



# **Yantai Changyu Pioneer Wine Co. Ltd.**

## **2015 Semi-annual Report**

**2015-Final 03**

**August 2015**

## Contents

<b>I、 Important Notice, Contents and Definition .....</b>	<b>3</b>
<b>II、 Brief Introduction for the Company .....</b>	<b>5</b>
<b>III、 Summary of Accounting Data and Financial Indicators .....</b>	<b>7</b>
<b>IV、 Board of Directors' Report .....</b>	<b>10</b>
<b>V、 Major Issues .....</b>	<b>20</b>
<b>VI、 Changes in Shares and the Shareholders' Situation .....</b>	<b>29</b>
<b>VII、 Relative situation for preferred shares .....</b>	<b>33</b>
<b>VIII、 Situation for Directors, Supervisors, Senior Management .....</b>	<b>34</b>
<b>IX、 Financial Report .....</b>	<b>35</b>
<b>X、 Catalogue of Documents for Future Reference .....</b>	<b>125</b>

## I. Important Notice, Contents and Definition

The Board of Directors, the Board of Supervisors, directors, supervisors & senior management of the Company collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the semi-annual report and there are no unfaithful facts, misleading statements or significant omissions.

Except the following directors, other directors all personally attended the meeting for deliberating the annual report.

Absent directors	Directors' post	Absent reason	Authorized person
Mrs. Dai Hui	Director	Business trip	Mr. Sun Liqiang

The Company has no plan to distribute cash dividends and bonus shares; capital reserve will not be transferred to equity in the semi-annual.

Mr. Sun Liqiang (Chairman of the Company), Mr. Leng Bin (Chief Financial Officer) and Mr. Jiang Jianxun (Financial Manager) assure the truthfulness, accuracy and completeness of the financial report in the semi-annual report.

This semi-annual report involves in forward-looking statements about future plan etc. It bases mainly on the basic command of economic development trend of China and the judgment of several years of experience in this industry, with a great uncertainty. The Company does not give the investors tangible commitment, so the investors should be in a special attention, and choose wisely.

## 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
CNY	Refers to	Chinese Yuan

## II、Brief Introduction for the Company

### 1. Company's information

Abbreviation of the Shares:	Changyu A、Changyu B	Code number of the Shares	000869、200869
Abbreviation of the Shares after alteration	-		
Place of listing of the Shares	Shenzhen Stock Exchange		
Legal Name in Chinese	烟台张裕葡萄酿酒股份有限公司		
Abbreviation of Chinese name	张裕		
Legal Name in English	YANTAI CHANGYU PIONEER WINE COMPANY LIMITED		
Abbreviation of English name	CHANGYU		
Legal Representative	Mr. Sun Liqiang		

### 2. Contact person and information

	Secretary to the Board of Directors	Authorized Representative of the Securities Affairs
Name	Mr. Qu Weimin	Mr. Li Tingguo
Address	56 Dama Road, Yantai, Shandong, China	56 Dama Road, Yantai, Shandong, China
Tel	0086-535-6633658	0086-535-6633656
Fax	0086-535-6633639	0086-535-6633639
E-mail	quwm@changyu.com.cn	stock@changyu.com.cn

### 3. Other information

#### 1)、The Company's contact information

Whether there is any change for the Company's registered address, office address, post code, website and e-mail address during the report period.

☐ Available ☒ Not available

There is no any change for the Company's office address, post code, website and e-mail address during the report period, please see 2014 annual report for more details.

#### 2)、Information disclosure and filing Location

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

period.

☐ Available ☒ Not available

There is no any change for the newspapers in which the Company's information is disclosed, website assigned by CSRC to carry the semi-annual report and the filing location during the report period, please see 2014 annual report for more details.

### **3)、Registration changes**

Whether there is any change for the registration during the report period.

☐ Available ☒ Not available

There is no any change for the company's registration date & place, business License No., tax registration No. and organization code during the report period, please see 2014 annual report for more details.

### III、 Summary of Accounting Data and Financial Indicators

#### 1. Key accounting data and financial indicators

Whether the Company makes retroactive adjustments or restates the accounting data of previous fiscal years because of changes of accounting policy and/or accounting errors.

☐ Yes ☒ No

Item	In the report period	In the same period of last year	More or less than the same period of last year(%)
Business revenue (CNY)	2,825,793,250.00	2,301,990,248.00	22.75%
Net profit attributed to the shareholders of the listed company (CNY)	746,060,248.00	638,041,311.00	16.93%
Net profit attributed to the shareholders of the listed company after deducting the irregular profit and loss (CNY)	739,432,003.00	629,900,854.00	17.39%
Net cash flows from the operating activities (CNY)	927,163,060.00	889,675,131.00	4.21%
Basic earnings (CNY) per share	1.09	0.93	17.20%
Diluted earnings (CNY) per share	1.09	0.93	17.20%
Return on net assets (%)	10.11%	9.77%	0.34%
	At the end of the report period	At the end of last year	More or less than the end of last year
Total assets (CNY)	9,379,910,798.00	8,912,232,640.00	5.25%
Net Assets attributed to the shareholders of the listed company (CNY)	7,582,367,402.00	6,840,452,145.00	10.85%

#### 2. Accounting data difference between domestic and foreign accounting standards

1)、Difference in net profit and net asset disclosed in the financial report under the PRC accounting standards and international accounting standards.

☒ Available ☐ Not available

Item	Net profit belonged to shareholders of listed company		Net asset belonged to shareholders of listed company	
	Amount in current period	Amount in last period	Amount at the end of this period	Amount at the beginning of this period
Based on Chinese accounting standard	746,060,248	638,041,311	7,582,367,402	6,840,452,145
Items and amount adjusted based on international accounting standard				
Based on international accounting standard	746,060,248	638,041,311	7,582,367,402	6,840,452,145

**2)、Difference in net profit and net asset disclosed in the financial report under the PRC accounting standards and foreign accounting standards.**

☐ Available ☒ Not available

There is no difference in net profit and net asset disclosed in the financial report under the PRC accounting standards and foreign accounting standards during the report period.

**3)、Explanation of difference in accounting data based on Chinese and international accounting standards**

☐ Available ☒ Not available

**3. Details of irregular profit and loss**

☒ Available ☐ Not available

Unit: CNY

Item	Amount	Explanation
Gain on disposal of non-current assets, including the reversal of accrued impairment provision	1,421.00	
Government grants credited in profit and loss (except for those recurring government grants that are closely related to the entity's operation,	6,527,952.00	



in line with related regulations and have proper basis of calculation)		
Other non-operating expense and income	1,913,510.00	
Less: Income tax effect	1,814,638.00	
Total	6,628,245.00	-

The reasons shall be made clear and definitely as to the non-recurring profit and loss that the Company has defined by virtue of the Explanatory Announcement on Public Company's Information Disclosure No.1 - Non-recurring Profit and Loss and as to regarding the non-recurring profit and loss as recurrent profit and loss as specified in the Explanatory Announcement on Public Company's Information Disclosure No.1 - Non-recurring Profit and Loss.

☐ Available ☒ Not available

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

## IV、Board of Directors' Report

### 1. Summarization

During the report period, the need for high-end products in domestic wine industry was still weak, but the consumer demand began to increase mildly in some regions; middle-and-low-end wines suitable for the public kept favorable growth momentum. There was still strong competition existing in domestic wine market. Facing quite a lot of external disadvantages, the Company insisted on focusing on the market, adjusted marketing strategy and product structure, energetically developed middle-and-low-end products, optimized market layout, perfected market channels and promoted sales of products with all strength, preliminarily reversing the unfavorable tide about the decline of sales revenue and net profit, and respectively accomplishing the sales revenue of CNY2825.79million with a year-on-year increase of 22.75% and net profit of CNY746.06million with a year-on-year increase of 16.93%.

### 2. Analysis to main business

#### Period comparison of main financial data

Unit: CNY

	In the report period	In the same period of last year	More or less (%)	Reason for changes
Operating revenue	2,825,793,250.00	2,301,990,248.00	22.75%	Mainly increased sales volume of products
Operating cost	932,522,743.00	754,302,386.00	23.63%	Mainly increased sales volume of products
Sales expense	653,425,516.00	486,481,030.00	34.32%	Mainly increased advertising expense, storage charge and salary of sales personnel
Management expense	119,770,340.00	103,980,497.00	15.19%	Mainly increased salary of management, administrative expense, depreciation cost, building tax and other taxes
Financial expense	-3,880,903.00	-14,254,385.00	72.77%	Mainly declined interest income of bank deposit and increased interest expenditure of bank loan
Income tax expense	245,727,101.00	210,241,876.00	16.88%	Mainly increase net profit on year-on-year basis
R&D investment	5,534,562.00	5,436,054.00	1.81%	
Net amount of	927,163,060.00	889,675,131.00	4.21%	Mainly increased cash received by

cash flow generated in operating activities				products sales on year-on-year basis
Net amount of cash flow generated in investment activities	-432,181,002.00	-240,974,464.00	-79.35%	Mainly declined cash inflow generated by investment activities including withdrawal of fixed time deposit and increased cash outflow generated by investment activities including purchase and building of fixed assets
Net amount of cash flow generated in financing activities	-23,919,692.00			
Net increased amount of cash and cash equivalents	470,554,249.00	648,662,711.00	-27.46%	Mainly declined net amount of cash flow generated by investment activities

**Whether there is any great change for the Company's profit structure or profit source during the report period**

☐ Available ☒ Not available

There is no great change for the Company's profit structure or profit source during the report period.

**Whether there is any future development and planning disclosed in the public Company's shares prospectus, collecting prospectus and asset restructuring report during the report period.**

☐ Available ☒ Not available

The Company does not disclose any future development and planning in the public Company's shares prospectus, collecting prospectus and asset restructuring report during the report period.

**Review and summary of the progress situation during the report period of the Company's**

**business plan disclosed in earlier stage**

Firstly, the Company insisted on focusing on the market and conducted the marketing work with all strength in order to strengthen the marketing capability. The company further perfected the marketing system and evaluation method of chateau wines and defined the person responsible for the marketing of chateau wines; strengthened the degree of media publicity and market expansion for middle-and-low-end brands, such as Jiebaina, Zuishixian and Noble Rot and so on, improving the competition in wine market; quickened the construction of brandy extension system, preliminarily building the brandy marketing system that covered main cities in China; implemented the strategy of multiple level and multiple brand for brandy, forming four brandy brands containing Franllet Cognac, Lormin, Koyac and Gold Medal; quickened the construction work of Pioneer franchised stores and recruitment work of shop managers, and optimized evaluation and motivation system to Pioneer franchised stores, contributing to the benign development of Pioneer franchised stores.

Secondly, the Company continue promoting informatization construction and management innovation. Based on the completion of the first and second phase of SAP system, the Company proceeded the construction of the third phase of SAP system, further improving the Company's informatization level; proposed and implemented more than 180 innovation and rationalization projects, preferably solving the significant problems involved in management, production, technology and marketing and improving the operating efficiency.

Thirdly, the Company reinforced the management of main production cost and expense to lower production cost. The Company continued adopting centralized purchasing , effectively controlling the procurement cost for large amounts of raw materials; strengthened the monitoring and scheduling management of the stock and perfected production target, decreasing the occupation of funds and loss of inventory and satisfying market demands; further strengthened the management in product labeling and comprehensively implemented the palletization operation during the production, storage and transportation process, improving logistics efficiency , saving package cost and lowering rate of breakage products; optimized the salary distribution system based on per ton and perfected performance assessment method of employee, improving the production efficiency; intensified the management of important expenses, such as fuel and power cost, transportation expense, repair charge and greening fee and so on, lowering the production cost.

Fourthly, the Company strengthened the construction and management in grape bases to improve the quality of grapes. The Company conducted the construction and management in accordance with the requirements of “Scalization, Standardization and Mechanization ”; imported and applied foreign advanced and mechanized production equipments, assimilated advanced planting technology,

perfected the project management , budget management and evaluation system of grape bases and strengthened the assessment and management system of people in charge of bases, effectively lowering the planting cost, improving the grape quality and meeting the demands in adjusting product structure.

During the second half year of 2015, the Company will mainly fulfill the following work and measures:

Firstly, the Company will keep focusing on the marketing work of chateau wines, perfect the distributor layout and strive to break the sales bottleneck; keep consolidating the market share of Jiebaina; keep reinforcing the degree of market development and promotion of Zuishixian and Noble Rot in order to increase market share and achieve sales growth; adopt the way of using the minority to bring along the majority to conduct priority exploitation in brandy business of 155 cities and push brandy to national market step by step through the guidance of marketing innovation, accomplishing the harmonious development in multiple liquors.

Secondly, the Company will strictly implement the budget management as well as the centralized purchasing in raw materials, further optimize pricing model for purchasing grapes, strengthen management of marketing expenses and improve fund utilization rate, increasing enterprise revenue.

Thirdly, based on 2015Annual Capital Expenditure Plan, the Company will reasonably arrange the project construction scheduling, steadily promote the construction of investment projects and strictly conduct investment budget management, in order to assure quality of project and safety in construction, laying a solid foundation for further improvement in production capacity and optimization of productivity structure.

Fourthly, the Company will scientifically make grape procurement plans and implementation scheme, organize and deploy resources all around, achieve the target for purchasing grapes with the guarantee of both quality and quantity so as to assure the supply of sufficient and superior grapes.

### 3. Structure of main businesses

Unit: CNY

	Operating revenue	Operating cost	Gross profit (%)	Increase or decrease of operating revenue over the same period of last	Increase or decrease of operating cost over the same period of last	Increase or decrease of gross profit over the same period of last
--	-------------------	----------------	------------------	--	---	---

				year (%)	year (%)	year
Sector						
Wine and alcoholic beverages	2,822,557,981	929,890,756	67.06%	22.98%	24.26%	-0.34%
Product						
Wine	2,202,106,014	693,663,394	68.50%	24.75%	25.29%	-0.13%
Brandy	518,662,041	177,544,632	65.77%	11.05%	12.05%	-0.30%
Sparkling wine	23,174,571	14,308,023	38.26%	12.66%	4.79%	4.64%
Other	78,615,355	44,374,706	43.55%	85.55%	96.52%	-3.15%
Region						
Eastern Region	2,432,997,278	792,452,902	67.43%	24.57%	26.05%	-0.38%
Middle Region	267,578,497	95,220,813	64.41%	14.67%	15.29%	-0.20%
Western Region	121,982,206	42,217,040	65.39%	12.28%	13.82%	-0.47%

#### 4. Analysis to core competitiveness

Compared with the participants in the arena of the Chinese wine sector, we believe that the Company is provided with the following advantages:

Firstly, the Company has been enjoying a well-known wine brand since 120-odd years, “Changyu”, “Jiebaina” and “AFIP” are Chinese famous trademarks that have strong influence and good reputation. Secondly, the Company has set up a nationwide marketing network, formed a “three-level” marketing network system mainly composed of the Company’s salesmen and dealers, possessed the strong marketing ability and market exploitation ability.

Thirdly, the Company has already had strong research strength and a product R&D system, owned the only “State-level Wine R&D Center”, made mastery of advanced winemaking technology and

production processes, been powerful enough in product innovation and established a perfect quality control system.

Fourthly, the Company is in possession of a lot of grape-growing bases to meet its future development, having developed a great deal of vineyards in the most suitable areas for wine grape growing such as in Shandong, Ningxia, Xinjiang, Liaoning, Hebei and Sha'anxi, whose scales and structures have generally met the Company's needs for development.

Fifthly, the Company has a great variety of products composed of all grades, its wine, brandy and sparkling wine of over 100 sorts can meet different consumers' demands. The Company has taken the lead in the domestic wine sector through rapid development in the past 10-odd years and has possessed comparative superiority in the future competition.

All in all, the Company has built up a strong core competitive edge and obtained and maintained a relatively dominant position in the long-term market competition.

## **5. Analysis to investments**

### **1)、Situation for equity investment abroad**

#### **① Situation for investment abroad**

☐ Available ☒ Not available

During the report period, the company did not have investment abroad.

#### **② Situation for holding equity of financial enterprises**

☐ Available ☒ Not available

During the report period, the company did not hold any equity of financial enterprises.

#### **③ Situation for security investment**

☐ Available ☒ Not available

During the report period, there were no security investments.

#### **④ Situation for holding equity of other listed companies**

☐ Available ☒ Not available

During the report period, the company did not hold any equity of other listed companies.

### **2)、Trust management, derivatives investment and entrusted loans**

#### **① Situation for trust management**

☐ Available ☒ Not available

During the report period, the company did not have trust management.

#### **② Situation for derivatives investment**

☐ Available ☒ Not available

During the report period, the company did not have derivatives investment.

#### **③ Situation for entrusted loans**

☐ Available ☒ Not available

During the report period, the company did not have entrusted loans.

### 3)、Use of raised capital

☐ Available ☒ Not available

During the report period, there were no use of raised capital.

### 4)、Analysis to the major subsidiaries and joint stock companies

☒ Available ☐ Not available

Information about the major subsidiaries and joint stock companies

Unit: CNY

Company name	Company type	Industry	Main products or services	Registered capital	Total assets	Net asset	Business revenue	Operating profit	Net profit
Yantai Changyu-Castel Wine Chateau Co. LTD.	Subsidiary	Wine and alcoholic beverages industry	To research, produce and sell wine and sparkling wine as well as the tourism service	USD 5 million	186,971,615	82,881,301	37,153,833	1,050,745	787,674
Langfang Castel-Changyu Wine Co. LTD.	Joint stock company	Wine and alcoholic beverages industry	To produce and sell wine	USD 6,108,818	53,178,532	45,020,437	27,859,048	600,032	456,864
Beijing Chateau Changyu AFIP Global	Subsidiary	Wine and alcoholic beverages industry	To research, produce and sell brandy and wine	CNY 110 million	689,592,345	114,023,470	75,082,711	12,225,858	8,118,305
Chateau Liaoning Changyu Ice Wine Co., Ltd.	Subsidiary	Wine and alcoholic beverages industry	To produce ice wine	CNY 26.30 million	90,741,480	62,178,949	27,030,519	899,959	715,756
Xinjiang Tianzhu Winery Co., Ltd.	Subsidiary	Wine and alcoholic beverages industry	To plant grape, produce and sell grape juice, bulk wine and fruit wine	CNY 75 million	176,872,584	164,153,706	65,111,307	712,678	643,354

### 5)、Important projects financed with non-raised capital

☒ Available ☐ Not available

Unit: CNY'0000



Project Name	Total Planned Investment	Investment in the report period	Actual accumulation investment until the end of the report period	Project progress	Project benefits	Disclosure Date	
Construction of Changyu Reina Chateau Sha'anxi	31,074	6,372	38,027	98.00%	Facilities have been completed and put into production.	2014.04.26	http://www.c ninfo.com.c n/finalpage/ 2014-04-26/ 63928624.P DF
Construction of Chateau Moser XV Ningxia	24,415	297	30,800	99.00%	Facilities have been completed and put into production.	2014.04.26	
Construction of Changyu Baron Balboa Chateau XinJiang	23,343	903	32,000	99.00%	Facilities have been completed and put into production.	2014.04.26	
Construction of Changyu International Wine City blending and cooling Center	65,331	20,127	60,990	75.00%	0	2014.04.26	
Construction of Changyu International Wine City Bottling Center	46,736	14,089	43,258	75.00%	0	2014.04.26	
Construction of Changyu International Wine City Logistics Center	12,095	6,038	17,382	90.00%	0	2014.04.26	
Construction of Changyu Vine and Wine Research Institute	20,000	987	5,069	25.00%	0	2014.04.26	
Construction of Treasure Wine Chateau	14,545	600	3,678	25.00%	0	2014.04.26	
Construction of Koyac Brandy Chateau	16,530	0	9,800	50.00%			
Investment in landscaping	5,000	405	4,095	75.00%	0	2014.04.26	
Construction of pioneer franchised store	10,000	5,014	6,769	60.00%	0	2014.04.26	
Total	269,069	54,832	251,868	--	--		

## 6. Forecast for the operation achievements from January to September of 2015

Caution and explanation for the prediction that the cumulative net profit from the beginning of the year to the end of next report period could be in a loss or there will be in a great change comparing with the same period of last year.

☐ Available ☒ Not available

**7. Explanation from the board of directors and the board of supervisors for the “Non-standard Audit Report” issued by the accountant firm**

☐ Available ☒ Not available

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

☐ Available ☒ Not available

**9. Implementation of profit distribution during the report period**

The implementation or adjustment for the profit distribution policies during the report period, especially the cash dividend plan and the scheme of increasing equity with capital reserve.

☒ Available ☐ Not available

On July 5, 2015, the Company disclosed the Announcement of Dividend Distribution for the year 2014, according to which the Company would take the total capital stock 685,464,000 shares at that time as a cardinal number to distribute CNY 4.4 in cash for per 10 shares to all stockholders (tax included. After deduction of taxes, as to Stock A, QFII, RQFII as well as the individuals holding the restricted reform-related shares and the restricted new shares and the investment fund holders would enjoy CNY 3.96 per 10 shares. The differential dividend tax rates would be adopted for the individuals holding the non-restricted reform-related shares, the non-restricted new shares and the unlimited shares and the investment fund holders, CNY 4.18 for per 10 shares in advance and afterwards depending on the investors’ reduction of shares, making up the difference according to the actual shares held on the equity registration day. As to the non-resident enterprises other than QFII and RQFII, the Company would neither withhold nor pay the income tax on their behalf but the taxpayers should pay the tax in the place where the income is received. As to Stock B, the non-resident enterprises would enjoy cash dividend CNY 3.96 for per 10 shares. The differential dividend tax rates would be adopted for the inland (overseas) individual stockholders, CNY 4.18 for per 10 shares in advance and afterwards depending on the investors’ reduction of shares, making up the difference according to the actual shares held on the equity registration day.)

The share registration day of A Stock was on July 10, 2015 and the ex-dividend day was on July 13, 2015.

The last trading day of B Stock was on July 10, 2015, the share registration day was on July 15, 2015 and the ex-dividend day was on July 13, 2015.

The cash dividend for Stock A holders that the company entrusted China Securities Depository and Clearing Corporation Limited Shenzhen Company to distribute was directly transferred to their accounts via securities service company (or other depository department) on July 13, 2015. The cash dividend for Stock B holders was directly transferred to their accounts via securities service company or other

depository department on July 15, 2015. The cash dividend enjoyed by Yantai Changyu Group Co., Ltd. was directly paid by the Company at the same time.

Special explanation	
Whether it is in accordance with the requirements of the regulation in the Articles of Association and the resolution of shareholders	Yes
Whether the distribution standard and proportion is clear and definite	Yes
Whether the relative decision process and mechanism is complete	Yes
Whether the independent directors perform their responsibilities and play the roles.	Yes
Whether the small and middle shareholders have the chance to express their advices and appeals, as well as their lawful right and interest is in an enough protection.	Yes
Whether it is legal and transparent for the condition and process while adjusting and amending the cash dividends distribution policy.	Yes

#### 10. Preliminary schemes of profit dividend and increasing equity with capital reserve during the report period

☐ Available ☒ Not available

There is no schemes of paying cash dividend, bonus share and increasing equity with capital during the semi-annual period.

#### 11. the Company's Receptions, Studies and Visits

Reception time	Reception place	Reception way	Type of reception object	Reception object	Main discussed contents and the information provided
2015.05.22	Meeting room of the Company	Field survey	Institution	Mr. Zhanglong from Essence Security Company Limited and Mr. Ke Haidong from Guo Tai Jun'an Securities Company Limited	current business operation situation and other issues

## V、Major Issues

### 1. Corporate Governance Situation of the Company

The Company has according to relevant national laws and rules including the “*Company Law of the People’s Republic of China*”, “*Securities Law of the People’s Republic of China*” , “*Guidelines on Corporate Governance of Listed Companies*”, and also other laws and rules , established and constantly improved its legal entity structure, legally conducted its activities. Currently, the Company’s corporate governance is in compliance with the Company Law and the relevant provisions of China Securities Regulatory Commission.

### 2. 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

### 3. Media’s doubts

☐ available ☒ not available

There are no common doubts issued by Media during the report period.

### 4. Bankruptcy reorganization

☐ available ☒ not available

There are no related issues of bankruptcy reorganization happened during the report period and until the report period.

### 5. Transaction in Assets

#### 1)、Acquisition of assets

☐ available ☒ not available

There is no acquisition of assets during the report period and until the report period.

#### 2)、Assets for sale

☐ available ☒ not available

There are no assets for sale during the report period and until the report period.

#### 3)、Business merger

☐ available ☒ not available

There are no business merger happened in the report period and until the report period.

## **6. Implementations and influences of Company's equity incentive**

☐ available      ☒ not available

There are no plans and implementations of Company's equity incentive during the report period.

## 7. Important related transactions

### 1)、Related transactions in relation to routine operations

☒available      ☐not available

Related party	Interrelationship	Type of related transaction	Content of related transaction	Pricing principle of related transaction	Price of related transaction	Amount of related transaction (CNY '0000)	Proportion in the same kind of transaction (%)	Approved transaction credit(CNY'0000)	Whether or not exceed approved credit	Settlement method of related transaction	Market price of securable same transaction	Date of disclosure	Disclosure index
Yantai Shenma Packaging Co.Ltd	Under the same Parent Co.	Purchasing and Consign processing packing materials	Purchasing packing materials	On the base of market price, negotiated pricing	Agreement price	8,243	21.82%	19,000	No	Cash	—	2015.04.28	http://www.cninfo.com.cn/information/companyinfo.html
Yantai Changyu Zhongya Medicine & Healthy Liquors Co., Ltd	Under the same Parent Co.	Purchasing commodities	Purchasing liquor products	On the base of market price, negotiated pricing	Agreement price	247	0.65%	550	No.	Cash	—	2015.04.28	
Yantai Changyu	Under the same Parent Co.	Purchasing commodities	Purchasing liquor	On the base of	Agreement price	349	0.92%	100	Yes.	Cash	—	2015.04.28	

Wine Culture Museum Company		s	products' derivative s	market price, negotiated pricing									
Yantai Changyu Window of Wine City Co.	Under the same Parent Co.	Purchasing commodities	Purchasing liquor products' derivative s	On the base of market price, negotiated pricing	Agreement price	24	0.06%	450	No.	Cash	—	2015.04.28	
Yantai Changyu Wine Culture Museum Company	Under the same Parent Co.	Selling commodities	Selling liquor products	On the base of market price, negotiated pricing	Agreement price	419	0.15%	1,100	No.	Cash	—	2015.04.28	
Yantai Changyu Window of Wine City Co.	Under the same Parent Co.	Selling commodities	Selling liquor products	On the base of market price, negotiated pricing	Agreement price	371	0.13%	780	No.	Cash	—	2015.04.28	
Yantai Changyu Zhongya Medicine	Under the same Parent Co.	Selling commodities	Selling liquor products	On the base of market price,	Agreement price	75	0.03%	270	No.	Cash	—	2015.04.28	

& Healthy Liquors Co., Ltd				negotiated pricing									
Yantai Shenma Packaging Co.Ltd.	Under the same Parent Co.	Selling commodities	Supplying water, power and gas	On the base of market price, negotiated pricing	Agreement price	3	0.00%	200					
Yantai Changyu Group Co. Ltd.	Parent Co.	Leased assets	Leasing storage	On the base of market price, negotiated pricing	Agreement price	293	0.78%	586	No.	Cash	—	2015.04.28	
Yantai Changyu Group Co. Ltd.	Parent Co.	Intangible assets licensed use	Permission to use the trademark	On the base of market price, negotiated pricing	Agreement price	5,257	100.00%	9,000	No.	Cash	—	2015.04.28	
Yantai Changyu Group Co. Ltd.	Parent Co.	Intangible assets licensed use	Permission to use patents	On the base of market price, negotiated pricing	Agreement price	2.5	100.00%	5	No.	Cash	—	2015.04.28	



Total	15,283.5	—	32,041	--	--	--	--	--	
The details of the large sales returns	No.								
The total amount of the transaction will be expected according to its category and its actual performance during the report period (if have)	No.								
The reasons of big differences between the transaction price and the market reference price(if available )	No.								

**2)、 Related transactions in asset procurement and sale**

☐ available ☒ not available

There are no related transactions in asset procurement and sale during the report period.

**3)、 Important related transactions in joint external investment**

☐ available ☒ not available

There are no important related transactions in joint external investment during the report period.

**4)、 Record of related credits and liabilities**

☐ available ☒ not available

There is no record of non-operating related credits and liabilities.

**5)、 Other important related transactions**

☐ available ☒ not available

There are no other important related transactions in the report period.

## 8. Controlling shareholder and related party in funds occupation situation of non-operating of the Listed Company

☐ available ☒ not available

There are no situation in controlling shareholder and related party in funds occupation of non-operating of the Listed Company.

## 9. Major and important contracts and execution results

### 1)、Trusteeship, contract and leasehold issues

#### ① Trusteeship situation

☐ available ☒ not available

There are no trusteeships happened during the report period

#### ② Contract situation

☒ available ☐ not available

The explanation of Contract situation

Yantai Changyu-Castel Wine Chateau Co., Ltd. is a Sino-foreign joint venture established by the Company and a foreign investor. According to the contract operation agreement signed by the Company and the foreign investor, the Company uses the form of paying the contract fee and has the full power to control its strategic operating, investing and financing policies. The agreement will be terminated on 31st December 2022.

Langfang Castel-Changyu Wine Co., Ltd. is a Sino-foreign joint venture established by the Company and a foreign investor. According to the contract operation agreement signed by the Company and the foreign investor, the Company uses the form of paying the contract fee and has the full power to control its strategic operating, investing and financing policies. The agreement will be terminated on 31st December 2022.

Chateau Changyu AFIP Global Co., Ltd. is a Sino-foreign joint venture established by the Company and a domestic investor. According to the contract operation agreement signed by the Company and the foreign investor, the Company uses the form of paying the contract fee and has the full power to control its strategic operating, investing and financing policies. The agreement will be terminated on 2nd September 2019.

Chateau Liaoning Changyu Ice Wine Co., Ltd. is a Sino-foreign joint venture established by the Company and a foreign investor. According to the contract operation agreement signed by the Company and the foreign investor, the Company uses the form of paying the contract fee and has the full power to control its strategic operating, investing and financing policies. The agreement will be terminated on 31st December, 2016.

Beijing Changyu AFIP tourist culture Co., Ltd. is a Sino-foreign joint venture established by the Company and a domestic investor. According to the contract operation agreement signed by the

Company and the foreign investor, the Company uses the form of paying the contract fee and has the full power to control its strategic operating, investing and financing policies. The agreement will be terminated on 2th September 2019.

Project in gains and losses for the Company to achieve more than 10% of the total profit

☐ Available ☒ Not Available

There are no contract projects in gains and losses for the Company to achieve more than 10% of the total profit during the report period.

### ③Leasehold situation explanation

☒ available ☐ not available

On 1<sup>st</sup> January 2012, the Company renewed the *Space Lease Agreement* with the controlling shareholder Changyu Group, the Company leased the space with 57749.77 square meters located at 174 Shihuiyao Road, Zhifu District, Yantai City and the space with 3038 square meters located at 56 Dama Road, Zhifu District, Yantai City, which are all under the name of controlling shareholder. The rent of the above spaces per year is CNY 5.858 million with a period of 5 years from 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2016.

Project in gains and losses for the Company to achieve more than 10% of the total profit

☐ Available ☒ Not Available

There are no leasehold projects in gains and losses for the Company to achieve more than 10% of the total profit during the report period.

### 2)、Guarantee situation

☐ available ☒ not available

There are no guarantees situation during the report period.

### 3)、Other important contracts

☐ available ☒ not available

There are no other important contracts during the report period.

### 4)、Other substantial transaction

☐ available ☒ not available

There is no other substantial transaction during the report period.

## 10. The commitments of the Company or shareholders of the Company holding more than 5% during the report period or until the report period

☒ available ☐ not available

Commitments	Commitment Party	Commitment content	Commitment time	Commitment period	Implementation
Commitments at share reform	-	—			

Commitments made in acquisition report or equity changes report	-	-		-	-
Commitments at asset restructuring	-	-		-	-
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co., Ltd	Non Intra-industry competition	1997.05.18	Forever	Has been performed
	Yantai Changyu Group Co., Ltd	According to "Trademark License Contract", the Company will pay trademark royalty for the "Changyu"products of Yantai Changyu Group Co., Ltd every year, Yantai Changyu Group Co., Ltd will use trademark to advertise Changyu trademarks and the Contract products.	1997.05.18	Forever	Has been performed
Commitments made to the minority shareholders of the Company	-	-		-	-
Commitment under timely implementation or not	Yes				
Specific reasons of not completing the implementation and the next step	No				

## 11. The appointment and dismissal of certified public accountants

Whether or not semi-annual financial report has been audited.

☐Yes ☒No

The semi-annual financial report has not been audited.

## 12. Punishment and rectification

☐ available ☒not available

There is no punishment and rectification situation happened during the report period.

## 13. Withdrawal risk revelation of violating laws and rules

☐ available ☒not available

There is no withdrawal risk revelation of violating laws and rules during the report period.

## 14. Explanation for other significant matters

☐ available ☒not available

There are no other significant matters during the report period.

## VI、Changes in Shares and the Shareholders' Situation

### 1. Changes in shares

Unit: Share

	Amount before this change		Change (+, -)					Amount after this change	
	Amount	Percentage %	Allot new share	Distribut e bonus share	Transfer other capital to share capital	others	Sub total	Amount	Percentage %
2、Unrestricted shares	685,464,000	100%						685,464,000	100%
(1)、A shares	453,460,800	66.15%						453,460,800	66.15%
(2)、B shares	232,003,200	33.85%						232,003,200	33.85%
3、Total shares	685,464,000	100%						685,464,000	100%

Cause of share change

☐ available ☒ not available

Approval of stock change

☐ available ☒ not available

Transfer of changed shares

☐ available ☒ not available

The influence of stock 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 stock holders, etc..

☐ available ☒ not available

Other contents which the Company thinks necessarily or securities regulatory departments claim to disclose.

☐ available ☒ not available

Changes situation in the Company's total shares, structure of shareholders, the Company's assets and liabilities

☐ available ☒ not available

## 2. The number of shareholders of the Company and the shareholdings

Unit: share

Total common shareholders at the end of report period	38,450	Total number of preferred shareholder recovering voting power at the end of report period (if have) (See note 8))	0					
Shareholders holding more than 5% or become a top 10 shareholders.								
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-owned legal person	50.40%	345,473,856	0	0	345,473,856		0
GAOLING FUND,L.P.	Foreign shareholder	3.11%	21,300,919	-2,876,078	0	21,300,919		0
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign shareholder	2.27%	15,576,126	-530,200	0	15,576,126		0
GREENWOODS CHINA ALPHA MASTER FUND	Foreign shareholder	1.04%	7,117,471	7,117,471	0	7,117,471		0
MORGAN STANLEY & CO. INTERNATIONAL PLC	Foreign shareholder	0.76%	5,221,972	2,260,964	0	5,221,972		0
NORGES BANK	Foreign shareholder	0.66%	4,511,246	0	0	4,511,246		0
VALUE PARTNERS CHINA GREENCHIP FUND LTD	Foreign shareholder	0.61%	4,201,626	4,201,626	0	4,201,626		0
GIC PRIVATE LIMITED	Foreign shareholder	0.59%	4,056,859	-5,856,625	0	4,056,859		0
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign shareholder	0.57%	3,888,887	-62,100	0	3,888,887		0
Tian'an Property insurance CO., LTD—Baoying No. 1	Others	0.56%	3,828,575	3,828,575	0	3,828,575		0
Strategic investors or legal result of the placement of new shares to become a top 10 shareholders(if have)(see		No						

note3)			
The explanation for the associated relationship and accordant action of 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.		
The top 10 shareholders with unrestricted shares			
Name of Shareholders	Number of unrestricted shares held until the end of the report period	Type of share	
		Type of share	Amount
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A share	345,473,856
GAOLING FUND,L.P.	21,300,919	B share	21,300,919
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	15,576,126	B share	15,576,126
GREENWOODS CHINA ALPHA MASTER FUND	7,117,471	B share	7,117,471
MORGAN STANLEY & CO. INTERNATIONAL PLC	5,221,972	B share	5,221,972
NORGES BANK	4,511,246	B share	4,511,246
VALUE PARTNERS CHINA GREENCHIP FUND LTD	4,201,626	B share	4,201,626
GIC PRIVATE LIMITED	4,056,859	B share	4,056,859
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,888,887	B share	3,888,887
Tian'an Property insurance CO., LTD—Baoying No. 1	3,828,575	A share	3,828,575
The explanation for the associated relationship and accordant action of the top 10 shareholders with unrestricted shares, the the associated relationship and accordant action between the top 10 shareholders with unrestricted shares and the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the Top 10 shareholders who involved in financing activities and stock trading business (if have)(see Note4)	The top 10 Shareholders is not involved in financing activities and stock trading business.		

Whether or not to be agreed to buy back trading by Company shareholders during the report period

☐ Yes ☒ No

There is no agreed to buy back trading by Company shareholders during the report period.

### 3. Controlling shareholder or changes of the actual controllers situation

Changes of the controlling shareholder during the report period

☐ available ☒ not available

There is no any change of the controlling shareholder during the report period.

Changes of the actual controllers during the report period

☐ available ☒ not available

There is no any Change of the actual controllers during the report period

**4. Company's shareholders and Consistent behavior person offer or carry out the plan of increasing rights issue during the period.**

☐ available      ☒ not available

In the context of Company known, Company's shareholders and Consistent behavior person did not offer or carry out the plan of increasing rights issue during the period.



## VII、 elative situation for preferred Shares

☐ available      ☒ not available

There is no preferred shares during the report period.

## **VIII、 Situation for Directors, Supervisors, Senior Management**

### **1. Changes in shareholdings of directors, supervisors and senior management**

☐ available      ☒ not available

There are no any change in shareholdings of directors, supervisors and senior management during the report period, details see 2014 annual report

### **2. Personnel changes in Company's directors, supervisors and senior management**

☐ available      ☒ not available

There are no any personnel changes in Company's directors, supervisors and senior management during the report period, details see 2014 annual report.

## IX、Financial Report

### 1. Audit report

Whether the semi-annual report has been audited

☐ Yes ☒ No

The semi-annual report has not been audited.

### 2. Financial statement

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

#### 2.1 Consolidated balance sheet

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

Unit: Yuan

Item	Note	Ending balance	Beginning balance
<b>Current assets:</b>			
Monetary fund	7.1	1,586,965,072	1,145,365,071
Settlement provisions			
Lending funds			
Financial assets measured at the fair value and the variation of which is recorded into the current profit and loss			
Derivative financial assets			
Bills receivable	7.2	335,703,960	138,315,319
Accounts receivables	7.3	130,804,645	145,672,411
Advances to suppliers	7.4	1,862,640	8,073,786
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Interest receivable	7.5	5,730,457	3,619,429
Dividends receivable			
Other receivables	7.6	46,530,335	31,362,302
Buy-in/sell-out financial assets			
Inventories	7.7	1,493,395,591	2,087,376,398
Assets classified as holding and available for sale			
Non-current asset expire in a year			
Other current assets		33,783,630	29,662,076
<b>Total current assets</b>		<b>3,634,776,330</b>	<b>3,589,446,792</b>
<b>Non-current assets:</b>			
Offering loans and imprest			
Available for sale financial assets	7.8		
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments			

Item	Note	Ending balance	Beginning balance
Investment real estate			
Fixed assets	7.9	2,502,989,532	2,532,682,355
Construction in progress	7.10	2,149,336,789	1,700,466,500
Construction materials			
Fixed assets disposal			
Productive biological assets	7.11	174,987,484	151,723,241
Oil and gas assets			
Intangible assets	7.12	453,157,229	452,951,194
Development expenditure			
Goodwill	7.13	13,112,525	13,112,525
Long-term prepaid expense	7.14	213,710,601	201,911,605
Deferred tax assets	7.15	222,088,703	254,186,823
Other non-current assets	7.16	15,751,605	15,751,605
Total non-current assets		5,745,134,468	5,322,785,848
<b>Total assets</b>		<b>9,379,910,798</b>	<b>8,912,232,640</b>
<b>Current liabilities:</b>			
Short-term loan	7.17	300,000,000	300,000,000
Borrowings from the Central Bank			
Customer and interbank deposits			
Borrowing funds			
Financial liabilities measured at the fair value and the variation of which is recorded into the current profit and loss			
Derivative financial liabilities			
Bills payable	7.18		10,000,000
Accounts payables	7.19	126,564,586	357,811,822
Advances from customers	7.20	248,266,622	215,127,598
Sales/buyback financial assets			
Payable handling fees and commission			
Employee benefits	7.21	120,755,414	158,948,592
Taxes payable	7.22	-33,897,202	87,504,048
Interest payable	7.23	5,891,499	3,475,641
Dividends payable			
Other payables	7.24	583,730,704	469,804,317
Dividend payable for reinsurance			
Reserves for insurance contracts			
Acting trading securities			
Acting underwriting securities			
Liabilities classified as holding and available for sale			
Non-current liability expire in a year			
Other current liabilities	7.25	12,398,717	12,398,718
Total current liabilities		1,363,710,340	1,615,070,736
<b>Non-current liabilities:</b>			
Long-term borrowings	7.26	188,566,200	209,380,000
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Long-term accounts payable			

Item	Note	Ending balance	Beginning balance
Long-term employee compensation payable			
Special accounts payable			
Estimated liabilities			
Deferred income	7.27	74,015,234	76,024,992
Deferred tax liabilities		4,512,491	4,565,636
Other non-current liabilities	7.28	3,998,352	3,998,352
Total non-current liabilities		271,092,277	293,968,980
<b>Total liabilities</b>		<b>1,634,802,617</b>	<b>1,909,039,716</b>
<b>Owner's equity:</b>			
Capital stock	7.29	685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual capital securities			
Capital surplus	7.30	563,139,042	563,139,042
Minus: treasury stock			
Other comprehensive income	7.31	-6,948,262	-2,803,271
Special reserves			
Surplus reserve	7.32	342,732,000	342,732,000
General risk preparation			
Retained earnings	7.33	5,997,980,622	5,251,920,374
Total owner's equity of the parent company		7,582,367,402	6,840,452,145
Minority shareholder interests		162,740,779	162,740,779
Total owner's equities		7,745,108,181	7,003,192,924
Total liabilities and owner's equities		9,379,910,798	8,912,232,640

The Legal Representative: Sun Liqiang      Accounting Supervisor: Leng Bin      Accounting Department Manager: Jiang Jianxun

## 2.2 Balance sheet of the parent company

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

Unit: Yuan

Item	Note	Ending balance	Beginning balance
<b>Current assets:</b>			
Monetary fund		474,290,805	496,138,263
Financial assets measured at the fair value and the variation of which is recorded into the current profit and loss			
Derivative financial assets			
Bills receivable		202,853,298	98,158,251
Accounts receivables	15.1	142,139	1,516,518
Advances to suppliers		539,254	1,710,787
Interest receivable		5,730,457	3,580,811
Dividends receivable		350,004,131	402,596,884
Other receivables	15.2	4,417,682,191	4,708,836,276
Inventories		762,860,931	681,696,774
Assets classified as holding and available for sale			
Non-current asset expire in a year			
Other current assets		17,724,270	14,996,807
<b>Total current assets</b>		<b>6,231,827,476</b>	<b>6,409,231,371</b>
<b>Non-current assets:</b>			
Available for sale financial assets			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments	15.3	1,093,087,027	1,093,437,027
Investment real estate			
Fixed assets		385,985,776	403,210,655
Construction in progress		297,988	182,765
Construction materials			
Fixed assets disposal			
Productive biological assets		99,290,127	83,631,722
Oil and gas assets			
Intangible assets		75,571,102	76,760,678
Development expenditure			
Goodwill			
Long-term prepaid expense			
Deferred tax assets		16,745,491	27,053,571
Other non-current assets			
<b>Total non-current assets</b>		<b>1,670,977,511</b>	<b>1,684,276,418</b>
<b>Total assets</b>		<b>7,902,804,987</b>	<b>8,093,507,789</b>
<b>Current liabilities:</b>			
Short-term loan		300,000,000	300,000,000
Financial liabilities measured at the fair value and the variation of which is recorded into the current profit and loss			
Derivative financial liabilities			
Bills payable			
Accounts payables		227,589,429	228,052,722
Advances from customers			

Item	Note	Ending balance	Beginning balance
Employee benefits		54,840,098	70,233,251
Taxes payable		-2,583,832	18,205,124
Interest payable		5,891,499	3,475,641
Dividends payable			
Other payables		837,015,610	1,030,604,819
Liabilities classified as holding and available for sale			
Non-current liability expire in a year			
Other current liabilities		3,017,898	3,017,898
Total current liabilities		1,425,770,702	1,653,589,455
<b>Non-current liabilities:</b>			
Long-term borrowings		188,566,200	209,380,000
Bonds payable			
Including: Preferred stock			
Perpetual capital securities			
Long-term accounts payable			
Long-term employee compensation payable			
Special accounts payable			
Estimated liabilities			
Deferred income		21,238,965	22,747,915
Deferred tax liabilities			
Other non-current liabilities		1,895,828	1,895,828
Total non-current liabilities		211,700,993	234,023,743
<b>Total liabilities</b>		<b>1,637,471,695</b>	<b>1,887,613,198</b>
<b>Owner's equity:</b>			
Capital stock		685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual capital securities			
Capital surplus		557,222,454	557,222,454
Minus: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserve		342,732,000	342,732,000
Retained earnings		4,679,914,838	4,620,476,137
Total owner's equities		6,265,333,292	6,205,894,591
Total liabilities and owner's equities		7,902,804,987	8,093,507,789

The Legal Representative: Sun Liqiang      Accounting Supervisor: Leng Bin      Accounting Department Manager: Jiang Jianxun

## 2.3 Consolidated profit statement

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

Unit: Yuan

Item	Note	Sum of current period	Sum of prior period
<b>1. Revenue</b>		2,825,793,250	2,301,990,248
Including: Operating income	7.34	2,825,793,250	2,301,990,248
Interest income			
Earned premium			
Handling fees and commission income			
<b>2. Total operating costs</b>		1,842,448,784	1,462,946,341
Including: Operating costs	7.34	932,522,743	754,302,386
Interest expenditure			
Handling fees and commission expenditure			
Premium rebate			
Net amount of indemnity expenditure			
Net amount of insurance contract reserve fund withdrawal			
Policy bonus payment			
Amortized reinsurance expenditures			
Taxes and surcharges	7.35	140,611,088	132,436,813
Selling expenses	7.36	653,425,516	486,481,030
Administrative expenses	7.37	119,770,340	103,980,497
Financial expenses	7.38	-3,880,903	-14,254,385
Loss for impairment of assets			
Plus: Fair value charge profit (loss is listed with "-")			
Investment profit (loss is listed with "-")			
Including: Investment profit for joint-run business and joint venture			
Exchange income (loss is listed with "-")			
<b>3. Operating profit (loss is listed with "-")</b>		983,344,466	839,043,907
Plus: Non-operating income	7.39	8,796,834	9,444,796
Including: Gains on disposal of non-current assets		2,985	
Minus: Non-operating expenses	7.40	353,951	205,516
Including: Losses on disposal of non-current assets		1,564	10,897
<b>4. Total profits (total loss is listed with "-")</b>		991,787,349	848,283,187
Minus: Income taxes	7.41	245,727,101	210,241,876
<b>5. Net profit (net loss is listed with "-")</b>		746,060,248	638,041,311
Attributable to owner of the parent company		746,060,248	638,041,311
Minority shareholder interests			
<b>6. Net after-tax amount of other comprehensive income</b>	7.42	-4,144,991	-269,603
Net after-tax amount of other comprehensive income attributable to owner of the parent company		-4,144,991	-269,603
6.1 Other comprehensive earnings not to be reclassified into profit and loss later			
6.1.1 Net liabilities or net assets change after remeasuring and resetting the benefit plans			
6.1.2 Share enjoyed in other comprehensive earnings not to be reclassified into profit and loss in invested unit under equity law			
6.2 Other comprehensive earnings to be reclassified into profit and		-4,144,991	-269,603



loss later			
6.2.1 Share enjoyed in other comprehensive earnings to be reclassified into profit and loss in invested unit under equity law			
6.2.2 Profit and loss from changes in fair value of financial assets for sale			
6.2.3 Profit and loss from reclassification of held-to-maturity investment into fair value of financial assets for sale			
6.2.4 Effective part of profit and loss of cash-flow hedge			
6.2.5 Difference in translation of Foreign Currency Financial Statement		-4,144,991	-269,603
6.2.6 Others			
Net after-tax amount of other comprehensive income attributable to minority shareholders			
<b>7. Total comprehensive income</b>		741,915,257	637,771,708
(1) Attributable to owner of the parent company		741,915,257	637,771,708
(2) Attributable to minority shareholders			
<b>8. Earnings per share</b>			
(1) Basic earnings per share		1.09	0.93
(2) Diluted earnings per share		1.09	0.93

The Legal Representative: Sun Liqiang      Accounting Supervisor: Leng Bin      Accounting Department Manager: Jiang Jianxun

## 2.4 Profit statement of the parent company

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

Unit: Yuan

Item	Note	Sum of current period	Sum of prior period
<b>1. Revenue</b>	15.4	689,053,229	689,897,279
Minus: Operating costs	15.4	548,385,836	565,744,989
Taxes and surcharges		75,959,486	75,738,343
Selling expenses			
Administrative expenses		57,715,566	49,958,367
Financial expenses		-7,041,547	-10,409,383
Loss for impairment of assets			
Plus: Fair value charge profit (loss is listed with "-")			
Investment profit (loss is listed with "-")	15.5	46,770,286	65,474,283
Including: Investment profit for joint-run business and joint venture			
<b>2. Operating profit</b> (loss is listed with "-")		60,804,174	74,339,246
Plus: Non-operating income		3,158,421	2,153,759
Including: Gains on disposal of non-current assets			
Minus: Non-operating expenses		301,089	
Including: losses on disposal of non-current assets			
<b>3. Total profits</b> (total loss is listed with "-")		63,661,506	76,493,005
Minus: Income tax		4,222,805	2,754,680
<b>4. Net profit</b> (net loss is listed with "-")		59,438,701	73,738,325
<b>5. Net after-tax amount of other comprehensive income</b>			
5.1 Other comprehensive earnings not to be reclassified into profit and loss later			
5.1.1 Net liabilities or net assets change after remeasuring and resetting the benefit plans			
5.1.2 Share enjoyed in other comprehensive earnings not to be reclassified into profit and loss in invested unit under equity law			
5.2 Other comprehensive earnings to be reclassified into profit and loss later			
5.2.1 Share enjoyed in other comprehensive earnings to be reclassified into profit and loss in invested unit under equity law			
5.2.2 Profit and loss from changes in fair value of financial assets for sale			
5.2.3 Profit and loss from reclassification of held-to-maturity investment into fair value of financial assets for sale			
5.2.4 Effective part of profit and loss of cash-flow hedge			
5.2.5 Difference in translation of Foreign Currency Financial Statement			
5.2.6 Others			
<b>6. Total comprehensive income</b>		59,438,701	73,738,325
<b>7. Earnings per share</b>			
(1) Basic earnings per share		0.09	0.11
(2) Diluted earnings per share		0.09	0.11

The Legal Representative: Sun Liqiang  
Jiang Jianxun

Accounting Supervisor: Leng Bin

Accounting Department Manager:

## 2.5 Consolidated statement of cash flow

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

Unit: Yuan

Item	Sum of current period	Sum of prior period
<b>1. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	2,745,943,886	2,562,811,996
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		
Net increase after disposal of financial assets measured at the fair value and the variation of which is recorded into the current profit and loss		
Cash received from collecting interest, handling fees and commission		
Net increase in borrowings		
Net increase in repurchasement business funds		
Tax refund received		
Other cash received related to operating activities	8,212,963	8,348,936
<b>Subtotal of cash flows of operating activities</b>	<b>2,754,156,849</b>	<b>2,571,160,932</b>
Cash paid for goods and services	377,725,712	386,315,147
Net increase in customer loans and advances		
Net increase in deposits in central bank and interbank deposits		
Cash paid to original insurance contract payments		
Cash paid to interest, handling fees and commission		
Cash paid to policy bonus		
Cash paid to and on behalf of employees	205,574,897	177,188,827
Cash paid for taxes and expenses	853,362,703	784,526,070
Other cash paid related to operating activities	390,330,477	333,455,757
<b>Sub-total of cash outflows of operating activities</b>	<b>1,826,993,789</b>	<b>1,681,485,801</b>
<b>Net cash flow from operating activities</b>	<b>927,163,060</b>	<b>889,675,131</b>
<b>2. Cash flow from investing activities:</b>		
Cash received from return of investment		
Fixed deposit with the term of over 3 months	26,245,259	218,392,728
Cash received from obtaining investment profit	859,212	6,572,323
Cash received from disposal of fixed assets, intangible assets and other long-term assets	100	100
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities		
<b>Subtotal of cash flows of investment activities</b>	<b>27,104,571</b>	<b>224,965,151</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	452,285,573	398,392,132
Cash for investment		
Cash paid to buy fixed deposit with the term of over 3 months	7,000,000	67,547,483
Net increase in hypothecated loan		
Net cash paid to acquire branch and other business unit		

Item	Sum of current period	Sum of prior period
Other cash paid related to investment activities		
<b>Subtotal of cash outflows of investment activities</b>	459,285,573	465,939,615
<b>Net cash flow from investing activities</b>	-432,181,002	-240,974,464
<b>3. Cash flow from financing activities</b>		
Cash received from acquiring investment		
Including: cash received from acquiring minority shareholders investment by branch		
Cash received from acquiring loans		
Cash received from issuing bonds		
Other cash received related to financing activities		
<b>Subtotal cash flows of financing activities</b>		
Cash paid to pay debts	15,562,400	
Cash paid to distribute dividend, profit or pay interest	8,357,292	
Including: dividend and profit paid to minority shareholders by branch		
Other cash paid related to financing activities		
<b>Subtotal of cash outflows of financing activities</b>	23,919,692	
Net cash flow from financing activities	-23,919,692	
<b>4. Influences of exchange rate fluctuation on cash and cash equivalents</b>	-508,117	-37,956
<b>5. Net Increase in cash and cash equivalents</b>	470,554,249	648,662,711
Plus: balance at the beginning of the period of cash and cash equivalents	960,472,274	956,558,932
<b>6. Balance at the end of the period of cash and cash equivalents</b>	1,431,026,523	1,605,221,643

The Legal Representative: Sun Liqiang    Accounting Supervisor: Leng Bin    Accounting Department Manager: Jiang Jianxun

## 2.6 Statement of cash flow of the parent company

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

Unit: Yuan

Item	Sum of current period	Sum of prior period
<b>1. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	373,810,768	457,521,916
Tax refund received		
Other cash received related to operating activities	22,816,369	169,506,621
<b>Subtotal of cash flows of operating activities</b>	396,627,137	627,028,537
Cash paid for goods and services	197,172,825	200,573,384
Cash paid to and on behalf of employees	80,634,457	57,999,162
Cash paid for taxes and expenses	122,745,455	150,308,754
Other cash paid related to operating activities	22,075,594	16,542,221
<b>Sub-total of cash outflows of operating activities</b>	422,628,331	425,423,521
<b>Net cash flow from operating activities</b>	-26,001,194	201,605,016

Item	Sum of current period	Sum of prior period
<b>2. Cash flow from investing activities:</b>		
Cash received from return of investment	350,000	
Fixed deposit with the term of over 3 months	26,245,259	218,392,728
Cash received from obtaining investment profit	47,629,498	72,046,606
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		
<b>Subtotal of cash flows of investment activities</b>	74,224,757	290,439,334
Cash paid to acquire fixed assets, intangible assets and other long-term assets	20,197,080	25,546,521
Cash for investment		
Cash paid to buy fixed deposit with the term of over 3 months	7,000,000	44,547,483
Net cash paid to acquire branch and other business unit		
Other cash paid related to investment activities		
<b>Subtotal of cash outflows of investment activities</b>	27,197,080	70,094,004
<b>Net cash flow from investing activities</b>	47,027,677	220,345,330
<b>3. Cash flow from financing activities</b>		
Cash received from acquiring investment		
Cash received from acquiring loans		
Cash received from issuing bonds		
Other cash received related to financing activities		
<b>Subtotal cash flows of financing activities</b>		
Cash paid to pay debts	15,562,400	
Cash paid to distribute dividend, profit or pay interest	8,357,292	
Other cash paid related to financing activities		
<b>Subtotal of cash outflows of financing activities</b>	23,919,692	
Net cash flow from financing activities	-23,919,692	
<b>4. Influences of exchange rate fluctuation on cash and cash equivalents</b>		
<b>5. Net Increase in cash and cash equivalents</b>	-2,893,209	421,950,346
Plus: balance at the beginning of the period of cash and cash equivalents	333,245,466	197,150,989
<b>6. Balance at the end of the period of cash and cash equivalents</b>	330,352,257	619,101,335

The Legal Representative: Sun Liqiang    Accounting Supervisor: Leng Bin    Accounting Department Manager: Jiang Jianxun

## 2.7 Consolidated owner's equity changing list

Unit: Yuan

Item	Current period												
	Owners' equity of the parent company											Minority shareholders' equity	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits		
		Preferred stock	Perpetual Capital Securities	Others									
1. Balance at the end of last year	685,464,000				563,139,042		-2,803,271		342,732,000		5,251,920,374	162,740,779	7,003,192,924
Plus: Accounting policies changing													
Previous error correction													
Business combination under common control													
Others													
2. Balance at the beginning of this year	685,464,000				563,139,042		-2,803,271		342,732,000		5,251,920,374	162,740,779	7,003,192,924
3. Increasing or reducing amount of this period (reducing amount is listed with "-")							-4,144,991				746,060,248		741,915,257
3.1 Total comprehensive income							-4,144,991				746,060,248		741,915,257
3.2 Owners' invested and reduced capital													
3.2.1 Shareholders' invested common stock													
3.2.2 Other equity instrument holders' invested capital													
3.2.3 Amount of shares paid and reckoned in owners' equity													
3.2.4 Others													
3.3 Profit distribution													
3.3.1 Drew surplus reserves													
3.3.2 Drew general risk preparation													
3.3.3 Distribution to owners (or shareholders)													
3.3.4 Others													
3.4 Internal transfer of owners' equity													
3.4.1 Capital reserves transferred and increased capital (or capital stock)													

3.4.2 Surplus reserves transferred and increased capital (or capital stock)													
3.4.3 Surplus reserves covering deficit													
3.4.4 Others													
3.5 Special reserves													
3.5.1 Withdrawal of this period													
3.5.2 Usage of this period													
3.6 Others													
4. Balance at the end of this period	685,464,000				563,139,042		-6,948,262		342,732,000		5,997,980,622	162,740,779	7,745,108,181

Unit: Yuan

Item	Prior period												
	Owners' equity of the parent company											Minority shareholders' equity	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits		
		Preferred stock	Perpetual Capital Securities	Others									
1. Balance at the end of last year	685,464,000				563,139,042				342,732,000		4,616,944,663	162,740,779	6,371,020,484
Plus: Accounting policies changing													
Previous error correction													
Business combination under common control													
Others													
2. Balance at the beginning of this year	685,464,000				563,139,042				342,732,000		4,616,944,663	162,740,779	6,371,020,484
3. Increasing or reducing amount of this period (reducing amount is listed with "-")							-2,803,271				634,975,711		632,172,440
3.1 Total comprehensive income							-2,803,271				977,707,711		974,904,440
3.2 Owners' invested and reduced capital													
3.2.1 Shareholders' invested common stock													
3.2.2 Other equity instrument holders' invested capital													
3.2.3 Amount of shares paid and reckoned in owners' equity													

3.2.4 Others													
3.3 Profit distribution											-342,732,000		-342,732,000
3.3.1 Drew surplus reserves													
3.3.2 Drew general risk preparation													
3.3.3 Distribution to owners (or shareholders)											-342,732,000		-342,732,000
3.3.4 Others													
3.4 Internal transfer of owners' equity													
3.4.1 Capital reserves transferred and increased capital (or capital stock)													
3.4.2 Surplus reserves transferred and increased capital (or capital stock)													
3.4.3 Surplus reserves covering deficit													
3.4.4 Others													
3.5 Special reserves													
3.5.1 Withdrawal of this period													
3.5.2 Usage of this period													
3.6 Others													
4. Balance at the end of this period	685,464,000				563,139,042		-2,803,271		342,732,000		5,251,920,374	162,740,779	7,003,192,924



## 2.8 Owner's equity changing list of the parent company

Unit: Yuan

Item	Current period										
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual Securities	Capital Others							
1. Balance at the end of last year	685,464,000				557,222,454				342,732,000	4,620,476,137	6,205,894,591
Plus: Accounting policies changing											
Previous error correction											
Others											
2. Balance at the beginning of this year	685,464,000				557,222,454				342,732,000	4,620,476,137	6,205,894,591
3. Increasing or reducing amount of this period (reducing amount is listed with "-")										59,438,701	59,438,701
3.1 Total comprehensive income										59,438,701	59,438,701
3.2 Owners' invested and reduced capital											
3.2.1 Shareholders' invested common stock											
3.2.2 Other equity instrument holder' invested capital											
3.2.3 Amount of shares paid and reckoned in owners' equity											
3.2.4 Others											
3.3 Profit distribution											
3.3.1 Drew surplus reserves											
3.3.2 Distribution to owners (or shareholders)											
3.3.3 Others											
3.4 Internal transfer of owners' equity											
3.4.1 Capital reserves transferred and increased capital (or capital stock)											
3.4.2 Surplus reserves transferred and increased capital (or capital stock)											
3.4.3 Surplus reserves covering deficit											
3.4.4 Others											
3.5 Special reserves											
3.5.1 Withdrawal of this period											

3.5.2 Usage of this period											
3.6 Others											
4. Balance at the end of this period	685,464,000				557,222,454				342,732,000	4,679,914,838	6,265,333,292

Unit: Yuan

Item	Prior period										
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual capital securities	Others							
1. Balance at the end of last year	685,464,000				557,222,454				342,732,000	3,811,446,092	5,396,864,546
Plus: Accounting policies changing											
Previous error correction											
Others											
2. Balance at the beginning of this year	685,464,000				557,222,454				342,732,000	3,811,446,092	5,396,864,546
3. Increasing or reducing amount of this period (reducing amount is listed with "-")										809,030,045	809,030,045
3.1 Total comprehensive income										1,151,762,045	1,151,762,045
3.2 Owners' invested and reduced capital											
3.2.1 Shareholders' invested common stock											
3.2.2 Other equity instrument holder' invested capital											
3.2.3 Amount of shares paid and reckoned in owners' equity											
3.2.4 Others											
3.3 Profit distribution										-342,732,000	-342,732,000
3.3.1 Drew surplus reserves											
3.3.2 Distribution to owners (or shareholders)										-342,732,000	-342,732,000
3.3.3 Others											
3.4 Internal transfer of owners' equity											
3.4.1 Capital reserves transferred and increased capital (or capital stock)											
3.4.2 Surplus reserves transferred and increased capital (or capital stock)											
3.4.3 Surplus reserves covering deficit											
3.4.4 Others											

3.5 Special reserves											
3.5.1 Withdrawal of this period											
3.5.2 Usage of this period											
3.6 Others											
4. Balance at the end of this period	685,464,000				557,222,454				342,732,000	4,620,476,137	6,205,894,591

### 3. Basic information of this company

Yantai Changyu Pioneer Wine Co., Ltd. (the “Company”, the “Joint-stock Company” or “the Group”) 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 Company”) with its assets and liabilities in relation to wine business. The Company and its subsidiary companies (hereinafter uniformly referred to as the “Group”) are principally engaged in the production and sales of wine, brandy and champagne. 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.

By June 30, 2015, the Company had issued 685,464,000 shares accumulatively. Refer to Note 7.29 for the details.

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

The subsidiaries and the consolidated financial statement of the Company were approved by the Board of Directors on August 26, 2015.

The scope of the consolidated financial statement in this year can be seen in Note 9 “Equity in other entities”. The scope changes of the consolidated financial statement in this year can be seen in Note 8 “Changes of the consolidated scope”.

### 4. Basis of preparation of financial statement

#### 4.1 Basis of preparation

The Group implements the Accounting Standards for Business Enterprises (including the new and revised editions published in 2014) (“ASBE”) published by the Ministry of Finance and relevant regulations thereof. In addition, the Group also discloses relevant financial information in accordance with *Information Disclosure and Preparation Rules for Enterprises Publicly Issuing Securities No.15 --- General Rules for Financial Statement* (Revised in 2014).

#### Note-accounting basis and pricing principle

The note-accounting basis of financial accounting adopted by the Group is accrual system and the measurement basis adopted by the Group in preparing its financial statement is historical cost. Subsequently, if the assets are impaired, impairment provisions are made in accordance with relevant accounting standards.

When the historical cost measurement is used, the assets are measured by the amount of cash or cash equivalent when the assets are purchased or the fair value of the consideration. The liabilities are measured by the actually received funds or assets for performing the current obligations, or the contract amount for performing the current obligations, or the amount of cash or cash equivalent paid for anticipated liabilities in the daily activities.

Fair value refers to a price received for selling an asset or paid for transferring a liability by the market participant in orderly transactions on the measurement date. No matter the fair value is observable or estimated by the valuation technique, the fair value measured and disclosed in this financial statement is recognized on this basis.

The fair value measurement is divided into three levels based on the observable degree of the input fair value and the importance of this input value on the whole fair value measurement:

\*The input value of the first level is the unadjusted price of the same assets or liabilities which can be acquired in an active market on the measurement date.

\*The input value of the second level is the directly or indirectly observable input value of relevant assets or liabilities except that of the first level.

\*The input value of the third level is the unobservable input value of relevant assets or liabilities.

## **4.2 Continuous operation**

The Group has appraised the ability of continuous operation for 12 months from June 30, 2015, and no issues and 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 ASBE and gives a true and integrate view of the financial status and the consolidated financial status as at June 30, 2015, and the operating result, the consolidated operating result, the cash flow and the consolidated cash flow of the Company from January to June 2015.

### **5.2 Accounting period**

The accounting period of the Group is from January 1 to December 31.

### **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 Reporting 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 reporting currency. The overseas subsidiary companies thereof determine Euro as the reporting currency according to the main economic environment in which they are situated. The currency in this financial statement prepared by the Group is RMB.

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

#### **5.5.1 Business combination and goodwill under non-common control**

A business combination under non-common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination cost shall be the fair value of the assets paid, the liabilities incurred or assumed or the equity instruments issued by the acquirer in exchange for the control over the acquiree. The intermediary expenses such as audit, legal services and assessment consultation and other related management expenses paid by the acquirer for business combination are included in the current profit and loss when they occur.

The identifiable assets, liabilities and contingent liabilities which are obtained from the acquiree in the business combination and meet the recognition conditions shall be measured on the acquisition date according to the fair value thereof.

If the combination cost is larger than the fair value of the identifiable net assets obtained from the acquiree during the combination, the difference shall be recognized as business goodwill and initially measured according to the cost thereof.

The goodwill formed due to business combination shall be separately listed in the consolidated financial

statement and measured on the basis of the cost minus the accumulative impairment provision.

## **5.6 Compiling methods of consolidated financial statement**

The consolidation scope of the consolidated financial statement is determined on the basis of control. Control means that the investor holds the power in the investor, obtains variable returns by participating in relevant activities of the invested party and has the ability to affect the amount of the returns by using the power on the invested party. Once any change of the relevant facts and situations results in any change of relevant elements of the above definition of Control, the Group will carry out reappraisal.

The merger of any subsidiary company starts from the date when the Group acquires the power to control this subsidiary company, while the termination of any subsidiary company ends in the date when the Group loses the power to control this subsidiary company.

As for any subsidiary company disposed by the Group, the business result and the cash flow thereof before the disposal date (date of losing control power) shall have been properly included in the consolidated income statement and the consolidated cash flow statement.

As for any subsidiary company obtained in a business combination under non-common control, the business result and the cash flow thereof since the acquisition date (date of obtaining control power) shall have been properly included in the consolidated income statement and the consolidated cash flow statement.

The principal accounting policies and accounting period adopted by the subsidiary companies shall be determined in accordance with the accounting policies and accounting period uniformly regulated by the Company.

The influence of the internal transaction between the Company and the subsidiary companies as well as among subsidiary companies on the consolidated financial statement shall be neutralized at the time of combination.

The shares in the owner's equity of the subsidiary companies, which do not belong to the parent company, shall be recognized as the minority equity and listed under the item of "minority equity" of the owner's equity in the balance sheet. The shares in the current profit and loss of the subsidiary companies, which belong to the minority equity, shall be listed under the item of "minority equity" of the net profit in the consolidated income statement.

If the loss of the subsidiary companies borne by minority shareholders exceeds the shares of the owner's equity entitled therein by the minority shareholders at the beginning of the term, the difference shall be still credited against the minority equity.

## **5.7 Recognition standards of cash and cash equivalents**

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

## **5.8 Foreign currency transaction and foreign currency statement translation**

### **5.8.1 Foreign currency transaction**

At the time of initial recognition of a foreign currency transaction, the amount of the foreign currency shall be translated into the amount of the reporting currency at the spot exchange rate on the transaction date.

The monetary items of the foreign currency transaction shall be translated into RMB at the spot change rate on the balance sheet date. The currency translation difference generated by the difference between the spot change rate on the balance sheet date and the spot change rate at the initial recognition or on the previous balance sheet date shall be included in the current profit and loss, except: ① the currency translation difference of the dedicated foreign currency loan that meets the capitalization condition shall be

included in the cost of assets as capitalization during the capitalization period; ② the currency translation difference of the arbitrage tool to avoid foreign exchange risk shall be treated according to the hedge accounting method; ③ the currency translation difference of the available-for-sale monetary items generated by the book value other than the amortized cost shall be recognized as other comprehensive income and included in other comprehensive income.

The amount of the non-monetary items of the foreign currency transaction measured by historical cost shall be still translated into the amount in the reporting currency at the spot exchange rate on the transaction date. The non-monetary items of the foreign currency transaction measured by the fair value shall be translated at the spot exchange rate on the fair value date, and the difference between the amount in the reporting currency and the amount in original reporting currency shall be treated as the change of the fair value (including exchange rate movement) and shall be included in the current profit and loss or recognized as other comprehensive income.

## **5.8.2 Translation of foreign currency financial statement**

In order to compile a consolidated financial statement, the foreign currency financial statement of overseas business shall be translated into RMB financial statement in accordance with the following methods: all asset and liability items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; the shareholders' equity items, except for the ones as "undistributed profits", shall be translated at the spot exchange rate at the time when they occur; all items and the items reflecting the accrual profit distribution in the profit statement shall be translated at the exchange rate similar to the spot exchange rate at the time when they occur; the undistributed profits at the beginning of the year shall be translated to the undistributed profits at the end of the previous year; the undistributed profits at the end of the year shall be calculated and listed as the translated profit distribution items; and the difference between the asset items and the sum of the liability items and the shareholders' equity items shall be recognized as other comprehensive income and included in the shareholder's equity.

The foreign currency cash flows and the cash flows of the overseas subsidiary companies shall be translated at the exchange rate similar to the spot exchange rate at the time when they occur; the amount of the cash and cash equivalents impacted by the exchange rate movement shall be, as a reconciling item, separately listed under "impact of exchange rate movement on cash and cash equivalents" in the cash flow statement.

The balance at the beginning of the year and the actual amount of the previous year shall be listed as the amount translated according to the financial statement of the previous year.

## **5.9 Financial instruments**

When becoming a party to a contract of financial instruments, the Group shall recognize a financial asset or financial liability. The financial assets and financial liabilities shall be measured at their fair value at the time of initial recognition. For other categories of financial assets and financial liabilities, relevant transaction expenses thereof shall be included in the initially recognized amount.

### **5.9.1 Effective interest method**

The effective interest method refers to the method by which the amortized cost and the interest income or expenditure of different installments are calculated in light of the effective interest rates of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). The effective interest rate refers to the interest rate adopted to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current book value of the financial asset or financial liability.

When the effective interest rate is calculated, the Group predicts the future cash flow (taking no account of the future credit loss) on the basis of considering all the contractual provisions concerning the financial assets or financial liabilities, as well as all kinds of charges, transaction expenses, discounts, premiums, etc. which are paid, charged, and included in the effective interest rate between the contracting parties of the financial assets or liabilities.

### 5.9.2 Classification, recognition and measurement of financial assets

Financial assets are classified into the following categories when they are initially recognized: the financial assets which are measured at the fair value and the variation of which is included in the current profit and loss, the investments which will be held to their maturity, loans, accounts receivable and available-for-sale financial assets. The financial assets purchased and sold through common modes shall be recognized and terminated from recognition according to the accounting on the transaction date. The financial assets held by the Group are loans, accounts receivable and available-for-sale financial assets.

#### **Loans and accounts receivable**

Loans and accounts receivable refer to the non-derivative financial assets for which there is no quoted price in an active market and of which the repo amount is fixed or determinable. The financial assets classified by the Group into loans and accounts receivable include monetary capital, bills receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

The loans and accounts receivable shall be subsequently measured at amortized cost by adopting the effective interest rate method. The profits or losses that occur when such loans and accounts receivable are terminated from recognition, impaired or amortized shall be included in the current profit and loss.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale at the time of initial recognition and the financial assets other than those measured at their fair value and the variation of which is included in the current profit and loss, loans, accounts receivable and the investments which will be held to their maturity.

The equity instrument investment without quoted market price in an active market whose fair value cannot be reliably measured shall be measured by cost.

### 5.9.3 Impairment of financial assets

On each balance sheet date, the Group checks the book value of the financial assets. If there is any objective evidence indicating that a financial asset is impaired, the impairment provision is accrued. Objective evidence indicating the impairment of financial assets refers to those occurring after the initial recognition, have effect on the estimated future cash flow of the financial assets, and can be measured reliably.

The objective evidence indicating the impairment of the financial assets includes the following observable matters:

- ① A serious financial difficulty occurs to the issuer or the debtor;
- ② The debtor breaches any of the contractual stipulations, such as, failure to pay or delay of the payment of interest or principal;
- ③ The Group makes any concession due to economic, legal factors or other factors to the debtor which is in financial difficulties;
- ④ The debtor will probably become bankrupt or carry out other financial reorganizations;
- ⑤ The financial assets can no longer continue to be traded in an active market due to serious financial difficulties of the issuer;
- ⑥ It is impossible to identify whether the cash flow of a certain asset within a certain group of financial assets has decreased or not. But after making an overall appraisal according to the public data available, it is found that the estimated future cash flow of the said group of financial assets has indeed decreased since it was initially recognized and such decrease can be measured, including:



- \* The payment ability of the debtor of the said group of financial assets worsens gradually;
- \* The country or economic region where the debtor is situated has the conditions that may cause the financial assets to be unpaid.
  - ⑦ A serious unfavourable change occurs to the operating technology, market, economic environment, legal environment of the issuer of the equity instruments that causes the investor of the equity instruments can't recover the investment costs;
  - ⑧ The fair value of the equity instrument investment has serious or permanent decline; and
  - ⑨ Other objective evidence showing the depreciation of the financial assets.

**\*Impairment of financial assets measured by amortized cost**

Where a financial asset measured at amortized cost is impaired, the book value of the said financial asset shall be written down to the current value of the predicted future cash flow determined according to the capitalization of original effective exchange rate (excluding the loss of future credits not yet occurred), and the amount as written down shall be recognized as loss of the impairment of the asset and shall be included into the current profit and loss. If there is any objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment losses originally recognized shall be reversed. However, the reversed book value shall not be any more than the amortized costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

An impairment test shall be made by the Group independently on the individually significant financial assets; with regard to not individually significant financial assets, an independent impairment test may be carried out, or they may be included in a combination of financial assets with similar credit risk characteristics so as to carry out an impairment-related test. Where, upon independent test, the financial asset (including the individually significant financial assets and not individually significant financial assets) has not been impaired, it shall be included in a combination of financial assets with similar credit risk characteristics so as to conduct another impairment test. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized shall not be included in the combination of the financial assets with similar credit risk characteristics for impairment test.

**\*Impairment of available-for-sale financial assets measured by cost**

When the equity instrument investment without quoted market price in an active market and the fair value of which cannot be reliably measured is impaired, the book value is decreased to the current value confirmed by the discounted future cash flow according to the current market return of the similar financial assets. The decreased amount is recognized as impairment loss and included in the current profit and loss. The impairment loss of this kind of financial assets can't be transferred back upon confirmation.

#### **5.9.4 Transfer of financial assets**

Where a financial asset satisfies any of the following conditions, it shall be terminated from recognition: (1) where the contractual rights for collecting the cash flow of the said financial asset are terminated; (2) where the said financial asset has been transferred and all the risks and rewards of the financial asset have been substantially transferred to the receiver; (3) where the financial asset has been transferred, although the Group does not transfer or retain almost all the risks and rewards of the financial asset, the Group still waives the control over the financial asset.

Where the overall transfer of the financial asset satisfies the derecognition conditions, the difference between the book value of the transferred financial asset as well as the consideration received due to such transfer and the summation of the cumulative amount of the fair value of the asset that is originally included in other comprehensive income shall be included in the current profit and loss.

### 5.9.5 Classification, recognition and measurement of financial liabilities

The Group classifies the financial instruments or the components as financial liabilities or equity instruments at the time of initial recognition according to the contract terms of the issued financial instruments and the reflected economic essence rather than only the legal form, considering the definition of financial liabilities and equity instruments.

The financial liabilities are classified as the financial liabilities and other financial liabilities measured by fair value and the variation of which is included in the current profit and loss at the time of initial recognition. The financial liabilities of the Group are other financial liabilities, including short-term loans, notes payable, accounts payable, interest payable, other payables and long-term loans.

#### **Other financial liabilities**

Other financial liabilities are subsequently measured at amortized cost by adopting effective interest rate method, wherein the profits or losses that arise when such financial liabilities are terminated from recognition or amortized shall be included in the current profit and loss.

### 5.9.6 Terminated recognition of financial liabilities

When the prevailing obligations of a financial liability are relieved in all or in part, the recognition of the financial liability shall be terminated in all or in part. Where the Group (debtor) enters into an agreement with a creditor so as to substitute the existing financial liability by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, the recognition of the existing financial liability shall be terminated, and at the same time the new financial liability shall be recognized.

Where the recognition of a financial liability is totally or partially terminated, the difference between the book value of the part which has been terminated from recognition and the consideration which has been paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be included into the current profit and loss.

### 5.9.7 Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities and this right can be implemented at present, and when the Group plans to use net settlement or liquidate the financial assets and pay off the financial liabilities, the amount after the financial assets offset the financial liabilities is listed in the balance sheet. Besides, the financial assets and the financial liabilities are respectively listed in the balance sheet without offset.

### 5.9.8 Equity instruments

The equity instruments mean the contracts by which to hold the residual equity in the assets of the Group after deducting all the liabilities. The issuing (including refinancing), counter purchase, sale or cancellation of the equity instruments by the Group shall be handled as changes of the equity. The Group doesn't recognize any change to the fair value of the equity instruments. The transaction expenses related to the equity transaction shall be deducted from the equity.

The distribution related to the equity instrument holder by the Group shall be considered as profit distribution, and the issued share dividends don't affect the total amount of the shareholders' equity.

### 5.10 Accounts receivable

#### 5.10.1 Bad account provision of individually significant accounts receivable

Judgment reference or amount standard for individually significant accounts	The accounts receivable with the amount above RMB 3,000,000 shall be recognized by the Group as the individually significant accounts receivable.
Accruing method for individually significant accounts accrued for bad account provision individually	An impairment test shall be made independently by the Group on the individually significant financial assets. Where, upon independent test, the financial

	asset has not been impaired, it shall be included in a combination of financial assets with similar risk characteristics so as to conduct another impairment test. The accounts receivable that are independently assessed for impairment and for which an impairment loss is or continues to be recognized shall not be included in the combination of accounts receivable with similar credit risk characteristics for impairment test.
--	---

### 5.10.2 Individually insignificant accounts receivable accrued for bad account provision individually

Reasons for accruing for bad account provision individually	If there is objective evidence that the Group can't call back the accounts according to original articles, the individually insignificant accounts receivable can be accrued for bad account provision individually.
Methods for accruing bad account provision	The impairment losses are recognized according to the difference between the present value of future cash flow and the book value, and impairment provision is accrued.

## 5.11 Inventories

### 5.11.1 Classification of inventories

Inventories of the Group comprise raw materials, goods in process and commodity stocks. The inventories are initially measured by cost. The inventory cost consists of purchase cost, processing cost and other expenditures to make inventories reach the current site and state.

### 5.11.2 Pricing methods for sending out inventories

Weighted average method is used to determine the actual cost for sending out inventories when sending them out.

The agricultural products after the harvest are handled in accordance with the *ASBE 1- Inventories*.

### 5.11.3 Recognition reference of the net realizable value of inventories

Inventories are stated at the lower of cost and net realizable value on the balance sheet date. If the net realizable value is lower than the cost of inventories, the provision for the loss on decline in value of inventories are made. The net realizable value refers to the amount: the estimated sale price of inventories deducting the estimated cost to happen till completion, the estimated selling expense and relevant taxes, in daily activities. Based on the acquired concrete evidence, the purpose for holding inventories and the impact of matters after balance sheet date shall be also considered during recognition of the net realizable value of inventories.

The inventories are accrued inventory depreciation provision according to the difference of single inventory item and its net realizable value.

After accruing inventory depreciation provision, if the previous influence factors writing down inventories value disappear resulting in the net realizable value of the inventories being higher than their book value, it shall be reversed from the originally accrued inventory depreciation provision amount and the reversed amount shall be included in the current profit and loss.

### 5.11.4 Inventory system for the inventories

Inventory system: Perpetual inventory system

### 5.11.5 Amortization method of low-priced and easily-worn articles and packages

Amortization method of packages and low-priced and easily-worn articles: One-off amortization method

## 5.12 Long-term equity investments

### 5.12.1 Judgment standard of control, common control and significant impact

Control means that the investor holds the power in the investee, obtains variable returns by participating in relevant activities of the investee and has the ability to affect the amount of the returns by using the power on the investee. Common control means a joint control over a certain arrangement according to relevant agreements and relevant activities of this arrangement must be decided upon unanimous consent of the participants sharing the control power. Significant impact refers to the right to participate in decision-making of the investor's financial and operating policies but not controlling or commonly controlling the formulation of these policies with other parties. When determining whether to control or exert significant influence on the investee, the potential voting power factors such as the current convertible company bonds and the current executable equity warrants held by the investor and other parties in the investee have been considered.

### 5.12.2 Recognition of initial investment cost

For long-term equity investments acquired from business combination under non-common control, the combination cost is regarded as the initial investment cost of the long-term equity investments on the acquisition date.

The intermediary expenses such as audit, legal services and assessment consultation and other related management expenses paid by the acquirer for business combination are included in the current profit and loss when they occur.

For long-term equity investments other than those formed by business combination, initial measurement shall be carried out according to the cost.

### 5.12.3 Subsequent measurement and recognition of loss and profit

#### Long-term equity investments by cost method

Long-term equity investments in the subsidiary companies are measured on cost method basis in the corporate financial statement. Subsidiary companies refer to the investee entities by which the Group has control.

When cost method is adopted, the long-term equity investments are measured at the initial investment cost. In case of additional or recovered investment, the cost of the long-term equity investments shall be adjusted accordingly. The current investment income shall be recognized according to the cash dividends or profits declared to issue by the investee unit.

### 5.12.4 Disposal of long-term equity investments

When the long-term equity investments are disposed, the difference between the book value and the actually acquired price is included in the current profit and loss.

## 5.13 Fixed assets

### 5.13.1 Recognition conditions

Fixed assets refer to the tangible assets held for producing goods, rendering services, leasing or operation management, with service life exceeding one accounting year. Fixed assets can only be confirmed that the economic benefits relating to the fixed assets are likely to flow into the Group, and the cost of the fixed assets can be measured reliably. Initial measurement for fixed assets shall be carried out according to the cost. For the subsequent expenses related to the fixed asset, if the economic benefits relating to the fixed asset are likely to flow into the Group and the cost thereby can be reliably measured, the subsequent expenses are included in fixed asset cost and the book value of the substituted part shall be terminated. Other subsequent expenses shall be included in the current profit and loss.

### 5.13.2 Depreciation methods

Depreciation is calculated by the straight-line depreciation within the service life from the month following having been put into operation. The estimated service life, residual value and annual depreciation rate are

as follows:

Classification	Depreciation method	Depreciation life	Residual value rate	Annual depreciation rate
Buildings	Straight-line depreciation	20-40 years	0-5%	2.4%-5.0%
Machinery equipment	Straight-line depreciation	10-20 years	0-5%	4.8%-10.0%
Motor vehicles	Straight-line depreciation	4-12 years	0-5%	7.9%-25.0%

The estimated residual value refers to the amount that the Group obtains from disposal of the assets at present after deducting the predicted disposition expenses at an estimated state on the assumption that the predicted service life of the fixed assets has expired.

### 5.13.3 Impairment test method and method for accruing impairment provision of fixed assets

On each balance sheet date, the Group made assessment on whether or not there is any indication of potential impairment of fixed assets. If there is any evidence that indicates the possibility of asset impairment, the recoverable amount of the asset is estimated. The estimated recoverable amount of an asset is based on an individual asset. If it is difficult to determine the recoverable amount individually, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If the recoverable amount of the asset or cash-generating unit is less than its book value, the impairment provision of asset shall be accrued according to the difference and included in the current profit and loss.

After impairment loss of fixed assets has been recognized, it shall not be reversed in the future accounting periods.

### 5.13.4 Others

When the fixed assets are under disposal state or cannot generate any economic benefits through use or disposal as expected, the fixed assets are derecognized. The selling, transfer, scrapping or damage disposal income shall be included in the current profit and loss after deducting the book value and relevant taxes.

The Group reviews the service life, expected net residual value, and the depreciation method of the fixed assets at least at the end of each year, and in case of any change, the change will be disposed as accounting estimate change.

## 5.14 Construction in progress

Construction in progress is measured by actual costs, and the actual costs include all costs of the engineering during the period of construction, capitalized borrowing costs before the engineering reaches the planned serviceable condition and other related costs. The construction in progress is not depreciated. The construction in progress is transferred to fixed assets after reaching the planned serviceable condition.

## 5.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized after expenditure to acquire happens, borrowing costs happen, acquisition, construction or production essential for making the assets ready for their intended use or sales. Capitalization of borrowing costs shall cease when all the activities necessary to prepare the qualifying asset for its intended use of sale are substantially complete. If the acquisition, construction or production of a qualifying asset is abnormally interrupted, and the interruption period exceeds three months, the capitalization of borrowing costs shall be temporarily ceased, until the construction or production resumes. Other borrowing costs are recognized as expenses when occur.

## 5.16 Biological assets

The biological assets of the Group are productive biological assets.

Productive biological assets refer to the biological assets held for the purposes of producing agricultural products, rendering services or leasing, etc. The productive biological assets of the Group are vines that produce grapes. Initial measurement for the productive biological assets is carried out according to the cost.

For the occurred cost of the self-breeding productive biological asset before achieving the intended production and operation purposes can be directly attributable to the necessary expenses of the asset, including the borrowing cost conforming to capitalization.

The productive biological assets are not accrued depreciation until reaching the intended production and operation purposes. After reaching the intended production and operation purposes, the productive biological assets are accrued depreciation within the service life straight-line depreciation. The service life, estimated net residual value rate and annual depreciation rate of different productive biological assets are as follows:

<u>Category of assets</u>	<u>Service life</u>	<u>Estimated residual value rate (%)</u>	<u>Annual depreciation rate</u>
Vines	20 years	-	5%

The service life of the productive biological assets of the Group and the estimated residual value are confirmed by the normal service life cycle of the biological assets.

The Group reviews the service life, expected net residual value, and the depreciation method of the productive biological assets at least at the end of each year. In case of any change, the change will be disposed as accounting estimate change.

At the time of sale, loss, death, damage or destroy of a productive biological asset, the difference after deducting the book value and relevant taxes from the disposal income are included in the current profit and loss.

## 5.17 Intangible assets

### 5.17.1 Pricing method, service life and impairment test

Intangible assets include land use right and software, etc.

Initial measurement for intangible assets is carried out according to the cost. For the intangible assets with finite lives, since they are available, the amount after the original value deducts expected net residual value and the accrued accumulative amount of provision for impairment is amortized evenly based on straight line method. The intangible assets with indefinite service life are not amortized. The amortization method, service life and estimated residual value of all kinds of intangible assets are shown as follows:

<u>Category of assets</u>	<u>Service life</u>	<u>Estimated net residual value rate</u>	<u>Annual amortization rate</u>
Land use right	40-50 years	-	2-2.5%
Software	5-10 years	-	10-20%

At the end of the term, the service life and amortization method of the intangible assets with finite service life shall be reviewed and adjusted if necessary.

## 5.18 Impairment of long-term assets

On each balance sheet date, the Group and the Company check the long-term equity investments, fixed assets, construction in progress, productive biological assets and intangible assets with finite service life to determine whether there is a sign indicating any impairment. If there is such a sign, the recoverable amount shall be estimated. For intangible assets with indefinite service life and those not reaching the serviceable conditions, impairment test should be taken every year no matter there is a sign of depreciation or not.

The estimated recoverable amount of the asset is based on the single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount is determined based on the asset group which the asset is in. The recoverable amount is the higher one between the net amount after the disposition expenses are deducted from the fair value of the asset or the asset group and the current value of the estimated future cash flow.

If the recoverable amount of the asset is lower than its book value, the impairment provision of the asset is accrued based on the difference and included in the current profit and loss.

Impairment test is carried out for goodwill at least at the end of each year. The impairment test of goodwill

be carried out in combination with the related asset group or asset combination. That is to say, the book value of the goodwill is amortized to the asset group or asset combination benefiting from the synergistic effect of the business combination according to the reasonable methods from the acquisition date. If the recoverable amount of the asset group or asset combination which includes the amortized goodwill is lower than the book value, the corresponding impairment loss is recognized. The amount of impairment loss shall firstly offset the book value of the goodwill amortized to the asset group or asset combination and then offset the book value of other assets in proportion according to the proportion in the book value of other assets in the asset group or asset combination except for the goodwill.

After the impairment loss of assets has been recognized, it is not be reversed in the future accounting periods.

## 5.19 Long-term unamortized expenses

Long-term unamortized expenses refer to prepaid expenses occurred that should be borne by current and subsequent periods and should be amortized over more than one year. Long-term unamortized expenses are amortized evenly over the expected beneficial periods.

Amortization period of different long-term unamortized expenses of the Group are as follows:

	<u>Amortization period</u>
Land requisition fee	50 years
Land leasing fee	50 years
Afforestation fee	5 years
Decoration fee	3-5 years
Others	3 years

## 5.20 Employee remuneration

### 5.20.1 Accounting treatment method of short-term remuneration

During the accounting period that the employees provide services for the Group, the actual short-term remuneration is recognized as liabilities and included in the current profit and loss or relevant asset costs. The welfare expenses of the employees in the Group are included in the current profit and loss or relevant asset costs when occur based on the actual amount. The non-monetary welfare expenses of the employees are measured by the fair value.

During the accounting period that the employees provide services for the Group, the corresponding employee remunerations and the corresponding liabilities are recognized and included in the current profit and loss or relevant asset costs after the social insurance premiums including medical insurance premium, industrial injury insurance premium and birth insurance premium as well as housing provident funds are paid by the Group for the employees, and labor union dues and employee education funds are withdrawn by the Group according to the regulated withdrawing base and proportion.

### 5.20.2 Accounting treatment method of welfare after resignation

The Group makes the contribution plan for the welfare after resignation.

During the accounting period that the employees provide services for the Group, the amount to be deposited which is calculated in accordance with the contribution plan is recognized as liabilities and included in the current profit and loss or relevant asset costs.

### 5.20.3 Accounting treatment method of welfare after dismissal

If the Group provides dismissal welfare to the employees, the employee remuneration liabilities caused by the dismissal welfare shall be recognized and included in the current profit and loss on the following date which is earlier: The Group can't unilaterally withdraw the dismissal welfare due to termination of labor relation plan or redundancy suggestion; or the Group confirms the costs or expenses related to the reorganization involving the payment of the dismissal welfare.

## 5.21 Revenue

### 5.21.1 Revenues from sale of goods

When the significant risks and rewards of ownership of goods have been transferred to the buyer, provided that the Group maintains neither continuous management right involvement to the degree usually associated with ownership, nor effective control over the goods sold, and cost of sales can be measured reliably. When the relevant economic benefits are likely to flow into the enterprise and the relevant incurred cost or cost to be incurred can be measured reliably, the realization of the revenue from sale of goods can be recognized.

### 5.21.2 Rendering of services

When income amount of rendering of services can be measured reliably, the relevant economic benefits are likely to flow into the Group, the stage of completion of the transaction can be measured reliably, and the incurred cost or cost to be incurred in the transaction can be measured reliably, then the income realization of rendering of services can be recognized. The Group confirmed the income of the rendered services according to percentage-of-completion method on the balance sheet date. The percentage-of-completion of the service transaction is determined according to the proportion of the rendered service accounting for the total services that shall be rendered.

If the outcome of rendering of service transaction cannot be reliably estimated, the income of the rendered services are determined according to the render cost amount that is incurred and is expected to be compensated, and the incurred service cost shall be the period charge. If the incurred service cost is expected to be unable to be compensated, the income will not be determined.

## 5.22 Government allowances

### 5.22.1 Judgment standard and accounting treatment method of government allowances related to assets

Government allowances refer to monetary or non-monetary assets received by the Group from the government. According to the nature of the granted object clearly stipulated in relevant government documents, government allowances include those related to assets and those related to income.

Government allowances are recognized where there is a reasonable assurance that the allowances will be received and all attaching conditions will be complied with. Monetary allowances are measured on the basis of the amount received or the amount receivable.

Government allowances related to assets are recognized as deferred income and are distributed equally in the current profit and loss within the useful lives of the relevant assets.

### 5.22.2 Judgment standard and accounting treatment method of government allowances related to revenues

The government allowances related to revenues to be used as compensation for future expenses or losses are recognized as deferred income and are included in the profit and loss statement for the period where the relevant expenses are recognized; or those to be used as compensation for relevant expenses or losses already occurred are recorded directly in the current profit and loss.

## 5.23 Deferred income tax assets/deferred income tax liabilities

The income tax expenses include the current income tax and deferred income tax.

### 5.23.1 Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current term and the previous terms are measured according to the predicted payable (refundable) income tax amount as stipulated by tax law.

### 5.23.2 Deferred income tax assets and deferred income tax liabilities

The balance sheet liability method is used for recognizing deferred income tax assets and deferred income



tax liabilities for the difference between certain assets, book value of liability items and their tax base, and the temporary differences arising from the book value of items (that are not recognized as assets and liabilities but can be recognized the tax bases as stipulated by tax law) and tax bases.

Normally all temporary differences are recognized the relevant deferred income taxes. However, for the deductible temporary differences, the Group recognized the relevant deferred income tax assets taking the taxable income that is likely to be obtained for deducting deductible temporary differences as the limit. In addition, the temporary differences relevant to initial recognition of goodwill and relevant to the initial recognition of assets or liabilities arising from transaction not of business combination, and not influencing accounting profit and taxable income (or deductible loss) are not recognized for the relevant deferred income tax assets or liabilities.

For the deductible losses and tax credits that can be transferred during subsequent years, the corresponding deferred income tax assets shall be recognized by taking the future taxable income that is likely to be used to deduct deductible losses and tax credits as the limit.

The Group recognized the deferred income tax liabilities arising from the taxable temporary differences relevant to the subsidiary companies, except for that the Group can control the time of the reverse of the temporary differences which are unlikely to be reversed in the foreseeable future. For the deductible temporary differences relevant to the subsidiary companies, the Group will recognize the deferred income tax assets only when the temporary differences are likely to be reversed in the foreseeable future and the taxable income for deducting deductible temporary differences is likely to be achieved in the future.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured according to the applicable tax rate during the period of expecting to repossess the relevant assets or pay off relevant liabilities as stipulated by tax law.

Except for the current income taxes and deferred income taxes (relevant to transaction and matter that are directly included in other comprehensive income or stockholder's equity) that are included in other comprehensive income or stockholder's equity and the deferred income taxes arising from business combination that adjusts the book value of the goodwill, the expenses or revenues of other current income taxes and deferred income taxes are included in the current profit and loss.

On the balance sheet date, the Group shall review the book value of deferred income tax assets and shall write down the book value of deferred income tax assets if sufficient taxable income is unlikely to be obtained in the future to deduct the benefits of deferred income tax assets. The amount written down shall be reversed when it is likely to obtain sufficient taxable income.

### **5.23.3 Offset of income tax**

When there is the legal right of netting or intention of netting or carrying out obtaining assets and paying off liabilities at the same time, the current income tax asset and current income tax liability of the Group are reported according to the net amount after offset.

When there is the legal right of netting the current income tax asset and current income tax liability and the deferred income tax assets and deferred income tax liabilities are relevant to the income tax collected by same tax collection and management department on the same taxpayer or different taxpayers, however, the involved tax payers intend to net the current income tax assets and liabilities or obtain assets and pay off liabilities at the same time during every period of reverse of each significant deferred income tax assets and liabilities in the future, deferred income tax assets and deferred income tax liabilities of the Group are reported according to the net amount after offset.

## **5.24 Lease**

### **5.24.1 Accounting treatment method of operating lease**

#### **The Group records the operating lease business as a lessee.**

Rental expenses under the operating lease are credited to related costs of the assets or the current profit and loss on the straight line basis over the lease terms. The initial direct costs are credited to the current profit and loss. Contingent rentals are included in the current profit and loss upon actual accrual.

**5.25 Changes in main accounting policies and accounting estimates****5.25.1 Changes in main accounting policies**

Nil

**5.25.2 Changes in main accounting estimates**

Nil

**5.26 Others**

Critical assumptions and uncertain factors adopted for important judgements and accounting estimates during the application of the accounting policies

During the application of the accounting policies of this Financial Report IV, the Group needs to judge, estimate and assume the book value of the report items that are unable to be accurately measured due to the inherent uncertainties of business activities, in which the judgment, estimation and assumption are made based on the previous historical experience of the management level of the Group and considering other relevant factors. The actual results may have differences from the estimation of the Group.

The Group regularly reviews the above-mentioned judgment, estimation and assumption based on the continuous operation, and the change of accounting estimate only affects the current period of change, of which the influence number will be recognized at the current period of change; in case of influencing both current period and future period of change, the influence number will be recognized at the current period and future period of change.

**Critical assumptions and uncertain factors adopted for accounting estimates**

On the balance sheet date, the main critical assumptions and uncertainties in accounting estimates that are likely to result in significant adjustments in assets and book value of liabilities in the future period include:

**Deferred income tax assets**

Within the limit of the likeliness that there is sufficient taxable income to deduct deductible losses, the deferred income tax assets shall be recognized according to all deductible losses that have not been utilized, which requires the management level to use a lot of judgments to estimate the occurred time and amount of taxable income to be obtained in the future, and combine with tax planning strategy to decide the amount of deferred income tax assets that shall be recognized.

**Depreciation**

The Group uses straight line method for provision for depreciation within the expected service life after considering the residual value of the fixed assets. The Group regularly reviewed the expected service life to decide the amount of depreciation expense that will be included in every report period. The expected service life is recognized by the Group according to the previous experience on similar assets and in combination with the expected technical changes. The depreciation expense shall be adjusted if there are significant changes in the previous estimate.

**Service life of intangible assets**

The expected service life of intangible assets are estimated based on actual service life of the previous intangible assets of similar natures and functions and according to historical experience and in consideration of the duration of the contractual rights or other legal rights applicable to the intangible assets.

In case that the service life of the intangible assets shortens or extends, the amortization period will be adjusted in the future period for intangible assets with finite life; for intangible assets with indefinite life, if there is evidence showing that their service life is finite, their service life will be estimated in the future period and they will be disposed according to the disposal principles of intangible assets with finite life.

**Impairment of long-term assets**

The Group carries out impairment assessment on long-term assets to determine if the recoverable amount

of assets drops to the amount lower than their book value. If the situation shows that the book value of the long-term assets may not be fully recovered, the relevant assets will be deemed as having been impaired and the impairment loss shall be correspondingly recognized.

The recoverable amount is the higher in: the net amount of fair value of an asset (or asset group) minus disposal expense, and the present value of the estimated future cash flow of the asset (or asset group). It is difficult for the Group to accurately estimate the fair value of an asset because of difficulty in obtaining the open market price of the asset (or asset group). It needs to make significant judgments on the output, selling price, relevant operating cost of the asset (or asset group) and the discount rate used for calculating present value when estimating the present value of future cash flow. The Group will use all easily available materials in estimating the recoverable amount, including the forecast relevant to output, selling price and relevant operating cost according to the reasonable and supportable assumption.

#### **Bad account provision of accounts receivable**

Bad account provision of accounts receivable shall be recognized by the management level according to the objective evidences (e.g. the possibility of bankruptcy or severe financial difficulty of the debtor) that can affect the recovery of the accounts receivable. The management level will reevaluate bad account provision in the end of every year.

#### **Inventory depreciation provision accrued based on net realizable value**

According to the inventory accounting policy, the Group carries out price decrease provision for obsolete and unsalable inventories with higher cost than the net realizable value measurement according to the lower of the cost and net realizable value. The Group will reevaluate if the inventories are obsolete and unsalable, and if the net realizable value is lower than inventory cost in the end of every year.

## **6. Taxes**

### **6.1 Main taxes and tax rate**

Taxes	Tax basis	Tax rate
Value added tax	VAT is levied by the output tax calculated by the taxable revenue as the tax base after deduction of eligible input VAT in this period.	17%
Consumption tax	The consumption tax is levied by the taxable revenue as the tax base.	10%-20%
Business tax	The business tax is levied by the taxable revenue as the tax base.	5%
Urban maintenance and construction tax	The urban maintenance and construction tax is levied by the actually paid turnover tax as the tax base.	7%
Corporate income tax	The corporate income tax is levied by the taxable income as the tax base.	25%

### **6.2 Tax incentives**

Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Grwoing"), a subsidiary of the Company, whose principal activity is grape growing, is incorporated in Yongning County, Ningxia Hui Autonomous Region. According to Article 27 of *PRC Corporate Income Tax* and Article 86 of *PRC Corporate Income Tax Measures for Implementation*, it enjoys an exemption of corporate income tax related to grape growing.

Xinjiang Tianzhu Wine Co., Ltd., a subsidiary of the Company ("Xinjiang Tianzhu"), is an enterprise engaged in the production and sales of bulk wine incorporated in Shihezi City, Xinjiang Uygur Autonomous Region. In accordance with relevant regulations of *Notice concerning Issuing Circular on Preferential Corporate Income*

*Tax Policies for Newly Established Enterprises in Underprivileged Areas of Xinjiang (Provisional)* (Cai Shui [2011] No. 60), and *Notice of Financial & Tax Policies to Improve the Development of Agricultural Product Manufacturing Industry* (Xin Zheng Fa [2010] No. 105), the company enjoys preferential corporate income tax policies. From 2012 to 2016, it shall be exempted from local corporate income tax based on the preferential policy of corporate income tax rate at 15%. The applicable tax rate in this year is 9%.

Xinjiang Changyu Baron Balboa Chateau Co., Ltd. (“Shihezi Chateau”), a subsidiary of the Company, is an enterprise engaged in the production and sales of bulk wine incorporated in Shihezi City, Xinjiang Uygur Autonomous Region. In accordance with relevant regulations of *Notice concerning Issuing Circular on Preferential Corporate Income Tax Policies for Newly Established Enterprises in Underprivileged Areas of Xinjiang (Provisional)* (Cai Shui [2011] No. 60), and *Notice of Financial & Tax Policies to Improve the Development of Agricultural Product Manufacturing Industry* (Xin Zheng Fa [2010] No. 105), the company enjoys preferential corporate income tax policies. From 2011 to 2015, it shall be exempted from local corporate income tax based on the preferential policy of corporate income tax rate at 15%. The applicable tax rate in this year is 9%.

## 7. Notes to consolidated financial statement

### 7.1 Monetary fund

Unit: Yuan

Item	Ending balance	Beginning balance
Cash on hand	484,571	101,660
Bank deposit	1,461,185,472	1,010,259,393
Other monetary funds	125,295,029	135,004,018
Total	1,586,965,072	1,145,365,071
Including: Total amount of funds deposited abroad	38,323,476	43,746,008

As at June 30, 2015, the bank deposit with restricted ownership of the Group was RMB 2,643,519 Yuan, which was the company’s housing fund (December 31, 2014: RMB 2,643,519 Yuan).

As at June 30, 2015, other monetary funds of the Group included pledge deposit of RMB 125,000,000 Yuan for long-term loans from HSBC of HKD 152,000,000 (converting into RMB 119,867,200 Yuan) by the Joint-stock Company (December 31, 2014: RMB 125,000,000 Yuan), refundable deposit for bills payable of Shihezi Chateau of RMB 0 Yuan (December 31, 2014: RMB 10,000,000 Yuan) and guaranty money for deposits in the public card of the Joint-stock Company of RMB 295,029 Yuan (December 31, 2014: RMB 4,018 Yuan).

As at June 30, 2015, the Group had monetary fund of RMB 38,323,476 Yuan that was deposited abroad (December 31, 2014: RMB 43,746,008 Yuan).

The bank deposit of the Group including time deposit ranging from 3 months to 1 year as at June 30, 2015 was RMB 28,000,000 Yuan (December 31, 2014: RMB 47,245,260 Yuan), with the interest rates ranging from

2.22%-3.3%.

## 7.2 Bills receivable

### 7.2.1 Classification of bills receivable

Unit: Yuan

Type	Ending balance	Beginning balance
Bank's acceptance bill	335,703,960	138,315,319
Trade acceptance		
Total	335,703,960	138,315,319

### 7.2.2 Bills receivable pledged by the Company at the end of term

Nil

### 7.2.3 Bills receivable endorsed or discounted by the Company at the end of term but not yet matured as of the balance sheet date

Unit: Yuan

Item	Amount terminating recognition at the end of term	Amount not terminating recognition at the end of term
Bank's acceptance bill	104,109,317	
Trade acceptance		
Total	104,109,317	

### 7.2.4 Bills receivable reclassified as accounts receivable by the Company due to the default of drawer at the end of term

Nil

## 7.3 Accounts receivable

### 7.3.1 Accounts receivable disclosed by type

Unit: Yuan

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivable of significant single amount and single accrued bad	65,290,161	49.9%			65,290,161	67,557,319	46.4%			67,557,319

debt provision										
Accounts receivable accrued bad debt provision by credit risk features										
Accounts receivable of insignificant single amount and single accrued bad debt provision	65,514,484	50.1%			65,514,484	78,115,092	53.6%			78,115,092
Total	130,804,645	100%			130,804,645	145,672,411	100%			145,672,411

The credit term of accounts receivable is normally one month. Major customers can be granted a credit term up to three months. The accounts receivable are free from interest.

### 7.3.2 Bad debt provision accrued, transferred back or received in this term

The bad debt provision accrued in this term is RMB 0 Yuan; and that transferred back or received in this term is RMB 0 Yuan.

### 7.3.3 Accounts receivable actually cancelled after verification in this term

Nil

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

Unit	Relationship with the Company	Amount	Period	Percentage of total accounts receivable
Nonggongshang Supermarket (Group) Co., Ltd.	Third party	16,949,440	Within 1 year	13.0%
Wal-mart (China) Investment Co., Ltd.	Third party	16,327,506	Within 1 year	12.5%
Suguo Supermarket Co., Ltd.	Third party	10,113,306	Within 1 year	7.7%
Beijing Wu Mart Business Group Co., Ltd.	Third party	8,741,886	Within 1 year	6.7%
Kangcheng Investment (China) Co., Ltd.	Third party	6,795,264	Within 1 year	5.2%
Total	--	58,927,402	--	45.1%

### 7.3.5 Accounts receivable terminating recognition due to transfer of financial assets

Nil

### 7.3.6 Accounts receivable transferred and included in assets and liabilities

Nil

## 7.4 Advanced payment

### 7.4.1 Advanced payment listed by age

Unit: Yuan

Age	Ending balance		Beginning sum	
	Amount	Proportion	Amount	Proportion
Within 1 year	1,862,640		8,073,786	
1-2 years				
2-3 years				
More than 3 years				
Total	1,862,640	--	8,073,786	--

### 7.4.2 Advanced payment collected by the prepaid parties of top 5 units ranked by the ending balance

Unit	Relationship with the Group	Amount	Age	Reason for unsettlement	Percentage of total advanced payment%
Yantai Power Supply Co., Ltd.	Third party	479,497	Within 1 year	Prepaid electricity purchasing fund	25.7%
Langfang Beitian Landscape Engineering Co., Ltd.	Third party	72,254	Within 1 year	Prepaid afforestation fee	3.9%
Xi'an No. 1 Print Factory	Third party	66,681	Within 1 year	Failure to receive the goods	3.6%
Chongqing Hoson Glass Co., Ltd.	Third party	66,000	Within 1 year	Failure to receive the goods	3.5%
Ningxia Tengyida Industry & Trade Co., Ltd.	Third party	50,050	Within 1 year	Failure to receive the goods	2.7%
Total	--	734,482	--	--	39.4%

## 7.5 Interest receivable

### 7.5.1 Interest receivable

Unit: Yuan

Item	Ending balance	Beginning balance
Time deposit	5,730,457	3,619,429
Entrusted loan		
Bond investment		
Total	5,730,457	3,619,429

## 7.6 Other accounts receivable

### 7.6.1 Other accounts receivable disclosed by type

Unit: Yuan

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Other accounts receivable of significant single amount and single accrued bad debt provision	40,921,858	76.2%	7,199,521	17.6%	33,722,337	16,540,213	42.9%	7,199,521	43.5%	9,340,692
Other accounts receivable accrued bad debt provision by credit risk features										
Other accounts receivable of insignificant single amount and single accrued bad debt provision	12,807,998	23.8%			12,807,998	22,021,610	57.1%			22,021,610
Total	53,729,856	100%	7,199,521	13.4%	46,530,335	38,561,823	100%	7,199,521	18.7%	31,362,302

Other accounts receivable of significant single amount and single accrued bad debt provision at the end of term:

Unit: Yuan



Other accounts receivable (by unit)	Ending balance			
	Other accounts receivable	Bad debt provision	Accrued proportion	Reason for accrual
Tiantong Securities Co., Ltd.	7,199,521	7,199,521	100%	This company is in bankruptcy liquidation.
Total	7,199,521	7,199,521	--	--

### 7.6.2 Bad debt provision accrued, transferred back or received in this term

The bad debt provision accrued in this term is RMB 0 Yuan; and that transferred back or received in this term is RMB 0 Yuan.

### 7.6.3 Other accounts receivable actually cancelled after verification in this term

Nil

### 7.6.4 Other accounts listed by nature

Unit: Yuan

Nature	Ending book balance	Beginning book balance
Deposit and guaranty money receivable	28,030,128	8,651,139
Fund of disbursement receivable	5,546,178	3,138,780
Consumption tax and house duty reimbursement	10,015,633	8,772,123
Other	10,137,917	17,999,781
Total	53,729,856	38,561,823

### 7.6.5 Other accounts receivable collected by the borrowers of top 5 units ranked by the ending balance

Unit: Yuan

Unit	Nature	Ending balance	Age	Percentage of total ending balance of other accounts receivable	Ending balance of bad debt provision
YEDA Construction Enterprise Endowment Insurance Management Office	Guaranty money	12,325,300	Within 1 year	22.9%	
Hi-tech Industrial Development Zone Branch, Fushan District Office, SAT	Tax rebate	8,530,927	Within 1 year	15.9%	
YEDA Finance Bureau	Guaranty money	7,866,110	Within 1 year	14.6%	
Tiantong Securities Co., Ltd	Investment	7,199,521	More than 3 years	13.4%	7,199,521
YEDA Construction Industry Association	Guaranty money	5,000,000	2-3years	9.3%	

**7.6.6 Other accounts receivable terminating recognition due to transfer of financial assets**

Nil

**7.6.7 Other accounts receivable transferred and 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	43,418,043		43,418,043	74,820,215		74,820,215
Goods in process	749,953,172		749,953,172	919,070,983		919,070,983
Commodity stocks	715,348,751	15,324,375	700,024,376	1,108,809,575	15,324,375	1,093,485,200
Total	1,508,719,966	15,324,375	1,493,395,591	2,102,700,773	15,324,375	2,087,376,398

**7.7.2 Inventory depreciation provision**

Unit: Yuan

Item	Beginning balance	Increase of this term		Decrease of this term		Ending balance
		Accrual	Other	Transfer back or write-off	Other	
Raw materials						
Goods in process						
Commodity stocks	15,324,375					15,324,375
Total	15,324,375					15,324,375

**7.8 Available-for-sale financial assets****7.8.1 Available-for-sale financial assets**

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale financial instruments:						
Available-for-sale equity	10,000,000	10,000,000		10,000,000	10,000,000	

instruments:						
Fair value measurement						
Cost measurement	10,000,000	10,000,000		10,000,000	10,000,000	
Total	10,000,000	10,000,000		10,000,000	10,000,000	

## 7.8.2 Available-for-sale financial assets by cost measurement at the end of term

Unit: Yuan

Invested unit	Book balance				Impairment provision				Shareholding ratio in the invested unit	Cash dividend of this term
	Beginning	Increase of this term	Decrease of this term	Ending	Beginning	Increase of this term	Decrease of this term	Ending		
Yantai Dingtao Construction and Development Co., Ltd.	10,000,000			10,000,000	10,000,000			10,000,000	18%	
Total	10,000,000			10,000,000	10,000,000			10,000,000	--	

## 7.8.3 Changes of impairment of available-for-sale financial assets in the report period

Unit: Yuan

Classification of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Accrued impairment balance at the beginning of term	10,000,000		10,000,000
Accrued amount of this term			
Including: Transferred in from other comprehensive income			
Decrease of this term			
Including: Fair value recovered and transferred back after date			
Accrued impairment balance at the end of term	10,000,000		10,000,000

## 7.9 Fixed assets

### 7.9.1 Particulars of fixed assets

Unit: Yuan

Item	Buildings	Machineries and equipment	Motor vehicles	Total
I Original book value:				
1. Beginning balance	2,059,698,368	1,373,974,100	25,774,703	3,459,447,171
2. Increase	38,688,586	6,745,373	272,012	45,705,971
2.1 Acquisition	7,516,359	6,575,470	272,012	14,363,841
2.2 Transfer in from construction in progress	31,172,227	169,903		31,342,130
2.3 Increase from enterprise merger				

Item	Buildings	Machineries and equipment	Motor vehicles	Total
2.4 Others				
3. Decrease		128,735		128,735
3.1 Disposal or retirement		128,735		128,735
3.2 Others				
4. Ending balance	2,098,386,954	1,380,590,738	26,046,715	3,505,024,407
II Accumulated depreciation				
1. Beginning balance	269,635,846	636,170,373	20,958,597	926,764,816
2. Increase	28,844,515	45,477,232	1,054,358	75,376,105
2.1 Accrual	28,844,515	45,477,232	1,054,358	75,376,105
2.2 Others				
3. Decrease		106,046		106,046
3.1 Disposal or retirement		106,046		106,046
3.2 Others				
4. Ending balance	298,480,361	681,541,559	22,012,955	1,002,034,875
III Impairment provision				
1. Beginning balance				
2. Increase				
2.1 Accrual				
2.2 Others				
3. Decrease				
3.1 Disposal or retirement				
3.2 Others				
4. Ending balance				
IV Book value				
1. Ending book value	1,799,906,593	699,049,179	4,033,760	2,502,989,532
2. Beginning book value	1,790,062,522	737,803,727	4,816,106	2,532,682,355

### 7.9.2 Temporarily idle fixed assets

Nil

### 7.9.3 Fixed assets under finance leases

Nil

### 7.9.4 Fixed assets under operating lease

Nil

### 7.9.5 Fixed assets without property certificates

Unit: Yuan

Item	Book value	Reason for not receiving property certificate
Xinjiang Shihezi Bureau Workshop and Factory	253,830,397	Under transaction
Beijing Chateau European Town, Main Building and Service Building	230,176,069	Under transaction
Ningxia Wine-making Combined Workshop and Office Building	76,821,774	Under transaction
Office of Sales Company Provincial Sub-office	43,636,695	Under transaction
Xinjiang Tianzhu Fermentation and Storage Workshop	26,161,479	Under transaction
Ice Wine Chateau Office Building and Packing Workshop	10,275,726	Under transaction
Fermentation Centre Office Building, Laboratory Building and Workshop	6,407,793	Under transaction
Changyu (Jingyang) Vintage Workshop	4,824,089	Under transaction
Kylin Packaging Finished Goods Warehouse and Workshop	2,714,223	Under transaction

## 7.10 Construction in progress

### 7.10.1 Construction in progress

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction and Reconstruction Project of Joint-stock Company	297,988		297,988	182,767		182,767
Xinjiang Tianzhu Technological Innovation Reconstruction Project	317,759		317,759	317,758		317,758
AFIP Tourism Square Reconstruction Project	28,000		28,000	28,000		28,000
Ningxia Chateau Road Project	4,297,650		4,297,650	4,083,378		4,083,378
Icewine Chateau Engineering Project	730,776		730,776	69,840		69,840

Sales Company Building Project	45,827,492		45,827,492	39,316,089		39,316,089
Langfang Castel Workshop Reconstruction				271,057		271,057
Jingyang Fermentation Workshop Reconstruction Project	994,385		994,385	794,385		794,385
Shihezi Chateau Construction Project	81,702,747		81,702,747	69,298,865		69,298,865
Xinjiang Sales Company Construction Project	10,729,350		10,729,350	6,513,350		6,513,350
Ningxia Chateau Construction Project	145,794,295		145,794,295	127,432,353		127,432,353
Xianyang Chateau Construction Project	243,952,375		243,952,375	222,927,964		222,927,964
R&D and Manufacturing Center Construction Project	1,485,232,709		1,485,232,709	1,127,641,913		1,127,641,913
Tinlot Chateau Construction Project	64,104,576		64,104,576	73,517,357		73,517,357
Huanren Brewing Workshop Construction Project	27,545,868		27,545,868	26,261,424		26,261,424
Chang'an Chateau Tourism Construction Project	36,853,039		36,853,039	1,810,000		1,810,000
Rouillet-Fransac Construction Project	927,780		927,780			
Total	2,149,336,789		2,149,336,789	1,700,466,500		1,700,466,500

## 7.10.2 Changes of major construction in progress in this term

Unit: Yuan

Item	Budget	Beginning balance	Increase	Transferred to fixed assets	Other decrease	Ending balance	Proportion of accumulative project input in budget	Construction progress	Accumulative capitalization amount of interest	Including: capitalization amount of interest in this term	Capitalization ratio of interest in this term	Capital source
Xinjiang Tianzhu Technological Innovation Reconstruction Project	3,500,000	317,758				317,758	92.70%	92.7%				Others
Yantai Chateau Mu Ziguo Vineyard Project	30,000,000						68.50%	68.5%				Others
Sales Company Building Project	161,350,000	39,316,089	6,511,404			45,827,493	92.20%	92.2%				Others
Shihezi Chateau Construction Project (including Xinjiang Sales)	780,000,000	75,812,215	27,525,911	10,556,029	350,000	92,432,097	85.90%	85.9%				Others
Ningxia Chateau Construction Project (including Ningxia Plantation)	414,150,000	131,515,731	22,175,485	2,311,797	1,287,474	150,091,945	96.10%	96.1%				Others
Xianyang Chateau Construction Project (including Chang'an Tourism)	620,740,000	224,737,964	56,067,450			280,805,414	98.20%	98.2%				Others
R&D and Manufacturing Center Construction Project	1,693,970,000	1,127,641,913	357,590,796			1,485,232,709	87.70%	87.7%				Others
Tinlot Chateau Construction Project	192,400,000	73,517,357	9,061,618	18,474,401		64,104,574	91.10%	91.1%				Others
Huanren Brewing Workshop Construction Project	31,000,000	26,261,424	1,284,444			27,545,868	88.80%	88.8%				Others
Total	3,927,110,000	1,699,120,451	480,217,108	31,342,227	1,637,474	2,146,357,858	--	--				--

As at June 30, 2015, there is no indication for impairment in construction in process of the Group, so no provision is made.

## 7.11 Productive biological assets

### 7.11.1 Productive biological assets adopting cost measurement mode

Unit: Yuan

Item	Plantation	Animal Husbandry	Forestry	Aquaculture	Total
I Original book value					
1. Beginning balance	161,384,261				161,384,261
2. Increase	26,057,977				26,057,977
2.1 Outsourcing					
2.2 Self cultivation	26,057,977				26,057,977
3. Decrease	1,945,881				1,945,881
3.1 Disposal	1,945,881				1,945,881
3.2 Others					
4. Ending balance	185,496,357				185,496,357
II Accumulated depreciation					
1. Beginning balance	9,661,020				9,661,020
2. Increase	847,853				847,853
2.1 Accrual	847,853				847,853
3. Decrease					
3.1 Disposal					
3.2 Others					
4. Ending balance	10,508,873				10,508,873
III Impairment provision					
1. Beginning balance					
2. Increase					
2.1 Accrual					
3. Decrease					
3.1 Disposal					
3.2 Others					
4. Ending balance					



IV Book value					
1. Ending book value	174,987,484				174,987,484
2. Beginning book value	151,723,241				151,723,241

As at June 30, 2015, no ownership of the biological asset is restricted.

As at June 30, 2015, the productive biological assets of this Group include mature productive biological assets of RMB 24,322,692 Yuan (December 31, 2014: RMB 23,758,058 Yuan) and immature productive biological assets of RMB 150,664,792 Yuan (December 31, 2014: RMB 127,965,183 Yuan).

As at June 30, 2015, there is no indication that biological assets may be impaired, and no provision is made.

## 7.12 Intangible assets

### 7.12.1 Particulars of intangible assets

Unit: Yuan

Item	Land use right	Patent right	Non-patented technology	Total
I Original book value				
1. Beginning balance	459,367,374	37,017,024		496,384,398
2. Increase	5,700,281	211,000		5,911,281
2.1 Acquisition	5,700,281	211,000		5,911,281
2.2 Internal R&D				
2.3 Increase from enterprise merger				
3. Decrease				
3.1 Disposal				
4. Ending balance	465,067,655	37,228,024		502,295,679
II Accumulated amortization				
1. Beginning balance	36,283,156	7,150,048		43,433,204
2. Increase	4,429,074	1,276,172		5,705,246
2.1 Accrual	4,429,074	1,276,172		5,705,246
3. Decrease				
3.1 Disposal				

4. Ending balance	40,712,230	8,426,220		49,138,450
III Impairment provision				
1. Beginning balance				
2. Increase				
2.1 Accrual				
3. Decrease				
3.1 Disposal				
4. Ending balance				
IV Book value				
3. Ending book value	424,355,425	28,801,804		453,157,229
4. Beginning book value	423,084,218	29,866,976		452,951,194

### 7.12.2 Land use right without property certificates

Unit: Yuan

Item	Book value	Reason for not receiving property certificate
A-48, 49, 51 and 52 residential areas in YEDA	150,357,759	Under transaction

## 7.13 Goodwill

### 7.13.1 Original Book Value of Goodwill

Unit: Yuan

Name of the invested unit or matter forming goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed from enterprise merger	Other	Disposal	Other	
Etablissements Roullet	13,112,525					13,112,525
Total	13,112,525					13,112,525

## 7.14 Long term unamortized expenses

Unit: Yuan

Item	Beginning balance	Increase	Amortization	Other decrease	Ending balance
Land lease fees	60,810,188	620,540	859,174		60,571,554
Land-use fees	47,506,370		640,109		46,866,261

Afforestation fees	40,596,058	2,255,880	5,870,009		36,981,929
Renovation costs	36,733,685	10,591,892	1,798,011		45,527,566
Other	16,265,304	8,968,190	1,470,203		23,763,291
<b>Total</b>	<b>201,911,605</b>	<b>22,436,502</b>	<b>10,637,506</b>		<b>213,710,601</b>

## 7.15 Deferred income tax assets/liabilities

### 7.15.1 Unoff-set 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	32,523,896	8,130,974	32,523,896	8,130,974
Unrealized profits from inter-company transactions	516,757,920	129,189,480	632,127,732	158,031,933
Deductible loss	193,223,452	52,162,017	160,950,941	44,093,889
Unpaid bonus	52,327,095	13,081,774	95,326,160	23,831,540
Dismission welfare	14,329,320	3,616,267	15,936,065	3,984,016
Deferred income	86,413,951	15,908,191	88,423,710	16,114,471
<b>Total</b>	<b>895,575,634</b>	<b>222,088,703</b>	<b>1,025,288,504</b>	<b>254,186,823</b>

### 7.15.2 Unoff-set 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	18,049,961	4,512,491	18,262,543	4,565,636
Change of fair value of financial assets for sale				
<b>Total</b>	<b>18,049,961</b>	<b>4,512,491</b>	<b>18,262,543</b>	<b>4,565,636</b>

### 7.15.3 Details of unconfirmed deferred income tax assets

Unit: Yuan

Item	Ending balance	Beginning balance
Deductible loss	1,363,422	1,363,422
Total	1,363,422	1,363,422

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

Unit: Yuan

Year	Ending sum	Beginning sum	Remark
2015	1,363,422	1,363,422	
Total	1,363,422	1,363,422	--

### 7.16 Other non-current assets

Unit: Yuan

Item	Ending balance	Beginning balance
Ningxia planting biological assets transfer expenses receivable	15,751,605	15,751,605
Total	15,751,605	15,751,605

### 7.17 Short-term loan

#### 7.17.1 Classification of short-term loan

Unit: Yuan

Item	Ending balance	Beginning balance
Pledge loan		
Collateralised loan		
Guaranteed loan		
Fiduciary loan	300,000,000	300,000,000
Total	300,000,000	300,000,000

### 7.18 Bills payable

Unit: Yuan

Type	Ending balance	Beginning balance
------	----------------	-------------------

Commercial acceptance bill		10,000,000
Banker's acceptance bill		
Total		10,000,000

## 7.19 Accounts payable

### 7.19.1 List of accounts payable

Unit: Yuan

Item	Ending balance	Beginning balance
Within one year	126,564,586	357,811,822
Total	126,564,586	357,811,822

### 7.19.2 Significant amounts payable aged more than one year

As at June 30, 2015, the Group has no significant amounts payable aged more than one year.

## 7.20 Advances from customers

### 7.20.1 List of advances from customers

Unit: Yuan

Item	Ending sum	Beginning sum
Advances from customers for selling goods	248,266,622	215,127,598
Total	248,266,622	215,127,598

### 7.20.2 Advances from customers of significant amount aged more than one year

As at June 30, 2015, the Group has no advances from customers of significant amount aged more than one year.

## 7.21 Employee benefits payable

### 7.21.1 List of employee benefits payable

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Short-term compensation	142,954,964	149,454,532	186,675,984	105,733,512

Item	Beginning balance	Increase	Decrease	Ending balance
2. Post-employment welfare – defined contribution plan	57,563	16,591,791	15,956,772	692,582
3. Dismission welfare	15,936,065	818,302	2,425,047	14,329,320
4. Other welfare due within one year				
Total	158,948,592	166,864,625	205,057,803	120,755,414

### 7.21.2 List of short-term compensation

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salaries, bonuses, allowances and subsidies	139,917,954	129,232,170	166,962,817	102,187,307
2. Staff welfare	5,968	5,995,621	5,991,907	9,682
3. Social insurance charges	161,489	8,149,300	7,840,847	469,942
Including: Medical insurance	158,487	6,552,012	6,310,420	400,079
Injury insurance	1,572	891,854	856,608	36,818
Maternity insurance	1,430	705,434	673,819	33,045
4. Housing fund	70,236	4,602,265	4,433,923	238,578
5. Union fee and education fee	2,799,317	1,475,176	1,446,490	2,828,003
6. Short-term compensated absences	-	-	-	-
7. Short-term profit-sharing plan	-	-	-	-
8. Others	-	-	-	-
Total	142,954,964	149,454,532	186,675,984	105,733,512

### 7.21.3 List of defined contribution plan

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic endowment insurance	55,963	15,669,148	15,097,837	627,274
2. Unemployment insurance	1,600	922,643	858,935	65,308
3. Enterprise annuity payment				
Total	57,563	16,591,791	15,956,772	692,582

### 7.21.4 Dismission welfare

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for sever of labor relation		818,302	818,302	
2. Compensation for early retirement	15,936,065		1,606,745	14,329,320
Total	15,936,065	818,302	2,425,047	14,329,320

### 7.223 Taxes payable

Unit: Yuan

Item	Ending balance	Beginning balance
Value added tax	-64,622,839	-62,755,555
Consumption tax	9,241,487	18,849,955
Business tax	314,361	1,005,135
Corporate income tax	6,435,826	109,836,980
Individual income tax	7,215,706	6,644,281
Urban maintenance and construction tax	2,152,865	4,831,936
Urban land use tax	1,412,948	1,519,318
Property tax	1,694,102	898,914
Other	2,258,342	6,673,084
Total	-33,897,202	87,504,048

### 7.23 Interest payable

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term loan interest of installment and interest charges, repayment of principal at maturity	463,347	1,723,974
Enterprise bond interest		
Interest payable of short-term loan	5,428,152	1,751,667
Preferred stock/perpetual capital securities interest divided into financial liabilities		
Other		
Total	5,891,499	3,475,641

## 7.24 Other payables

### 7.25.1 Other payables listed according to the nature

Unit: Yuan

Item	Ending balance	Beginning balance
Distributors deposit payable	137,190,180	134,470,408
Equipment purchases and construction costs payable	77,090,175	90,857,839
Transportation charges payable	11,716,093	24,388,114
Payable for trademark usage of the Group	52,568,600	77,809,993
Advertising expenses payable	206,529,371	43,488,770
Other loans	22,522,636	22,522,636
Employee cash deposit	2,905,469	10,005,000
Payables for deposit of suppliers	10,593,744	2,263,984
Contract fee payable	34,155,771	27,132,371
Other	28,458,665	36,865,202
<b>Total</b>	<b>583,730,704</b>	<b>469,804,317</b>

## 7.25 Other current liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Deferred income	12,398,717	12,398,718
<b>Total</b>	<b>12,398,717</b>	<b>12,398,718</b>

## 7.26 Long-term loans

### 7.26.1 Classification of long-term loans

Unit: Yuan

Item	Ending balance	Beginning balance
Pledge loan	119,867,200	119,912,800
Collateralised loan		
Guaranteed loan		
Fiduciary loan	68,699,000	89,467,200
<b>Total</b>	<b>188,566,200</b>	<b>209,380,000</b>



## 7.27 Deferred income

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance	Forming reason
Government allowance	76,024,992	4,312,000	6,321,758	74,015,234	
Total	76,024,992	4,312,000	6,321,758	74,015,234	--

## Projects related to government allowance

Unit: Yuan

Item of liabilities	Beginning balance	Amount of subsidy newly increased of this term	Amount counted into non-operating revenue of this term	Other changes	Ending balance	Relating to assets/earnings
Miyun County Committee Propaganda Department Transfer	3,555,780		444,473		3,111,307	Relating to assets
Grape bulk wine brewing project	9,044,116		717,437		8,326,679	Relating to assets
Ningxia industrial revitalization and technical transformation project	11,065,000		1,647,500		9,417,500	Relating to assets
Special fund for Wuyouyixin industrial cluster	120,000		30,000		90,000	Relating to assets
Subsidy payments for wine grape	470,000				470,000	Relating to earnings
Modern agriculture produced grape development subsidy	324,000				324,000	Relating to earnings
Xinjiang industrial revitalization and technical transformation project	21,330,000				21,330,000	Relating to assets
Changyu Chateau project	12,758,700		1,611,150		11,147,550	Relating to assets
Special fund for infrastructure construction	3,357,900		239,850		3,118,050	Relating to assets
Special fund for wine electronic traceability system	5,193,474		333,527		4,859,947	Relating to assets
Special fund for wine industry development	930,000				930,000	Relating to assets
Special fund for construction of Peninsula Blue Economic Zone	10,000,000		500,000		9,500,000	Relating to assets

Item of liabilities	Beginning balance	Amount of subsidy newly increased of this term	Amount counted into non-operating revenue of this term	Other changes	Ending balance	Relating to assets/earnings
Scientific research funds subsidy of National 863 Plan	62,900		3,200		59,700	Relating to assets
Financial subsidy for SAP IT Project	5,220,000		290,000		4,930,000	Relating to assets
Subsidy for project integrating IT application with industrialization	100,000				100,000	Relating to earnings
Cross-border e-commerce project	2,179,440		122,222		2,057,218	Relating to earnings
Daliuhang grape base construction project	2,080,000		260,000		1,820,000	Relating to assets
Industry transformation and upgrading project		4,000,000			4,000,000	Relating to earnings
Special fund for major technological innovation project		312,000			312,000	Relating to assets
Subsidy for agricultural science	632,400		122,400		510,000	Relating to earnings
Total	88,423,710	4,312,000	6,321,759		86,413,951	
Minus: divided into current liabilities	12,398,718				12,398,717	
Non-current liabilities	76,024,992				74,015,234	--

## 7.28 Other non-current liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Employee compensation payable	3,998,352	3,998,352
Total	3,998,352	3,998,352

As at June 30, 2015, the employee compensation payable is the guarantee fund for working responsibility deducted per a certain ratio from the year-end bonuses of employees with the level above sales manager of the Company, which will pay from 2016 to 2017.

## 7.29 Share capital

Unit: Yuan

	Beginning balance	Increase or decrease (+,-)					Ending balance
		Issue new shares	Allocate shares	Share transferred from accumulation fund	Other	Subtotal	
Total shares	685,464,000						685,464,000

## 7.30 Capital surplus

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (Share capital premium)	557,222,454			557,222,454
Other capital surplus	5,916,588			5,916,588
Total	563,139,042			563,139,042

## 7.31 Other comprehensive earnings

Unit: Yuan

Item	Beginning balance	Amount incurred in this term					Ending balance
		Amount incurred before income tax in this term	Minus: profit or loss in this term transferred from other comprehensive earnings before	Minus: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive earnings not to be reclassified into profit and loss later							
Including: change in net liabilities and net assets from recalculated defined benefit plan							
Share enjoyed in other							

Item	Beginning balance	Amount incurred in this term					Ending balance
		Amount incurred before income tax in this term	Minus: profit or loss in this term transferred from other comprehensive earnings before	Minus: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
comprehensive earnings not to be reclassified into profit and loss in invested unit under equity law							
2. Other comprehensive earnings to be reclassified into profit and loss later	-2,803,271	-4,144,991			-4,144,991		-6,948,262
Including: share enjoyed in other comprehensive earnings to be reclassified into profit and loss in invested unit under equity law							
Profit and loss from changes in fair value of financial assets for sale							
Profit and loss from reclassification of held-to-maturity investment into fair value of financial assets for sale							
Effective part of profit and loss of cash-flow hedge							
Difference in translation of Foreign Currency Financial Statement	-2,803,271	-4,144,991			-4,144,991		-6,948,262
Total other comprehensive earnings	-2,803,271	-4,144,991			-4,144,991		-6,948,262

### 7.32 Surplus reserve

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
Legal surplus	342,732,000			342,732,000
Free surplus				

Reserve fund				
Enterprise expansion fund				
Other				
Total	342,732,000			342,732,000

### 7.32 Retained profits

Unit: Yuan

Item	This term	Last term
Retained profits at the end of last term before adjustment	5,251,920,374	4,616,944,663
Total retained profits at the beginning of the term before adjustment (increase listed with+ , and decrease listed with -)		-
Retained profits at the beginning of the term after adjustment	5,251,920,374	4,616,944,663
Plus: Net profit for owner of the parent company	746,060,248	977,707,711
Minus: Drawn legal surplus		-
Drawn free surplus		-
Drawn common risk provision		-
Common dividend payable		342,732,000
Common dividend transferred to share capital		-
Retained profits at the end of term	5,997,980,622	5,251,920,374

### 7.34 Operating income and cost

Unit: Yuan

Item	Amount incurred in this term		Amount incurred in last term	
	Income	Cost	Income	Cost
Major operating	2,822,557,981	929,890,756	2,295,163,767	748,344,147
Other operating	3,235,269	2,631,987	6,826,481	5,958,239
Total	2,825,793,250	932,522,743	2,301,990,248	754,302,386

### 7.35 Business taxes and surcharges

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Consumption tax	84,797,329	79,962,492
Business Tax	1,518,690	986,148
Urban maintenance and construction tax	28,968,941	27,466,029
Education fee and surcharges	15,286,114	14,516,416
Other	10,040,014	9,505,728
Total	140,611,088	132,436,813

### 7.36 Selling expenses

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Advertising expenses	360,539,291	262,899,061
Transportation & handling expenses	65,691,087	54,854,637
Trademark usage expenses	50,302,290	43,413,264
Storage and lease expenses	36,943,556	16,033,875
Employee compensation	92,074,479	77,095,386
Travel expenses	11,066,307	9,635,193
Other	36,808,506	22,549,614
Total	653,425,516	486,481,030

**7.37 Administrative expenses**

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Employee compensation	42,052,514	34,965,528
Rental expenses	4,284,471	4,202,779
Depreciation expenses	18,919,997	13,603,951
Amortization expenses	5,652,361	5,312,584
Office expenses	7,217,464	6,430,712
Travel expenses	2,280,457	2,259,499
Business entertainment expenses	3,221,229	1,837,458
Building tax, stamp duty & other taxes	10,197,817	5,769,819
Repair expenses	5,202,754	4,364,445
Contracting expenses	9,231,363	9,231,363
Other	11,509,913	16,002,359
Total	119,770,340	103,980,497

**7.38 Financial expenses**

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Interest expenditure	11,180,635	3,161,233
Minus: Interest income	10,172,582	17,753,946
Plus: Commission charges	655,685	224,138
Exchange loss	-5,544,641	114,190
Total	-3,880,903	-14,254,385

**7.39 Non-operation income**

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term	Amount counted into the current non-recurring profits/losses
Total gains on disposal of non-current assets	2,985		2,985
Including: Gains on disposal of fixed assets	2,985		2,985

Gains on disposal of intangible assets			
Gains on debt recombination			
Gains on exchange of non-monetary assets			
Grains on donations			
Government allowance	6,527,952	8,772,080	6,527,952
Other	2,265,897	672,716	2,265,897
Total	8,796,834	9,444,796	8,796,834

Government allowance counted into the current profits/losses:

Unit: Yuan

Item of allowance	Amount incurred in this term	Amount incurred in last term	Belonging to non-current profits/losses or not
Funds to support major projects	3,942,973	4,052,500	
Funds to support small and medium-sized Enterprises	1,508,949	2,078,674	
Other	1,076,030	2,640,906	
Total	6,527,952	8,772,080	--

## 7.40 Non-operation expenses

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term	Amount counted into the current non-recurring profits/losses
Total loss on disposal of	1,564	10,897	1,564
Including: Loss on disposal of fixed assets	1,564	10,897	1,564
Loss on disposal of intangible assets			
Loss on debt recombination			
Loss on exchange of non-monetary assets			
Donation	303,000	15,000	303,000
Fine, penalty and overdue fine paid due to violation of laws and	36,021		36,021
Other	13,366	179,619	13,366
Total	353,951	205,516	353,951



## 7.41 Income tax expense

### 7.41.1 List of income tax expense

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Current income tax expense	213,682,126	222,628,228
Deferred income tax expense	32,044,975	-12,386,352
Total	245,727,101	210,241,876

### 7.41.2 Adjustment process of accounting profit and income tax expense

Unit: Yuan

Item	Amount incurred in this term
Total profit	991,787,349
Income tax expense calculated according to the legal/applicable tax rate	247,946,837
Influence of different tax rates applicable to subsidiary	-2,678,577
Influence of income tax in the term before adjustment	
Influence of nontaxable income	
Influence of non-deductible costs, expenses and losses	458,841
Influence of deductible loss from use of unconfirmed deferred income tax assets in last term	
Influence of deductible temporary difference or deductible loss of unconfirmed deferred income tax assets in this term	
Income tax expense	245,727,101

## 7.42 Other comprehensive earnings

See details in Note 31.

## 7.43 Items of cash flow statement

### 7.43.1 Other cash received relating to operating activities

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Government allowance income	4,518,193	1,815,120
Other	3,694,770	6,533,816
Total	8,212,963	8,348,936

#### 7.43.2 Other cash paid relating to operating activities

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Selling expenses	349,236,795	293,202,949
Administrative expenses	35,679,002	35,097,252
Other	5,414,680	5,155,556
Total	390,330,477	333,455,757

### 7.44 Supplementary information to cash flow statement

#### 7.44.1 Supplementary information to cash flow statement

Unit: Yuan

Supplementary materials	Amount incurred in this term	Amount incurred in last term
1. Cash flows from operating activities calculated by adjusting the net profit:	--	--
Net profit	746,060,248	638,041,311
Plus: Provision for impairment of assets		
Depreciation of fixed assets, oil-and-gas assets and productive biological assets	76,223,958	66,175,340
Intangible assets amortization	5,705,246	4,914,237
Amortization of long term prepaid expenses	10,637,506	7,313,656
Losses on disposal of fixed assets, intangible assets and other long-term assets (profit listed with “—”)	-1,421	10,897
Losses on retirement of fixed assets (profit listed with “—”)		
Losses on fair value change (profit listed with “—”)		
Financial costs (profit listed with “—”)	2,219,651	-2,504,848
Investment losses (profit listed with “—”)		
Decrease in deferred income tax assets (increase listed with “-”)	32,098,120	-12,386,352
Increase of deferred income tax liabilities (decrease listed	-53,145	

Supplementary materials	Amount incurred in this term	Amount incurred in last term
with “—”)		
Decrease in inventories (increase listed with “-”)	593,980,807	357,764,305
Decrease in operating receivables (increase listed with “-”)	-290,154,233	-101,390,868
Increase in operating payable (decrease listed with “-”)	-249,553,677	-68,262,547
Other		
Net cash flows from operating activities	927,163,060	889,675,131
2. Significant investment and financing activities not involving cash deposit and withdrawal:	--	--
Debt transferred into assets		
Convertible corporate bond due within 1 year		
Fixed assets under financing lease		
3. Net changes of cash and cash equivalent:	--	--
Ending balance of cash	1,431,026,523	1,605,221,643
Minus: Beginning balance of cash	960,472,274	956,558,932
Plus: Ending balance of cash equivalent		
Minus: Beginning balance of cash equivalent		
Net increase amount of cash and cash equivalent	470,554,249	648,662,711

#### 7.44.2 Cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
1. Cash	1,431,026,523	960,472,274
Including: Cash on hand	484,571	101,660
Bank deposits on demand	1,430,541,952	960,370,614
Other monetary capital on demand		
Due from central bank available for payment		
Due from the industry		
Inter-bank lending		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of term	1,431,026,523	960,472,274
Including: restricted use of parent company or subsidiaries in the group		

**7.45 Assets with restricted ownership or use right**

Unit: Yuan

Item	Ending book value	Reason for restriction
Monetary capital	127,938,548	Loan cash deposit, housing fund and unit card deposit cash deposit
Total	127,938,548	--

**7.46 Foreign currency monetary items****7.46.1 Foreign currency monetary items**

Unit: Yuan

Item	Ending foreign currency balance	Translation exchange rate	Ending converted RMB balance
Long-term loans	--	--	
Including: USD			
EUR	10,000,000	6.8699	68,699,000
HKD	152,000,000	0.7886	119,867,200

**8. Changes in scope of consolidation****Changes in scope of consolidation due to other reasons (newly-established)**

Full name of invested unit	Date and place of incorporation	Legal representative	Business nature	Registered capital	Business scope	Organization code
Lanzhou Changyu Pioneer Wine Co., Ltd.	Mar. 26, 2015 Lanzhou City, Gansu Province, China	Zhang Pengfei	Private limited liability company	500,000	Wholesale and retail of prepackaged food and general merchandise	32541076-1
Yantai Rouillet-Fransac Imported Wine Sales Co., Ltd.	Jan. 22, 2015 Yantai City, Shandong Province, China	Zhou Hongjiang	Limited liability company	1,000,000	Wholesale and retail of prepackaged food	32846634-9

## 9. Equity in other entities

### 9.1 Equity in the subsidiaries

#### 9.1.1 Constitution of enterprise group

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Xinjiang Tianzhu (a)	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Manufacturing industry	60%		Acquired from a business combination under non-common control
Etablissements Roulet Fransac	Cognac, France	Cognac, France	Trading	100%		Acquired from a business combination under non-common control
Beijing Changyu Sales and Distribution Co., Ltd. ("Beijing Sales")	Beijing City, China	Beijing City, China	Sales	100%		Acquired by establishment or investment
Yantai Kylin Packaging Co., Ltd. ("Kylin Packaging")	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Manufacturing industry	100%		Acquired by establishment or investment
Yantai Changyu-Castel Wine Chateau Co., Ltd. ("Changyu Chateau") (b)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Manufacturing industry	70%		Acquired by establishment or investment
Changyu (Jingyang) Pioneer Wine Co., Ltd. ("Jingyang Wine")	Xianyang City, Shaanxi Province, China	Xianyang City, Shaanxi Province, China	Manufacturing industry	90%	10%	Acquired by establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. ("Sales Company")	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Sales	100%		Acquired by establishment or investment
Langfang Development Zone Castel-Changyu Wine Co., Ltd. ("Langfang Castel") (c)	Langfang City, Hebei Province, China	Langfang City, Hebei Province, China	Manufacturing industry	39%	10%	Acquired by establishment or investment
Changyu (Jingyang) Pioneer Wine Sales Co., Ltd. ("Jingyang Sales")	Xianyang City, Shaanxi Province, China	Xianyang City, Shaanxi Province, China	Sales	10%	90%	Acquired by establishment or investment
Langfang Changyu Pioneer Wine Sales Co., Ltd. ("Langfang Sales")	Langfang City, Hebei Province, China	Langfang City, Hebei Province, China	Sales	10%	90%	Acquired by establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd.	Shanghai City, China	Shanghai City, China	Sales	30%	70%	Acquired by establishment or investment

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
(“Shanghai Sales”)						
Beijing Changyu AFIP Eco-agriculture Development Co., Ltd. (“Agricultural Development”)	Miyun County, Beijing City, China	Miyun County, Beijing City, China	Sales		100%	Acquired by establishment or investment
Beijing Changyu AFIP Wine Chateau Co., Ltd. (“Beijing Chateau”) (d)	Beijing City, China	Beijing City, China	Manufacturing industry	70%		Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wine Sales”)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Sales	90%	10%	Acquired by establishment or investment
Yantai Changyu Pioneer International Co., Ltd. (“Pioneer International”)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Sales	70%	30%	Acquired by establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. (“Hangzhou Changyu”)	Hangzhou City, Zhejiang Province, China	Hangzhou City, Zhejiang Province, China	Sales		100%	Acquired by establishment or investment
Ningxia Growing	Yinchuan City, the Ningxia Hui Autonomous Region, China	Yinchuan City, the Ningxia Hui Autonomous Region, China	Planting industry	100%		Acquired by establishment or investment
Huanren Changyu National Wine Sales Co., Ltd. (“National Wines”)	Benxi City, Liaoning City, China	Benxi City, Liaoning City, China	Sales	100%		Acquired by establishment or investment
Liaoning Changyu Ice Wine Chateau Co., Ltd. (“Ice Chateau”) (e)	Benxi City, Liaoning City, China	Benxi City, Liaoning City, China	Manufacturing industry	51%		Acquired by establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. (“Development Zone Trading”)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Sales		100%	Acquired by establishment or investment
Shenzhen Changyu Wine Marketing Ltd. (“Shenzhen Marketing”)	Shenzhen City, Guangdong Province, China	Shenzhen City, Guangdong Province, China	Sales		100%	Acquired by establishment or investment
Yantai Fushan District Changyu Trading Co., Ltd. (“Fushan Trading”)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Sales		100%	Acquired by establishment or investment
Beijing AFIP Meeting Center (“Meeting Center”)	Miyun County, Beijing City, China	Miyun County, Beijing City, China	Service industry		100%	Acquired by establishment or investment

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Beijing AFIP Tourism and Culture Company (“AFIP Tourism”) (f)	Miyun County, Beijing City, China	Miyun County, Beijing City, China	Tourism industry	70%		Acquired by establishment or investment
Ningxia Wine	Yinchuan City, the Ningxia Hui Autonomous Region, China	Yinchuan City, the Ningxia Hui Autonomous Region, China	Manufacturing industry	100%		Acquired by establishment or investment
Yantai Changyu Tinlot Chateau Co., Ltd. (“Tinlot Chateau”)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Wholesale and retail	100%		Acquired by establishment or investment
Qing Tong Xia Changyu Wine Marketing Ltd. (“Qing Tong Xia Sales”)	Qingtongxia City, the Ningxia Hui Autonomous Region, China	Qingtongxia City, the Ningxia Hui Autonomous Region, China	Sales		100%	Acquired by establishment or investment
Shihezi Chateau	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Manufacturing industry	100%		Acquired by establishment or investment
Ningxia Changyu Mosel XV Chateau Co., Ltd. (“Ningxia Chateau”)	Yinchuan City, the Ningxia Hui Autonomous Region, China	Yinchuan City, the Ningxia Hui Autonomous Region, China	Manufacturing industry	100%		Acquired by establishment or investment
Shaanxi Changyu Ruina Chateau Co., Ltd. (“Chang’an Chateau”)	Xianyang City, Shaanxi Province, China	Xianyang City, Shaanxi Province, China	Manufacturing industry	100%		Acquired by establishment or investment
Yantai Changyu Wine Research and Development Co., Ltd. (“Development Centre”)	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Manufacturing industry	100%		Acquired by establishment or investment
Changyu (Huanren) Wine Co., Ltd. (“Huanren Wine”)	Benxi City, Liaoning City, China	Benxi City, Liaoning City, China	Wine making/project establishment	100%		Acquired by establishment or investment
Xinjiang Changyu Wine Sales Co., Ltd. (“Xinjiang Sales”)	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Sales		100%	Acquired by establishment or investment
Xinjiang Changyu Wine Co., Ltd. (“Xinjiang Wine”)	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Shihezi City, the Xinjiang Uygur Autonomous Region, China	Manufacturing industry		100%	Acquired by establishment or investment
Ningxia Changyu Trading Co., Ltd. (“Ningxia Trading”)	Yinchuan City, the Ningxia Hui Autonomous Region,	Yinchuan City, the Ningxia Hui Autonomous Region, China	Sales		100%	Acquired by establishment or investment

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
	China					
Shaanxi Changyu Ruina Wine Sales Co., Ltd. ("Shaanxi Sales")	Xianyang City, Shaanxi Province, China	Xianyang City, Shaanxi Province, China	Sales		100%	Acquired by establishment or investment
Penglai Changyu Wine Sales Co., Ltd. ("Penglai Wine")	Penglai City, Shandong Province, China	Penglai City, Shandong Province, China	Sales		100%	Acquired by establishment or investment
Laizhou Changyu Wine Sales Co., Ltd. ("Laizhou Sales")	Laizhou City, Shandong Province, China	Laizhou City, Shandong Province, China	Sales		100%	Acquired by establishment or investment
法尚控股	Cognac, France	Cognac, France	Investment trade	100%		Acquired by establishment or investment
Lanzhou Sales	Lanzhou City, Gansu Province, China	Lanzhou City, Gansu Province, China	Sales	100%		Acquired by establishment or investment
Beijing Trading	Beijing City, China	Beijing City, China	Sales		100%	Acquired by establishment or investment
Tianjin Pioneer	Tianjin City, China	Tianjin City, China	Sales		100%	Acquired by establishment or investment
Fuzhou Pioneer	Fuzhou City, Fujian Province, China	Fuzhou City, Fujian Province, China	Sales		100%	Acquired by establishment or investment
Nanjing Pioneer	Nanjing City, Jiangsu Province, China	Nanjing City, Jiangsu Province, China	Sales		100%	Acquired by establishment or investment
Xianyang Pioneer	Xianyang City, Shaanxi Province, China	Xianyang City, Shaanxi Province, China	Sales		100%	Acquired by establishment or investment
Shenyang Pioneer	Shenyang City, Liaoning Province, China	Shenyang City, Liaoning Province, China	Sales		100%	Acquired by establishment or investment
Jinan Pioneer	Jinan City, Shandong Province, China	Jinan City, Shandong Province, China	Sales		100%	Acquired by establishment or investment
Shanghai Pioneer	Shanghai City, China	Shanghai City, China	Sales		100%	Acquired by establishment or investment
Fuzhou Pioneer	Fuzhou City, Jiangxi Province, China	Fuzhou City, Jiangxi Province, China	Sales		100%	Acquired by establishment or investment
Shijiazhuang Pioneer	Shijiazhuang City, Hebei Province, China	Shijiazhuang City, Hebei Province, China	Sales		100%	Acquired by establishment or investment
Hangzhou Yuzefeng	Hangzhou City, Zhejiang Province, China	Hangzhou City, Zhejiang Province, China	Sales		100%	Acquired by establishment or investment
Jilin Pioneer	Changchun City, Jilin	Changchun City, Jilin Province, China	Sales		100%	Acquired by establishment



Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
	Province, China	China				or investment
Beijing Pioneer	Beijing City, China	Beijing City, China	Sales		100%	Acquired by establishment or investment
Harbin Pioneer	Harbin City, Heilongjiang Province, China	Harbin City, Heilongjiang Province, China	Sales		100%	Acquired by establishment or investment
Hunan Pioneer	Changsha City, Hunan Province, China	Changsha City, Hunan Province, China	Sales		100%	Acquired by establishment or investment
Yinchuan Pioneer	Yinchuan City, the Ningxia Hui Autonomous Region, China	Yinchuan City, the Ningxia Hui Autonomous Region, China	Sales		100%	Acquired by establishment or investment
Kunming Pioneer	Kunming City, Yunnan Province, China	Kunming City, Yunnan Province, China	Sales		100%	Acquired by establishment or investment
Chongqing Pioneer	Chongqing City, China	Chongqing City, China	Sales		100%	Acquired by establishment or investment
Zhengzhou Pioneer	Zhengzhou City, Henan Province, China	Zhengzhou City, Henan Province, China	Sales		100%	Acquired by establishment or investment
Wuhan Pioneer	Wuhan City, Hubei Province, China	Wuhan City, Hubei Province, China	Sales		100%	Acquired by establishment or investment
Taiyuan Pioneer	Taiyuan City, Shanxi Province, China	Taiyuan City, Shanxi Province, China	Sales		100%	Acquired by establishment or investment
Hohhot Pioneer	Hohhot City, the Nei Mongol Autonomous Region, China	Hohhot City, the Nei Mongol Autonomous Region, China	Sales		100%	Acquired by establishment or investment
Chengdu Pioneer	Chengdu City, Sichuan Province, China	Chengdu City, Sichuan Province, China	Sales		100%	Acquired by establishment or investment
Nanning Pioneer	Nanning City, the Guangxi Zhuang Autonomous Region, China	Nanning City, the Guangxi Zhuang Autonomous Region, China	Sales		100%	Acquired by establishment or investment
Lanzhou Changyu Pioneer Wine Co., Ltd.	Lanzhou City, Gansu Province, China	Lanzhou City, Gansu Province, China	Sales		100%	Acquired by establishment or investment
Yantai Roullet-Fransac Imported Wine Sales Co., Ltd.	Yantai City, Shandong Province, China	Yantai City, Shandong Province, China	Sales		100%	Acquired by establishment or investment

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

(a) Xinjiang Tianzhu is a subsidiary of the Company obtained by merger and acquisition, whose 60% of the shares are held by the Company. The Company realizes the full power to control its strategic operating, investing and financing policies of Xinjiang Tianzhu by contract arrangement. The contract arrangement will terminate on December 31, 2018.

(b) Changyu Chateau is a Sino-foreign joint venture established by the Company and a foreign investor, whose 70% of the shares are held by the Company. The Company realizes the full power to control its strategic operating, investing and financing policies of Changyu Chateau by contract arrangement. The contract arrangement will terminate on December 31, 2022.

(c) Langfang Castel is a Sino-foreign joint venture established by the Company, whose 49% of the shares are held by the Company and its subsidiary. The Company realizes the full power to control its strategic operating, investing and financing policies of Langfang Castel by contract arrangement. The contract arrangement will terminate on December 31, 2022.

(d) Beijing Chateau is a limited liability company established by the Company and a domestic investor, whose 70% of the shares are held by the Company. The Company realizes the full power to control its strategic operating, investing and financing policies of Beijing Chateau by contract arrangement. The contract arrangement will terminate on September 2, 2019.

(e) Icewine Chateau is a Sino-foreign joint venture established by the Company and a foreign investor, whose 51% of the shares are held by the Company. The Company realizes the full power to control its strategic operating, investing and financing policies of Icewine Chateau by contract arrangement. The contract arrangement will terminate at December 31, 2016.

(f) AFIP Tourism is a limited liability company established by the Company and a domestic investor, whose 70% of the shares are held by the Company. The Company realizes the full power to control its strategic operating, investing and financing policies of AFI Tourism by contract arrangement. The contract arrangement will terminate on September 2, 2019.

#### 9.1.2 Important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Shareholding proportion of minority shareholders	Profit/loss attributable to the minority shareholders in this term	Dividend declared to be distributed to the minority shareholders in this term	Balance of minority shareholder's interest at the end of term
Xinjiang Tianzhu	40%			56,093,912
Changyu Chateau	30%			12,365,016

Name of subsidiary	Shareholding proportion of minority shareholders	Profit/loss attributable to the minority shareholders in this term	Dividend declared to be distributed to the minority shareholders in this term	Balance of minority shareholder's interest at the end of term
Langfang Castel	51%			22,702,522
Beijing Chateau	30%			35,293,868
Icewine Chateau	49%			33,319,062
AFIP Tourism	30%			2,966,399

Explanation for difference between the proportion of shareholding and proportion of voting power of the minority shareholders in the subsidiary:

See details in Note 9.1.

### 9.1.3 Main financial information of important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Tianzhu	90,242,113	86,630,471	176,872,584	7,382,764	5,336,114	12,718,878
Changyu Chateau	69,349,422	117,622,193	186,971,615	104,090,314		104,090,314
Langfang Castel	29,769,110	23,409,422	53,178,532	8,158,095		8,158,095
Beijing Chateau	159,695,412	529,896,933	689,592,345	573,346,512	2,222,363	575,568,875
Icewine Chateau	60,231,042	30,510,438	90,741,480	28,462,531	100,000	28,562,531
AFIP Tourism	35,378,113	989,898	36,368,011	17,416,870		17,416,870

Unit: Yuan

Name of subsidiary	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Tianzhu	86,541,666	89,469,815	176,011,481	7,165,015	5,336,114	12,501,129
Changyu Chateau	56,430,830	113,883,719	170,314,549	88,220,921		88,220,921

Name of subsidiary	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Langfang Castel	29,986,460	24,229,921	54,216,381	7,753,321		7,753,321
Beijing Chateau	113,589,773	544,577,614	658,167,387	549,595,386	2,666,835	552,262,221
Icewine Chateau	43,424,068	30,796,802	74,220,870	10,073,994	100,000	10,173,994
AFIP Tourism	22,013,654	1,138,756	23,152,410	4,847,671		4,847,671

Unit: Yuan

Name of subsidiary	Amount incurred in this term				Amount incurred in last term			
	Operating income	Net profit	Total comprehensive	Operating cash flow	Operating income	Net profit	Total comprehensive	Operating cash flow
Xinjiang Tianzhu	65,111,307	643,354	643,354	2,190,239	31,963,458	-2,703,224	-2,703,224	3,412,418
Changyu	37,153,833	787,674	787,674	-1,684,390	38,866,996	3,099,755	3,099,755	13,376,850
Langfang Castel	27,859,048	456,864	456,864	-1,645,940	26,943,014	221,457	221,457	-1,443,907
Beijing Chateau	75,082,711	8,118,305	8,118,305	50,443,509	51,140,545	-9,145,407	-9,145,407	7,204,826
Icewine Chateau	27,030,519	715,756	715,756	-4,588,284	16,805,693	-4,607,180	-4,607,180	-11,845,350
AFIP Tourism	12,813,202	646,402	646,402	-1,330,490	43,598,750	453,445	453,445	20,472,307

## 10. Risks related to financial instruments

The main financial instruments of this Group include monetary capital, bills receivable, accounts receivable, interest receivable, other receivables, other non-current assets, short-term loans, bills payable, accounts payable, other payables, interest payable, long-term loans, etc., see details of each financial instrument in Note 7. The risks related to these financial instruments and risk management policies adopted by this Group to reduce these risks are as follows. The management of this Group manages and monitors these risk exposures to ensure that the above-mentioned risks are controlled within a defined scope.

This Group adopts sensitivity analysis technique to analyze the possible influence of possible reasonable

changes of risk variables on current profit and loss and shareholders' equity. Since any risk variable merely changes independently and the final influence of relevance between variables on the change of certain risk variable will exert a great effect, the following content is carried out under the hypothesis that each variable changes independently.

## 10.1 Risk management objective and policy

The risk management objective of this Group is to achieve proper balance between risks and benefits, to minimize the negative influence of the risks on the business performance of this Group and to maximize the shareholders' benefit. Based on this risk management objective, the basic risk management strategy of this Group is to determine and analyze various risks faced by this Group, to set up proper risk tolerance bottom line and to carry out risk management, and to supervise various risks timely and reliably to control the risks within a defined scope.

### 10.1.1 Market risk

#### ① Foreign exchange risk

Foreign exchange risk refers to risk of causing loss due to exchange rate fluctuation. The foreign exchange risk borne by this Group is mainly relevant to EUR and HKD, except that the overseas subsidiaries of this Group carry out purchase and sales with EUR and except for loans in EUR and HKD, other main business activities of this Group are priced and settled with RMB. As at June 30, 2015, except that the assets and liabilities mentioned in the table below are balance in EUR and HKD, the assets and liabilities of this Group are balance in RMB. The foreign exchange risk caused by the assets and liabilities of balance in these currencies may exert an influence on the business performance of this Group.

Unit: Yuan

Item	Ending balance	Beginning balance
Monetary capital		344,061.00
Long-term loan	188,566,200.00	209,380,000.00

This Group pays close attention to the influence of exchange rate fluctuation on the foreign exchange risk of this Group. This Group has not taken any measures to avoid the foreign exchange risk at present.

#### Sensitivity analysis of foreign exchange risk

With the other variables unchanged, the pre-tax influence of possible reasonable exchange rate fluctuation on current profit and loss and shareholders' equity is as follows:

Unit: Yuan

Item	Exchange rate fluctuation	This year	
		Influence on profit of this term	Influence on shareholders' equity
HKD	5% appreciation against RMB	-5,993,360	-5,993,360
HKD	5% depreciation against RMB	5,993,360	5,993,360
EUR	5% appreciation against RMB	-3,434,950	-3,434,950
EUR	5% depreciation against RMB	3,434,950	3,434,950

#### ② Interest rate risk – risk of change in cash flow

The risk of change in cash flow of financial instruments caused by interest rate change of this Group is mainly relevant to the monetary capital and long-term loan at floating interest rate. The policy of this Group is to maintain the floating interest rate of these loans to eliminate the risk of change in fair value of the interest rate.

#### Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the hypothesis that the change in market interest rate influences the interest income or expense of financial instruments at variable rate.

The management of this Group thinks that the interest rate risk of deposit in bank borne by this Group is not significant, therefore the sensitivity analysis of interest rate of deposit in bank is not disclosed here.

On the basis of the above-mentioned hypothesis, with the other variables unchanged, the pre-tax influence of

possible reasonable exchange rate fluctuation on current profit and loss and shareholders' equity is as follows:

Unit: Yuan

Item	Interest rate change	This year	
		Influence on profit of this term	Influence on shareholders' equity
Bank loan	Increase by 50 BP	-506,261	-506,261
Bank loan	Decrease by 50 BP	506,261	506,261

### 10.1.2 Credit risk

As at June 30, 2015, the largest credit risk exposure possibly causing the financial loss of this Group mainly comes from the loss generated by the financial assets of this Group caused by failure of another party of the contract in fulfilling obligations.

To lower the credit risk, this Group only trades with the recognized and reputable third party. In accordance with the policy of this Group, credit check shall be carried out for all customers requiring to adopt form of credit to trade. In addition, this Group conducts continuous monitoring on the balance of accounts receivable to ensure that this Group will not face major risk of bad debts. For transactions not settled with recording currency of relevant business units, unless the credit control department of this Group specially approves, this Group will not provide credit trade terms. In addition, this Group audits the collection of each single significant account receivable on each date of balance sheet to ensure that sufficient bad-debt provision is accrued for accounts unable to be collected. Therefore, the management of this Group thinks the credit risk borne by this Group is greatly reduced.

Since this Group only trades with the recognized and reputable third party, no collateral is required. The credit risk is managed centrally according to the customer/counter-party, geographic area and industry. As at June 30, 2015, 45.1% of accounts receivable of this Group come from top five borrowers in accounts receivable of this Group (December 31, 2014: 33.6%). This Group holds no collateral or other credit enhancement for balance of accounts receivable.

### Analysis of financial assets with single impairment incurred

On the date of balance sheet, for accounts receivable of Tiantong Securities Co., Ltd. with single confirmed impairment incurred, since this company is insolvent, this Group has accrued bad-debt provision in full.

#### 10.1.3 Liquidity risk

When managing the liquidity risk, this Group reserves and monitors the cash and cash equivalents the management considers sufficient to satisfy the operation need of this Group and reduce the influence of fluctuation in cash flow. The management of this Group monitors the use of bank loans and ensures to abide by the loan agreement.

#### 10.1.4 Disclosure of fair value – fair value of financial assets and liabilities not measured by fair value

The management of this Group thinks that as at June 30, 2015, the book value of financial assets and liabilities measured by amortized cost is close to the fair value thereof.

### **11. Related parties and related transactions**

#### **11.1 Particulars of the parent company of this Enterprise**

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

From January to June 2015, there was no fluctuation in registered capital of the parent company and its share of equity interest and share of voting rights.

Final controlling parties of this Enterprise are jointly controlled by four parties including State-owned Assets Supervision and Administration Commission of Yantai Guofeng Investment Holding Co., Ltd., ILLVA Saronno Holding SPA, International Finance Corporation and Yantai



Yuhua Investment and Development Co., Ltd.

## 11.2 Particulars of the subsidiaries of this Enterprise

See particulars of the subsidiaries of this Enterprise in Note 9.

## 11.3 Particulars of other related parties

Name of other related parties	Relationship of other related parties with this Enterprise
Yantai Changyu Wine Culture Museum Co., Ltd. ("Wine Culture Museum")	Company controlled by the same parent company
Yantai Changyu International Window of the Wine City Company Limited ("Window of the Wine City")	Company controlled by the same parent company
Yantai God Horse Packing Co., Ltd. ("God Horse Packing")	Company controlled by the same parent company
Yantai Zhongya Pharmaceutical Tonic Wine Co., Ltd. ("Zhongya Pharmaceutical")	Company controlled by the same parent company

## 11.4 Related transactions

### 11.4.1 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 term	Approved transaction limit	Whether exceed transaction limit or not	Amount incurred in last term
God Horse Packing	Purchasing goods	82,426,894	190,000,000	No	60,982,785
Zhongya Pharmaceutical	Purchasing goods	2,471,868	5,500,000	No	1,176,307
Wine Culture Museum	Purchasing goods	3,487,207	1,000,000	No	2,536,312
Window of the Wine City	Purchasing goods	243,761	4,500,000	No	269,090

List of selling goods/providing services

Unit: Yuan

Related parties	Related transactions	Amount incurred in this term	Amount incurred in last term
Wine Culture Museum	Selling goods	4,186,529	3,426,136
Window of the Wine City	Selling goods	3,712,629	4,349,779
Zhongya Pharmaceutical	Selling goods	749,724	427,973
God Horse Packing	Selling goods	27,988	

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

From January to June 2015, the proportion of purchasing goods from the Group to the related parties accounted for 9.5% of the total purchases of the Group.

From January to June 2015, the proportion of selling goods from the Group to the related parties was lower than 1% of the total sales of the Group.

#### **11.4.2 Related trusteeship/contracting and mandatory administration/outsourcing**

Nil

#### **11.4.3 Leasing with related parties**

The Company as a lessee:

Unit: Yuan

Name of the lessor	Type of leased assets	Leasing payment recognised in this term	Leasing payment recognised in last term
Changyu Group Company	Warehouse and office building	2,929,000	2,929,000

Pursuant to a lease contract dated January 1, 2012 signed between the Company and the Changyu Group Company, starting from January 1, 2012, the Company may rent properties for operation purposes at a basic annual rental of RMB 5,858,000 Yuan, and the expired date is December 31, 2016. From January to June 2015, the rental expenses payable of the Group to the Changyu Group Company amounted to RMB 2,929,000 Yuan.

#### **11.4.4 Guarantee with related parties**

Nil

#### **11.4.5 Inter-bank borrowing and lending of related parties**

Nil

#### **11.4.6 Asset transfer and debt recombination of related parties**

Nil

#### **11.4.7 Other related transactions**

Item	Note	Amount incurred in this term	Amount incurred in last term
Trademark usage fee	(a)	52,568,600	43,413,264
Patents fee	(b)	25,000	25,000

##### **a. Trademark royalty contract**

Pursuant to a trademark royalty contract dated May 18, 1997 signed by the Company and the Changyu Group Company, starting from September 18, 1997, the Company may use certain

trademark of Changyu Group Company, which has been registered with the PRC Trademark Office. An annual royalty fee at 2% of the Group's annual sales is payable to Changyu Group Company. The license is effective until the expiry of the registration of the trademarks. From January to June 2015, patent fee paid to related parties accounted for 100% of that of the Group.

#### b. Patent implementation license

Pursuant to a patent implementation license dated May 18, 1997 signed by the Company and the Changyu Group Company, starting from September 18, 1997, the Company may use the patents of Changyu Group Company. The annual patents usage fee payable by the Company to Changyu Group Company was RMB 50,000 Yuan. The contract was expired on December 20, 2005. The Company renewed the contract on August 20, 2006 for 10 years. The annual patents usage fee payable by the Company to Changyu Group Company remained RMB 50,000 Yuan. From January to June 2015, the patents usage fee payable to Changyu Group Company amounted to RMB 25,000 Yuan. From January to June 2015, patent fee paid to related parties accounted for 100% of that of the Group.

### 11.5 Accounts receivable and payable of the related parties

#### 11.5.1 Accounts receivable

Unit: Yuan

Item	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Zhongya Pharmaceutical			1,378,843	
Accounts receivable	God Horse Packing			15,820	
Accounts receivable	Window of the Wine City	496,669			

#### 11.5.2 Accounts payable

Unit: Yuan

Item	Related parties	Ending book balance	Beginning book balance
Accounts payable	God Horse Packing	29,522,489	53,027,076
Accounts payable	Zhongya Pharmaceutical	3,990,046	6,550,051
Accounts payable	Wine Culture Museum	1,122,348	1,043,208
Accounts payable	Window of the Wine City		59,668

Other accounts payable	Changyu Group Company	49,614,600	77,809,993
Other accounts payable	God Horse Packing		200,000

## 12. Commitment and contingency

### 12.1 Significant commitment

Unit: Yuan

Item	Ending balance	Beginning balance
Capital commitment	556,370,000	687,460,000

### 12.2 Contingency

By the balance sheet date, the Group and the Company do not have any undisclosed contingencies to be disclosed.

## 13. Matters after balance sheet

### 13.1 Important non-adjusting events

Nil

### 13.2 Profit distribution

Unit: Yuan

Profits or dividends to be distributed	301,604,160
Allocated profits or dividends approved to declare upon discussion	301,604,160

According to the decision of the Shareholders' Meeting dated May 22, 2015, based on the issued share capital of 685,464,000 shares in 2014, the Company allocates RMB 4.4 Yuan in cash (including tax) for every 10 shares to all shareholders with total cash dividends of RMB 301,604,160 Yuan. Cash dividends had been issued on July 18, 2015.

## 14. Other important matters

Nil

## 15. Notes on major items of financial statements of the parent company

### 15.1 Accounts receivable

#### 15.1.1 Accounts receivable disclosed by type

Unit: Yuan

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued		Amount	Proportion	Amount	Accrued	

				proportion					proportion	
Accounts receivable of significant single amount and single accrued bad debt provision										
Accounts receivable accrued bad debt provision by credit risk features										
Accounts receivable of insignificant single amount and single accrued bad debt provision	142,139	100%			142,139	1,516,518	100%			1,516,518
Total	142,139	100%			142,139	1,516,518	100%			1,516,518

### 15.1.2 Bad debt provision accrued, received or transferred back in this term

The bad debt provision accrued in this term is RMB 0 Yuan; and that received or transferred back in this term is RMB 0 Yuan.

### 15.1.3 Accounts receivable actually canceled after verification in this term

Nil

### 15.1.4 Accounts receivable collected by the borrower of top 5 units ranked by the ending balance

Unit: Yuan

Unit	Relationship with the Company	Amount	Aging	Percentage of total accounts receivable (%)
Changyu Travelling Co., Ltd.	Other related party of the Company	61,121	Within 1 year	43.00%
Yantai Changyu International Window of the Wine City Company Limited	Other related party of the Company	81,018	Within 1 year	57.00%
Total		142,139		100.00%

### 15.1.5 Accounts receivable terminating recognition due to transfer of financial assets

Nil

### 15.1.6 Accounts receivable transferred and included in assets and liabilities

Nil

## 15.2 Other accounts receivable

### 15.2.1 Other accounts receivable disclosed by type

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Other accounts receivable of significant single amount and single accrued bad debt provision	4,409,291,695	99.6%	7,199,521	0.2%	4,402,092,174	4,701,016,368	99.7%	7,199,521	0.2%	4,693,816,847
Other accounts receivable accrued bad debt provision by credit risk features										
Other accounts receivable of insignificant single amount and single accrued bad debt provision	15,590,017	0.4%			15,590,017	15,019,429	0.3%			15,019,429
Total	4,424,881,712	100%	7,199,521	0.20%	4,417,682,191	4,716,035,797	100%	7,199,521	0.20%	4,708,836,276

Other accounts receivable of significant single amount and single accrued bad debt provision at the end of term:

Unit: Yuan

Other accounts receivable (by unit)	Ending balance			
	Other accounts receivable	Bad debt provision	Accrued proportion	Reason for accrual
Tiantong Securities Co., Ltd.	7,199,521	7,199,521	100%	This company is in bankruptcy liquidation
Total	7,199,521	7,199,521	--	--

**15.2.2 Bad debt provision accrued, received or transferred back in this term**

The bad debt provision accrued in this term is RMB 0 Yuan; and that received or transferred back in this term is RMB 0 Yuan.

**15.2.3 Other accounts receivable listed by nature**

Unit: Yuan

Nature of fund	Ending book balance	Beginning book balance
Accounts receivable of subsidiaries	4,398,952,145	4,699,819,825
Cash pledge and cash deposit receivable	10,000	
Petty cash receivable	660,563	
Excise drawback, real estate tax drawback	8,797,245	1,924,913
Others	16,461,759	14,291,059
Total	4,424,881,712	4,716,035,797

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

Unit: Yuan

Unit	Nature of fund	Ending balance	Aging	Percentage of total ending balance of other accounts receivable	Ending balance of bad debt provision
Yantai Changyu Wine Research and Development Co., Ltd.	Internal incomings and outgoings	1,289,216,404	Within 1 year	29.2%	
Shaanxi Changyu Ruina Chateau Co., Ltd.	Internal incomings and outgoings	772,647,858	Within 1 year	17.5%	
Xinjiang Changyu Baron Balboa Chateau Co., Ltd.	Internal incomings and outgoings	595,802,073	Within 1 year	13.5%	
Beijing Changyu AFIP Wine Chateau Co., Ltd.	Internal incomings and outgoings	528,489,866	Within 1 year	12.0%	
Ningxia Changyu Moser XV Chateau Co., Ltd.	Internal incomings and outgoings	421,104,000	Within 1 year	9.5%	
Total	--	3,607,260,201	--	81.7%	

**15.2.5 Accounts receivable related to government allowance**

Nil

**15.2.6 Other accounts receivable terminating recognition due to transfer of financial assets**

Nil

**15.2.7 Other accounts receivable transferred and included in assets and liabilities**

Nil

**15.3 Long-term equity investment**

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment on subsidiaries	1,093,087,027		1,093,087,027	1,093,437,027		1,093,437,027
Investment on joint-run business and joint venture						
Total	1,093,087,027		1,093,087,027	1,093,437,027		1,093,437,027

**15.3.1 Investment on subsidiaries**

Unit: Yuan

Invested unit	Beginning balance	Increase in this term	Decrease in this term	Ending balance	Provision for impairment reserve in this term	Ending balance of impairment reserve
Xinjiang Tianzhu (a)	60,000,000			60,000,000		
Kylin Packaging	23,176,063			23,176,063		
Changyu Chateau (a)	28,968,100			28,968,100		
AFIP Tourism (a)	350,000		350,000			
Pioneer International (b)	3,500,000			3,500,000		
Ningxia Growing	1,000,000			1,000,000		
National Wines	2,000,000			2,000,000		
Ice Wine Chateau (a)	30,440,500			30,440,500		
Beijing Chateau (a)	77,000,000			77,000,000		



Invested unit	Beginning balance	Increase in this term	Decrease in this term	Ending balance	Provision for impairment reserve in this term	Ending balance of impairment reserve
Sales Company	7,200,000			7,200,000		
Langfang Sales (b)	100,000			100,000		
Langfang Castel (a)	19,835,730			19,835,730		
Wine Sales	4,500,000			4,500,000		
Shanghai Sales (b)	300,000			300,000		
Beijing Sales	850,000			850,000		
Jingyang Sales (b)	100,000			100,000		
Jingyang Wine (b)	900,000			900,000		
Ningxia Wine	1,000,000			1,000,000		
Ningxia Chateau	2,000,000			2,000,000		
Tinlot Chateau	80,000,000			80,000,000		
Shihezi Chateau	150,000,000			150,000,000		
Chang'an Chateau	20,000,000			20,000,000		
Development Centre	500,000,000			500,000,000		
Huanren Wine	11,000,000			11,000,000		
Fashang Holding	69,216,634			69,216,634		
Total	1,093,437,027		350,000	1,093,087,027		

## 15.4 Operating income and operating cost

Unit: Yuan

Item	Amount incurred in this term		Amount incurred in last term	
	Income	Cost	Income	Cost
Main business	681,772,322	541,216,825	684,914,588	560,904,239
Other business	7,280,907	7,169,011	4,982,691	4,840,750
Total	689,053,229	548,385,836	689,897,279	565,744,989

## 15.5 Investment income

Unit: Yuan

Item	Amount incurred in this term	Amount incurred in last term
Income from long-term equity investment by cost method	46,770,286	65,474,283
Income from long-term equity investment by equity method		
Investment income from disposal of long-term equity investment		
Investment income of the financial assets measured at their fair values and the variation of which is recorded into the current profit and loss during the holding period		
Investment income gained from disposal of the financial assets measured at their fair values and the variation of which is recorded into the current profit and loss		
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	46,770,286	65,474,283

## 16. Supplementary materials

### 16.1 List of current non-current profits/losses

Unit: Yuan

Item	Amount	Remark
Profits/losses on disposal of non-current assets	1,421	
Tax return, deduction and exemption approved beyond the authority or without formal approval document		
Government allowance 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)	6,527,952	
Payment for use of funds by non-financial enterprises included in the current profits/losses		

Item	Amount	Remark
Income obtained when the investment cost obtained by the enterprise from subsidiaries, joint-run business and joint venture is less than the fair value of the net identifiable assets obtained from the invested units when the investment is made		
Profits/losses on exchange of non-monetary assets		
Profits/losses on entrusting other people to make investment or manage assets		
Asset impairment provision accrued due to force majeure such as natural disaster		
Profits/losses on debt restructuring		
Enterprise reorganization expenses such as staffing expenditure and integration expenses, etc.		
Profits/losses on those beyond the fair value generated from transactions with unfair transaction price		
Current net profits/losses on subsidiaries acquired from a business combination under common control from the beginning to the consolidation date		
Profits/losses on contingencies unrelated to the normal business of the Company		
Profits/losses on changes of fair value of financial assets and liabilities held for trading, and investment income from disposal of financial assets and liabilities held for trading and financial assets held for sale, excluding effective hedging operations relevant to the normal business of the Company		
Returns of provision for impairment of accounts receivable with single impairment test		
Profits/losses on external entrusted loans		
Profits/losses on fair value changes of investment real estate with fair value mode for follow-up measurement		
Influence of the one-time adjustment of the current profits/losses in accordance with tax and accounting laws and regulations on the current profits/losses		
Trustee fee income from entrusted operation		

Item	Amount	Remark
Other non-operating income and expenditure besides the above items	1,913,510	
Other profits/losses conforming to the definition of non-current profits/losses		
Minus: Influenced amount of income tax	1,814,638	
Influenced amount of minority shareholders' equity		
Total	6,628,245	--

## 16.2 Return on net assets and earnings of per share

Profit incurred in this term	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	10.34%	1.09	1.09
Net profit attributable to common shareholders of the Company deducting non-incidental profits/losses	10.25%	1.08	1.08

## 16.3 Accounting data difference under domestic and foreign accounting standard

### 16.3.1 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 term	Amount incurred in last term	Ending balance	Beginning balance
In accordance with the Chinese accounting standard	746,060,248	638,041,311	7,582,367,402	6,840,452,145
Item & amount adjusted in accordance with the international accounting standard:				
In accordance with the international accounting standard	746,060,248	638,041,311	7,582,367,402	6,840,452,145

## **X、 Catalogue of Documents for Future Reference**

- 1、 2015 Semi-annual reports signed by the president;
- 2、 Financial reports signed and affixed the seal by the president, financial administrator in charge of accounting and chief of accounting department;
- 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.

Yantai Changyu Pioneer Wine Company Limited

Board of Director

28<sup>th</sup> August, 2015