

Shares Code: 000869、200869

Shares Abbreviation: Changyu A、Changyu B

Notice No.: 2019-Final04



Yantai Changyu Pioneer Wine Company Limited

2019 the Third Quarter Report Main Body

October 2019

I. Important Notice

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

All directors attended the meeting for deliberating this quarter report.

Mr. Zhou Hongjiang (Person in charge of the Company), Mr. Jiang Jianxun (Person in charge of accounting work) and Mrs. Guo Cuimei (Person in charge of accounting organ & Accountant in charge) assure the truthfulness, accuracy and completeness of the financial statements in the third quarter report.

II、Corporate Information

1. Key accounting data and financial indicators

Whether the Company makes retroactive adjustments or restates the accounting data of previous fiscal years.

Yes No

	The end of this report period	The end of last year	More or less than last year (%)	
Total assets (CNY)	13,191,032,907.00	13,117,729,052.00	0.56%	
Net Assets attributed to the shareholders of the listed company (CNY)	9,900,902,802.00	9,606,099,365.00	3.07%	
	This report period	More or less than last year (%)	From the beginning of the year to the end of this report period	More or less than last year (%)
Operating income (CNY)	968,100,175.00	-6.22%	3,526,374,960.00	-8.66%
Net profit attributed to the shareholders of the listed company (CNY)	125,557,834.00	-6.24%	728,961,623.00	-5.30%
Net profit attributed to the shareholders of the listed company after deducting the irregular profit and loss (CNY)	119,702,422.00	8.31%	672,193,117.00	-6.28%
Net cash flow from operating activities (CNY)	--	--	645,331,713.00	-16.93%
Basic earnings per share (CNY)	0.18	-5.26%	1.06	-5.36%
Diluted earnings per share (CNY)	0.18	-5.26%	1.06	-5.36%
Weighted average for earning rate of the net assets	1.31%	-0.12%	7.38%	-0.97%

Details of irregular profit and loss

Available Not available

Unit: CNY

Item	Amount from the beginning of the year to the end of report period	Explanation
Gain on disposal of non-current assets, including the reversal of accrued impairment provision	-166,664.00	
Government grants credited in profit and loss (except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper	69,007,365.00	

basis of calculation)		
In addition to the effective hedging business related to the Company's normal business, the profit and loss from changes in fair value arising from the holding of transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and the investment income from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments	830,841.00	
Other non-operating income and expenses	5,352,597.00	
Less: Income tax effect	18,196,023.00	
Minority interests effect(after-tax)	59,610.00	
Total	56,768,506.00	--

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

2. The total number of shareholders and the shareholding of top 10 shareholders at the end of the report period

1) The total number of common shareholders and the total number of preferred shareholders with recovered voting power as well as the shareholding of top 10 shareholders

Unit: share

Total number of common shareholders at the end of report period	42639	Total number of preferred shareholders with recovered voting power at the end of report period (if have)	0			
The top 10 common shareholders						
Name of Shareholders	Character of shareholders	Shareholding ratio (%)	Number of holding shares	Number of restricted shares	Pledged or frozen	
					Share status	Number
YANTAI CHANGYU GROUP CO. LTD.	Domestic non-state-owned legal person	50.40%	345,473,856	0	--	0
GAOLING FUND,L.P.	Foreign legal person	3.08%	21,090,219	0	--	0
CHINA SECURITIES FINANCE CORP	State-owned legal person	2.25%	15,440,794	0	--	0

BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	2.22%	15,241,826	0	--	0
SHENWAN HONGYUAN SECURITIES(HONG KONG) LIMITED	Foreign legal person	1.27%	8,732,233	0	--	0
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	Foreign legal person	0.93%	6,350,762	0	--	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.76%	5,207,553	0	--	0
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	0.69%	4,761,200	0	--	0
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.55%	3,788,487	0	--	0
FIDELITY CHINA SPECIAL SITUATIONS PLC	Foreign legal person	0.55%	3,779,202	0		
The shareholding of top 10 shareholders with unrestricted shares						
Name of Shareholders	Number of unrestricted shares held	Type of share				
		Type of share	Number			
YANTAI CHANGYU GROUP CO. LTD.	345,473,856	A share	345,473,856			
GAOLING FUND,L.P.	21,090,219	B share	21,090,219			
CHINA SECURITIES FINANCE CORP	15,440,794	A share	15,440,794			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	15,241,826	B share	15,241,826			
SHENWAN HONGYUAN SECURITIES(HONG KONG) LIMITED	8,732,233	B share	8,732,233			
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	6,350,762	B share	6,350,762			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,207,553	B share	5,207,553			
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	4,761,200	A share	4,761,200			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,788,487	B share	3,788,487			
FIDELITY CHINA SPECIAL SITUATIONS PLC	3,779,202	B share	3,779,202			
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.					
Explanation for the top 10 shareholders who involved in financing activities and stock trading business(if any)	No					

Whether or not the Company's top 10 common shareholders and top 10 common shareholders with unrestricted shares conduct agreed buy-back transaction during the report period

Yes No

There are no top 10 common shareholders or top 10 common shareholders with unrestricted shares in the Company conduct agreed buy-back transaction during the report period.

2) The total number of preferred shareholders and the shareholding of top 10 preferred shareholders

Available Not available

III Major Issue

1. Situation and reasons on changes in main financial data and financial index during the report period

Available Not available

Compared the end of the report period with the beginning of the year, Notes Receivable decreases by 100%, mainly due to adjustment to Receivables Financing resulting from change in accounting policy; Accounts Receivable decreases by 18.12%, mainly due to the reduce in credit sale resulting from the reduce in the direct supply business of sales business; Interest Receivable increases by 107.65%, mainly due to the received one-off interest resulting from the expiration of fixed deposit; Accounts Payable decreases by 20.34%, mainly owing to the payment of previous debt; Advances From Customers decreases by 29.42%, mainly owing to the reduce in accumulated Advances From Customers resulting from the improvement in the Company's production efficiency and the shortening of supply period after receiving the payment; Interest Payable increases by 389.91%, mainly owing that the Company's overseas enterprise need to pay the expired loan interest all at once; Deferred Tax Liabilities decreases by 25.15%, mainly owing to the amortization of assets appraisal appreciation resulting from the business combination not under common control.

Compared the first three quarters in 2019 with the same period in last year, Financial Expenses and Interest Expenses respectively decreases by 29.91% and 29.42%, mainly owing to obtainment of forestry loan with discounted interest this year; Non-operating Income increases by 30.57%, mainly owing to the increased waste income including offcut sales etc.

Compared the third quarter in 2019 with the same period in last year, Financial Expenses decreases by 26.68%, mainly owing to the increase in Interest Income; Interest Income increases by 187.05%, mainly owing to the increase in fixed deposit and call deposit; Other Income decreases by 83.38%, mainly owing to the year-on-year decrease in received government grants; Loss for Impairment of Assets increases by 739.26%, mainly owing to the loss on inventory valuation.

2. Analysis explanation of the major issue's progress as well as its influence and solution

Available Not available

Implementation progress of share repurchases

Available Not available

Implementation progress of reducing repurchased shares by the way of centralized competitive bidding

Available Not available

3. The commitments that the Company's actual controllers, shareholders, related parties, purchasers, the Company and other related parties do not implement completely exceeding the time limit within the report period

Available Not available

Commitments	Commitment Party	Commitment Type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at shareholding 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.	Solve horizontal competition	Non-horizontal competition	1997.05.18	Permanent	Has been performing
	Yantai Changyu Group Co., Ltd.	Clear the purpose of brand royalty	According to <i>Trademark License Contract</i> , the trademark use fee annually paid by this company to Yantai Changyu Group Co., Ltd. will be mainly used by Yantai Changyu Group Co., Ltd. to publicize trademarks including Chagnyu and contractual products.	1997.05.18	Permanent	According to <i>Trademark License Contract</i> , the trademark use fee annually charged by Yantai Changyu Group Co., Ltd. shall be mainly used to publicize trademarks including Chagnyu and contractual products. Except 2013 to 2017 during which the commitment was not strictly performed, Yantai Changyu Group Co., Ltd. has been performing the commitment.
Equity incentive						

commitments						
Commitments made to the minority shareholders of the Company	-		-		-	-
Commitment under timely implementation or not	No					
Detailed explanation for specific reasons of unimplemented commitment as well as next work plan if commitment is not completed in the commitment period	<p>According to the <i>Trademark License Contract</i> (hereafter referred to as “the Contract”), Changyu Group promises that the trademark use fee annually paid by this Company to Changyu Group shall be mainly used by Changyu Group to publicize trademarks and contractual products. But above-mentioned ‘mainly’ is not a specific number, which is easy to cause divergence due to different understanding and leads to problem appearance during the implementation process.</p> <p>From 2013 to 2017, Changyu Group collected the total trademark use fee of CNY420,883,902, of which 51% should be used to publicize trademarks including Changyu and contract products with the amount of CNY214,650,790. The amount has been used to publicize trademarks including Changyu and contract products is CNY50,025,181, with a balance of CNY164,625,609. In 2018 and 2019, the collected trademark use fee for 2017 and 2018 is CNY155,623,907, of which 51% should be used to publicize trademarks including Changyu and contract products with the amount of CNY79,368,193. The amount has been used to publicize trademarks including Changyu and contract products is CNY12,225,187, with a balance of CNY67,143,006.</p> <p>From 2013 to December 31st, 2018, the accumulated balance that should be used by Changyu Group to publicize trademarks including Changyu and contract products is CNY231,768,615.</p> <p>Changyu Group promises that the four-year trademark use fee from 2019 to 2022 will be used for offset. If insufficient, the shortfall would be filled in one time in 2023. If there is any excess, the excess portion of the trademark use fee would be collected from the year with excess occurrence.</p> <p>If Changyu Group is not able to implement above-mentioned commitment owing to various reasons, this Company will timely supervise and urge Changyu Group to fulfill its commitment and request Changyu Group to raise funds through bank loaning, assets sales and equity sales etc in order to implement the commitment.</p> <p>For other details, please refer to <i>Announcement on Commitment Issues of Yantai Changyu Group Company Limited</i> disclosed by this Company on April 4th, 2019.</p>					

4. The situation of security investment

Available Not available

There is no security investment during the report period.

5. Entrusted financial management

Available Not available

There is no entrusted financial management during the report period.

6. The situation of derivative investment

Available Not available

There is no derivative investment during the report period.

7. The activity registration form of receptions, communication and interview etc. during the report period Available Not available

Reception Time	Reception mode	Type of reception object	Basic information index of investigation and survey
2019.09.06	Other	Individual	<i>Investor Relations Activity Registration Form on September 6th, 2019 disclosed by the Company</i>

8. The situation of illegal external guarantee Available Not available

There is no illegal external guarantee during the report period.

9. The situation of non-operating fund occupation of controlling shareholders and related parties Available Not available

There is no non-operating fund occupation of controlling shareholders and related parties during the report period.

Yantai Changyu Pioneer Wine Co., Ltd.**Board of Directors****October 28th, 2019**