adjustment of surplus reserves	
Adjustment of undistributed profits	

10.3 Equity in joint ventures or associates

Summary financial information of unimportant joint ventures and associates

Unit: yuan

	Ending balance / amount incurred in this period	Beginning balance / amount incurred in prior period
Joint ventures:	--	--
Total book value of investment	35,144,523	37,018,893
Total of the following items calculated according to the shareholding ratio		
-- Net profit	-1,874,370	-1,124,340
-- Other comprehensive income		
-- Total comprehensive income	-1,874,370	-1,124,340
Associates:		
Total book value of investment	1,209,005	1,266,727
Total of the following items calculated according to the shareholding ratio		

-- Net profit	-57,722	191,752
-- Other comprehensive income		
-- Total comprehensive income	-57,722	191,752

11. Risks related to financial instruments

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

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

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

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze 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.

11.1 Credit risk

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

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

As at June 30, 2024, 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 minimize 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 recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at June 30, 2024, 28.1% of the Group trade receivables are due from top five customers (December 31, 2023: 49%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

11.2 Liquidity risk

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

11.3 Interest rate risk

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

(1) As at June 30, 2024, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Unit: yuan

Item	June 30, 2024		December 31, 2023	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Monetary capital	1.75%-2.25%	87,200,000	1.45% - 2.25%	579,200,000
Financial liabilities				
- Short-term loans	5.9% - 6.43%	-96,609,764	6.83%~7.30%	-96,562,141
- Long-term loans (including the portion due within one year)	3.90% - 5.90%	-93,803,175	1.50% - 3.28%	-5,860,499

Item	June 30, 2024		December 31, 2023	
	Effective interest rate	Amounts	Effective interest rate	Amounts
- Lease liabilities (including the portion due within one year)	4.65%	-92,215,196	4.65%	-105,051,460
Total		-195,428,135		371,725,900

Variable rate instruments:

Unit: yuan

Item	June 30, 2024		December 31, 2023	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Monetary capital	0.20% - 1.45%	1,572,455,873	0.20% - 1.61%	1,638,418,696
Financial liabilities				
- Short-term loans			1-year LPR-0.005	-100,000,000
- Short-term loans	BBSW (3mths)+1.15%	-48,654,201	1.81% ~ 2.54%	-23,272,320
- Short-term loans	4.35%-5.4%	-56,793,558	3.90% ~ 6.95%	-145,146,984
- Long-term loans (including the portion due within one year)			2.00% ~ 7.59%	-119,266,812
Total		1,467,008,114		1,250,732,580

(2) Sensitivity analysis

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

As at June 30, 2024, 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 RMB197,175 yuan (2023: RMB 1,453,823 yuan), and net profit by RMB 197,175 yuan (2023: RMB 1,453,823 yuan).

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

11.4 Foreign currency risk

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

(1) As at June 30, 2024, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

Unit: yuan

Item	June 30, 2024		December 31, 2023	
	Balance at foreign currency	Balance at RMB equivalent	Balance at foreign currency	Balance at RMB equivalent
Monetary capital		47,232,240		2,184,951
- USD	480,399	3,423,708	308,229	2,184,232
- EUR	67	513	67	523
- HKD	48,003,527	43,808,019	217	196
Short-term loans		97,102,650		96,562,141
- USD	13,625,000	97,102,650	13,625,000	96,562,141

(2) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and Euro at June 30, 2024 would have impact on the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

Unit: yuan

Item	Equity	Net profit
June 30, 2024		
USD	4,683,947	4,683,947
EUR	-26	-26
HKD	-2,190,401	-2,190,401
Total	2,493,520	2,493,520
December 31, 2023		
USD	3,539,172	3,539,172
EUR	-20	-20
HKD	-7	-7
Total	3,539,145	3,539,145

A 5% weakening of the Renminbi against the US dollar and Euro dollar at June 30, 2024 would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

12. Fair value disclosure

All financial assets and financial liabilities held by the Group are carried at amounts not materially different from their fair value at June 30, 2024.

13. Related parties and related transactions

13.1 Particulars of the parent company of the Company

Name of parent company	Registration place	Business nature	Registered capital	Proportion of shareholding of the parent company in the Company	Proportion of voting powers of the parent company in the Company
Changyu Group	Yantai City	Manufacturing industry	50,000,000	49.9%	49.9%

From January to June 2024, there was no fluctuation in the registered capital of the parent company and its share in equity interest and voting right.

13.2 Particulars of the subsidiaries of the Company

See particulars of the subsidiaries of the Company in Note 10.

13.3 Information about joint ventures and associates of the Company

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

Name of joint ventures and associates	Relationship with the Company
L&M Holdings	Joint venture of the Group
Shanghai Yufeng Brand Management Co., Ltd. (“Shanghai Yufeng”)	Associates of the Group
Yantai Guolong Wine Industry Co., Ltd. (“Yantai Guolong”)	Associates of the Group

13.4 Particulars of other related parties

Name of other related parties	Relationship between other related parties and the Company
Yantai God Horse Packing Co., Ltd. (“God Horse Packing”)	A company controlled by the same parent company
Yantai Zhongya Zhibao Pharmaceutical Co., Ltd. (“Zhongya Zhibao”)	Appointment of directors, supervisors and senior

Name of other related parties	Relationship between other related parties and the Company
	executives of the Group
Societe Civile Agricole Du Chateau De Mirefleurs (“French Mirefleurs”)	Subsidiaries of the joint venture
CHATEAU DE LIVERSAN (“LIVERSAN”)	Subsidiaries of the joint venture

13.5 Related transactions

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

List of purchasing goods/receiving services

Unit: yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
God Horse Packing	Purchasing goods	34,253,399	40,209,713
Zhongya Zhibao	Purchasing goods	13,392	13,162
French Mirefleurs	Purchasing goods	4,472,158	

List of selling goods/providing services

Unit: yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
Zhongya Zhibao	Purchasing goods	2,424,638	1,929,485
God Horse Packing	Purchasing goods	34,593	7,414
Shanghai Yufeng	Purchasing goods	950,113	190,498
Yantai Guolong	Purchasing goods	12,309,013	

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

13.5.2 Related trusteeship/contracting and mandatory administration/outsourcing

Nil

13.5.3 Leasing with related parties

The Group as a lessor:

Unit: yuan

Name of the lessee	Type of leased assets	Rental income recognized in this period	Rental income recognized in prior period
God Horse Packing	Office building and plant	774,705	774,705
Zhongya Zhibao	Office building	481,905	295,238

The Group as a lessee:

Unit: yuan

Name of the lessor	Type of leased assets	Rental expenses for short-term leases and leases of low-value assets of simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Right-of-use assets increased	
		Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Office building, plant, commercial building					7,480,362	7,480,362	490,777	1,103,983		

13.5.4 Related guarantee

Nil

13.5.5 Inter-bank borrowing and lending of related parties

Nil

13.5.6 Asset transfer and debt recombination of related parties

Nil

13.5.7 Other related transactions

Unit: yuan

Related party	Item	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Trademark use fee	7,858,547	11,320,305

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

13.6 Accounts receivable and payable of the related parties**13.6.1 Accounts receivable**

Unit: yuan

Item	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhongya Zhibao	2,008,642	1,920	1,476,262	2,670
Accounts receivable	Shanghai Yufeng	2,364,318	2,260	2,925,045	5,290
Prepayment	French Mirefleurs	2,115,474		6,642,165	
Prepayment	LIVERSAN	478,090			

13.6.2 Accounts payable

Unit: yuan

Item	Related parties	Ending book balance	Beginning book balance
Accounts payable	God Horse Packing	19,592,101	27,358,723
Accounts payable	Zhongya Zhibao		2,066
Liabilities of contracts	Yantai Guolong	930,928	14,840,000
Other payable	God Horse Packing		400,000
Other payable	Changyu Group	7,858,547	27,515,798
Other payable	Zhongya Zhibao	1,664,860	

14. Share-based payment

14.1 Overall situation of share-based payment

According to the resolution of 2022 Annual General Meeting of Shareholders held by the Group on May 26, 2023, and the approved *Proposal on 2023 Restricted Stock Incentive Plan (Draft) of the Company and Its Abstract* and *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to 2023 Restricted Stock Incentive Plan of the Company*, and the *Proposal on Adjusting Relevant Matters of 2023 Restricted Stock Incentive Plan* and the *Proposal on Granting Restricted Stocks to Incentive Objects of 2023 Restricted Stock Incentive Plan*, which were reviewed and approved at the first 2023 extraordinary board meeting held on June 26, 2023, the Group has determined June 26, 2023 as the grant date to grant 6,850,000 restricted stocks to 204 incentive objects at a grant price of 15.24 yuan per stock. A total of 203 incentive objects in this Group actually subscribed for 6,785,559 restricted stocks, with a grant price of 15.24 yuan per stock.

All restricted stocks granted to incentive objects are subject to different lock-up periods, which are 12 months, 24 months, and 36 months respectively from the completion of grant registration of restricted stocks granted to incentive objects. The restricted stocks granted to incentive objects under this incentive plan shall not be transferred, used as collateral, or used to repay debts during the lock-up period. All restricted stocks granted to incentive objects will be unlocked in three phases after 12 months from the grant date, with unlocking ratios of 30%, 30%, and 40% for each phase. The corresponding unlocking dates are 1 year, 2 years, and 3 years from the grant date. The actual unlocking quantity shall be linked to the annual performance evaluation.

When the performance of this Company meets corresponding conditions, the unlocking ratio of the above-mentioned restricted stocks for the current period is determined based on the operating performance of the incentive object's unit and the value contribution of the incentive object. If the unlocking conditions stipulated in this plan are not met, the incentive object shall not unlock restricted stocks in the current period, and the Company shall repurchase them according to the grant price to incentive object.

The Group held its fourth 2024 extraordinary board meeting on July 22, 2024, and reviewed and approved the *Proposal on Achievement of the First Lifting of Lock-up Period and Lifting of Lock-up Conditions for Company's 2023 Restricted Stock Incentive Plan*. According to relevant provisions of *Management Measures for Equity Incentives of Listed Companies* and the Company's *2023 Restricted Stock Incentive Plan (Draft)* and *2023 Restricted Stock Incentive Plan Implementation, Assessment, and Management Measures*, the first lifting of lock-up period and lifting of lock-up conditions for the Company's 2023 restricted stock incentive plan have been achieved.

The first lifting period of 2023 restricted stock incentive plan is "from the first trading day 12 months after the completion of grant registration to the last trading day within 24 months from the completion of grant registration". The lifting ratio is 30% of the total number of restricted stocks granted. The grant registration date of restricted stocks under the Company's 2023 restricted stock incentive plan is July 20, 2023. The first lock-up period expires on July 20, 2024, and a total of 172 incentive objects have been lifted from the lock-up conditions. The number of restricted stocks that can be lifted is 1,720,495. A total of 425,666 restricted

stocks are repurchased and cancelled, including 157,790 that no longer meet the conditions of the Company's 2023 restricted stock incentive plan, and 267,876 restricted stocks that cannot be lifted from the first lock-up period due to personal assessment results.

14.2 Equity-settled share-based payments

Unit: yuan

Method for determining the fair value of equity instruments on grant date	Restricted stock: stock price on grant date minus grant price
Basis for determining the number of exercisable equity instruments	Management's best estimate
Reasons for significant differences between the current estimate and the prior estimate	
Accumulated amount of equity-settled share-based payments included in capital reserve	55,881,950
Total amount of expenses recognized as equity-settled share-based payments in this period	25,146,195

15. Commitment and contingency

15.1 Significant commitment

Unit: yuan

Item	Ending balance	Beginning balance
Making long-term asset commitments	47,557,140	50,057,140

15.2 Contingency

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

16. Matters after balance sheet

16.1 Important non-adjusting events

On July 22, 2024, the board of directors of the Company has reviewed and approved the *Proposal on Achievement of the First Lifting of Lock-up Period and Lifting of Lock-up Conditions for Company's 2023 Restricted Stock Incentive Plan*, as described in Note 14; and approved the *Proposal on Repurchasing and Canceling Some Restricted Stocks in Company's 2023 Restricted Stock Incentive Plan and Adjusting Repurchase Price*, as well as *Proposal on Changing and Revising the Registered Capital*. 425,666 restricted stocks were repurchased and cancelled. After the restricted stocks granted to the incentive objects have completed the share registration, the Company implemented the 2023 annual equity distribution. The board of directors has adjusted the repurchase price of the restricted stocks that have not been lift from 2023 restricted stock incentive plan according to the provisions of *Incentive Plan (Draft)*. The adjusted repurchase price of the restricted stocks that have not been lift from 2023 restricted stock incentive plan is 14.74 yuan per share. After the cancellation of the above-mentioned restricted stocks, the Company will change its registered capital. The total share capital of the Company will be changed from 692,249,559 shares to 691,823,893 shares, and the registered

capital will be changed from 692,249,559 yuan to 691,823,893 yuan.

17. Other important matters

Nil

18. Notes on major items in financial statements of the parent company

18.1 Accounts receivable

18.1.1 Disclosed by age

Unit: yuan

Age	Ending balance	Beginning balance
Within 1 year (including 1 year)	1,261,514	5,189,894
1-2 years		
2-3 years		
More than 3 years		
Total	1,261,514	5,189,894

18.1.2 Disclosed by classification of bad debt provision methods

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable with bad-debt provision accrued on a single item basis										
Accounts receivable with bad-debt provision accrued on a combined basis	1,261,514	100%	1,262	0.10%	1,260,252	5,189,894	100%			5,189,894
Total	1,261,514	100%	1,262	0.10%	1,260,252	5,189,894	100%			5,189,894

Particulars of provision for bad debts accrued in this period:

Unit: yuan

Category	Beginning balance	Change amount in this period			Ending balance
		Accrued	Withdrawn or transferred back	Cancelled after verification	
Accounts receivable with bad-debt provision accrued on a single item basis					
Bad-debt provision		1,262			1,262

Category	Beginning balance	Change amount in this period			Ending balance
		Accrued	Withdrawn or transferred back	Cancelled after verification	
accrued on a combined basis					
Total		1,262			1,262

18.1.3 Accounts receivable actually cancelled after verification in this period

Nil

18.1.4 Accounts receivable and contract assets collected by borrower of top 5 units ranked by ending balance

Unit: yuan

Unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in the total ending balance of accounts receivable and contract assets	Ending balance of bad-debts provision of accounts receivable and impairment provision of contract assets
Zhongya Zhibao	1,261,514		1,261,514	100%	1,262
Total	1,261,514		1,261,514	100%	1,262

18.1.5 Accounts receivable derecognized due to transfer of financial assets

Nil

18.1.6 Accounts receivable transferred and included in assets and liabilities

Nil

18.2 Other receivables

Unit: yuan

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable	3,447,765	
Other receivables	503,677,802	576,949,997
Total	507,125,567	576,949,997

18.2.1 Dividends receivable

Unit: yuan

Item (or the invested unit)	Ending balance	Beginning balance
Dividends receivable from subsidiaries	3,447,765	

Total	3,447,765	
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18.2.2 Other receivables

18.2.2.1 Particulars of other receivables classified by nature

Unit: yuan

Nature	Ending balance	Beginning balance
Accounts receivable from subsidiaries	500,598,180	574,127,885
Others	3,079,622	2,822,112
Total	503,677,802	576,949,997

18.2.2.2 Disclosed by age

Unit: yuan

Age	Ending balance	Beginning balance
Within 1 year (including 1 year)	503,573,330	576,845,525
1-2 years		
2-3 years		
More than 3 years	104,472	104,472
Total	503,677,802	576,949,997

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

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

18.2.2.4 Other accounts receivable actually cancelled after verification in this period

Nil

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

Unit: yuan

Unit	Nature of fund	Ending balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Sales company	Accounts receivable from subsidiaries	269,992,741	Within 1 year	53.60%	
Atrio Group	Accounts receivable from subsidiaries	125,570,740	Within 1 year	24.90%	
Kilikanoon Estate	Accounts receivable from subsidiaries	64,747,026	Within 1 year	12.90%	
Digital marketing	Accounts receivable from subsidiaries	17,295,547	Within 1 year	3.40%	

Unit	Nature of fund	Ending balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Pioneer Wine Industry	Accounts receivable from subsidiaries	14,190,123	Within 1 year	2.80%	
Total		491,796,177		97.60%	

18.2.2.6 Accounts receivable related to governmental subsidy

Nil

18.2.2.7 Other accounts receivable derecognized due to transfer of financial assets

Nil

18.2.2.8 Other accounts receivable transferred and included in assets and liabilities

Nil

18.3 Long-term equity investment

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	7,713,682,308	42,274,055	7,671,408,253	7,690,772,693	42,274,055	7,648,498,638
Investment in associated enterprises and joint						
Total	7,713,682,308	42,274,055	7,671,408,253	7,690,772,693	42,274,055	7,648,498,638

18.3.1 Investment in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Beginning balance of impairment provision	Increase and decrease in this period				Ending balance (book value)	Ending balance of impairment provision
			Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
Kylin Packaging	23,543,435					367,372	23,910,807	
Changyu Chateau	29,273,059					304,959	29,578,018	
Pioneer International	5,934,696					558,596	6,493,292	
Ningxia Growing	36,573,247						36,573,247	
National Wine	2,000,000						2,000,000	
Icewine Valley	63,431,494					244,217	63,675,711	
AFIP	588,633,661					244,217	588,877,878	
Sales Company	21,259,694					11,091,879	32,351,573	

Invested unit	Beginning balance (book value)	Beginning balance of impairment provision	Increase and decrease in this period				Ending balance (book value)	Ending balance of impairment provision
			Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
Wine Sales	5,333,190					833,190	6,166,380	
Shanghai Marketing	1,000,000						1,000,000	
Beijing Sales	850,000						850,000	
Jingyang Wine	900,000						900,000	
Ningxia Wine	222,309,388						222,309,388	
Ningxia Chateau	453,747,514					284,014	454,031,528	
Chateau Tinlot	212,039,586						212,039,586	
Shihezi Chateau	812,303,784					284,014	812,587,798	
Chang'an Chateau	804,197,217					304,959	804,502,176	
R&D Company	3,290,230,714					1,324,269	3,291,554,983	
Huanren Wine	22,200,000						22,200,000	
Wine Sales Company	5,102,210					58,384	5,160,594	
Francs Champs	236,025,404						236,025,404	
Marques del Atrio	227,931,344	5,210,925					227,931,344	5,210,925
Indomita Wine	274,248,114						274,248,114	
Australia Kilikanoon Estate	92,212,509	37,063,130	1,883,538				94,096,047	37,063,130
Digital Marketing	1,186,121					186,121	1,372,242	
Chateau Koya	110,328,128					328,128	110,656,256	
Weimeisi (Shanghai)	7,910,985						7,910,985	
hangyu Cultural Tourism Company	92,621,574					142,004	92,763,578	
Development Zone Trading	861,192					813,002	1,674,194	
Penglai Wine Industry	1,104,339					800,044	1,904,383	
Longkou Sales	1,611,286					1,261,955	2,873,241	
Laizhou Sales	84,916					84,916	169,832	
Yantai Rouillet Fransac	244,217					244,217	488,434	
Museum	265,162					265,162	530,324	
Window of Wine City	470,134					470,134	940,268	

Invested unit	Beginning balance (book value)	Beginning balance of impairment provision	Increase and decrease in this period				Ending balance (book value)	Ending balance of impairment provision
			Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
AFIP Tourism	162,952					162,952	325,904	
Meeting Center	102,210					102,210	204,420	
Ningxia Trading	162,952					162,952	325,904	
Christon Catering	102,210					102,210	204,420	
Total	7,648,498,638	42,274,055	1,883,538			21,026,077	7,671,408,253	

18.4 Operating income and operating cost

18.4.1 Details of operating income

Unit: yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	170,817,834	151,450,042	211,221,867	173,868,643
Others businesses	15,081,702	14,656,896	30,745,229	27,044,675
Total	185,899,536	166,106,938	241,967,096	200,913,318
Including: Income from contracts	184,420,307	164,861,107	240,897,153	200,209,954
Income from house rents	1,479,229	1,245,831	1,069,943	703,364

18.4.2 Situation of income and cost from contracts

Unit: yuan

Contract classification	Operating income	Operating cost
Type of merchandise		
- Alcoholic beverage	170,817,834	151,450,042
- Others	13,602,473	13,411,065
Classified by the time of merchandise transfer		
- Revenue recognized at a point in time	184,420,307	164,861,107

18.5 Investment income

Unit: yuan

Item	Amount incurred in this period	Amount incurred in prior period
Income from long-term equity investment by cost method	164,552,732	178,935,084
Income from long-term equity investment by equity method		54,934
Investment income from disposal of long-term equity investment		-29,910,000
Investment income of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses during the holding		

Item	Amount incurred in this period	Amount incurred in prior period
period		
Investment income gained from disposal of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses		
Investment income of held-to-maturity investment during the holding period		
Investment income of financial assets held for sale during the holding period		
Investment income gained from disposal of financial assets held for sale		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Total	164,552,732	149,080,018

19. Supplementary materials

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

Unit: yuan

Item	Amount	Remark
Profits/losses on disposal of non-current assets	-95,670	
Governmental subsidy included in the current profits/losses (excluding those closely related to the enterprise business and enjoyed in accordance with the unified standard quota or ration of the state)	33,630,640	
Profits/losses on changes of fair value of financial assets and financial liabilities of non-financial business, and profits/losses from disposal of financial assets and financial liabilities, excluding effective hedging operations relevant to the normal business of the Company		
Payment for use of funds by non-financial enterprises included in the current profits/losses		
Profits/losses on entrusting other people to make investment or manage assets		
Profits/losses on external entrusted loans		
Asset impairment provision accrued due to force majeure such as natural disaster		
Transfer-back of accounts receivable provision for impairment with single impairment test		
Income obtained when the investment cost obtained by the enterprise from subsidiaries, joint-run business and joint venture is less than the fair value of the net identifiable assets obtained from the invested units when the investment is made		
Current net profits/losses on subsidiaries acquired from a business combination under common control from the beginning to the consolidation date		
Profits/losses on exchange of non-monetary assets		
Profits/losses on debt restructuring		
One-time expenses incurred by enterprises due to the discontinuation of related business activities, such as expenses for resettling employees, etc		
Influence of the one-time adjustment of the current profits/losses in accordance with tax and accounting laws and regulations on the current profits/losses		
One-time confirmation of share-based payment expenses due to cancellation or modification of equity incentive plan		
For cash-settled share-based payment, profits/losses arising from changes in fair value of employee compensation payable after the exercise date		
Profits/losses on fair value changes of investment real estate with fair value mode for follow-up measurement		

Item	Amount	Remark
Profits generated from transactions with unfair transaction price		
Profits/losses on contingencies unrelated to the normal business of the Company		
Trustee fee income from entrusted operation		
Other non-operating income and expenditure besides the above items	1,166,359	
Other profits/losses conforming to the definition of non-recurrent profits/losses		
Minus: Influenced amount of income tax	8,371,006	
Influenced amount of minority equity	36,823	
Total	26,293,500	--

19.2 Return on net assets and earnings per share

Profit in reporting period	Weighted average return on net assets	Earnings per share	
		Basic EPS (yuan/Share)	Diluted EPS (yuan/Share)
Net profit attributable to common shareholders of the Company	2.03%	0.32	0.32
Net profit attributable to common shareholders of the Company deducting non-recurrent profits/losses	1.79%	0.28	0.28

19.3 Accounting data difference under domestic and foreign accounting standard

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

Unit: yuan

	Net profits		Net assets	
	Amount incurred in this period	Amount incurred in prior period	Ending balance	Beginning balance
In accordance with the Chinese accounting standard	221,177,382	363,569,436	10,583,533,749	10,841,500,988
Item & amount adjusted in accordance with the international accounting standard:				
In accordance with the international accounting standard	221,177,382	363,569,436	10,583,533,749	10,841,500,988

Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
August 22, 2024