

Yantai Changyu Pioneer Wine Co., Ltd.

2023 Semi-annual Report

Final 2023-03



August 31, 2023

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I. Important Notice, Table of Contents and Definition

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

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

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

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

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

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

Reference Documents

- (1) The original of 2023 Semi-annual Report autographed by the chairman.
- (2) The Financial Statements autographed and sealed by the chairman, chief accountant and accountants in charge.
- (3) The *Prospectus and Public Offering Announcement* for Stock B in 1997; The *Prospectus and The Shares' Change & Public Offering Announcement* for Stock A in 2000.
- (4) The originals of all documents and announcements that the Company made public during the report period in the newspapers designated by China Securities Regulatory Commission.

Definition

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

II. Brief Introduction for the Company and Main Financial Indicators

1. Company's information

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

2. Contact person and information

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

3. Other information

1) Contact information of the Company

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

Available Not available

There is no change in the Company's registered address, office address, corresponding postcode, website address and email address during the report period. Please refer to *2022 Annual Report* for detailed information.

2) Information disclosure and filing location

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

Available Not available

There is no change in the name of the newspaper for information disclosure, the address of the website designated by the China Securities Regulatory Commission for publishing the semi-annual report, and the filing location of the Company's semi-annual report selected by the Company during the report period. Please refer to *2022 Annual Report* for detailed information.

3) Other relevant information

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

Available Not available

4. Key accounting data and financial indicators

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

Yes No

	During the report period	In the same period of last year	More or less than the same period of last year (%)
Operating revenue (CNY)	1,966,738,485	1,953,092,135	0.70%
Net profit attributed to shareholders of the listed company (CNY)	363,569,436	358,459,603	1.43%
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	324,321,975	344,309,022	-5.80%
Net cash flows from operating activities (CNY)	527,919,786	606,273,595	-12.92%
Basic earnings per share (CNY/share)	0.53	0.52	1.92%
Diluted earnings per share (CNY/share)	0.53	0.52	1.92%
Weighted average return on equity	3.40%	3.37%	0.03%
	At the end of this report period	At the end of last year	More or less than the end of last year (%)
Total assets (CNY)	12,821,273,302	13,171,506,378	-2.66%
Net Assets attributed to shareholders of the listed company (CNY)	10,645,880,226	10,579,053,733	0.63%

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

Available Not available

Unit: CNY

	Net profit attributed to shareholders of the listed company		Net Assets attributed to shareholders of the listed company	
	During the report period	In the same period of last year	At the end of this report period	At the beginning of this report period
According to PRC accounting standards	363,569,436	358,459,603	10,645,880,226	10,579,053,733
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	363,569,436	358,459,603	10,645,880,226	10,579,053,733

2) Differences of net profit and net asset in the financial report disclosed according to both foreign accounting standards and PRC accounting standards Available Not available

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

3) Explanation of the differences in accounting data under domestic and foreign accounting standards Available Not available**6. Item and amount of non-recurring gains and losses** Available Not available

Unit: CNY

Item	Amount	Explanation
Profits and losses on disposal of non-current assets (including the write-off part of the provision for asset impairment has been made)	16,228,006	
Government grants included in the current profits and losses(except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper basis of calculation)	28,971,185	
Other non-operating income and expenditure besides above-mentioned items	-332,706	
Other items of gains and losses that meet the definition of non-recurring gains and losses	0	
Less: Amount affected by income tax	4,785,509	
Amount affected by minority equity (after tax)	833,515	
Total	39,247,461	

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

 Available Not available

None

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

 Available Not available

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

III. Discussion and Analysis of Management Team

1. Main businesses during the report period

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

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

1) Situation of the industry in which the Company operates

During the report period, the Company's main business was production and operation of wine and brandy, thus providing domestic and foreign consumers with healthy and fashionable alcoholic drinks. Compared with earlier stage, there were no significant changes happened to the Company's main business. The wine industry that the Company involved in was still in growth stage. Being affected by many factors including slowing domestic economic growth and strong pressure from alternatives in recent years, the competition in the market was fierce, the wine consumption continuously declined, and a large number of wine production enterprises were on the brink of loss, even some wine enterprises were eliminated from the market. However, seen from the long term, the existing consumption concept might change with the increase of people's income level and their pursuit of a relaxed, romantic and healthy lifestyle. More domestic wine would be drunk by people, and wine would enter more and more household consumption. The situation of current low average consumption of domestic wine would gradually improve. The Company was at the forefront in the domestic wine market and was significantly ahead of major domestic competitors.

2) License obtained

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

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

3) Explanation for other significant events

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

Brand operation

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

Major sales mode

The Company's main sales mode was the distribution mode, and main sales channel was offline sales, that is, the Company's products were distributed to sales terminals through approximately 4000 distributors at home and abroad and ultimately provided to consumers.

Distribution mode

Available Not available

① Situation of change in the number of distributors is shown as follows.

Region	At the beginning of the report period	Increased number during the report period	At the end of the report period
Eastern China	1936	89	2025
South China	605	1	606
Central China	447	-12	435
North China	358	-2	356

Northwest China	170	-9	161
Southwest China	483	-7	476
Northeast China	312	-6	306
HongKong, Macao, Taiwan China and overseas	602	93	695
Total	4913	147	5060

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

No.	Customer name	Sales amount (CNY)	Proportion in total sales (%)
1	Rank 1 st	35,992,127	1.83%
2	Rank 2 nd	23,575,149	1.20%
3	Rank 3 rd	22,988,172	1.17%
4	Rank 4 th	20,211,001	1.03%
5	Rank 5 th	18,457,173	0.94%
Total	--	121,223,621	6.16%

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

Available Not available

Sales of online direct sales

Available Not available

Sales model	First half of 2023			First half of 2022		
	Operating income (CNY)	Operating cost (CNY)	Gross margin	Operating income (CNY)	Operating cost (CNY)	Gross margin
Distribution	1,711,154,537	699,449,920	59.12%	1,719,362,579	721,760,539	58.02%
Direct sales	255,583,948	106,009,472	58.52%	233,729,556	100,094,927	57.17%
Total	1,966,738,485	805,459,392	59.05%	1,953,092,135	821,855,466	57.92%

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

Available Not available

Procurement mode and procurement content

Unit: CNY'0000

Procurement mode	Procurement content	Amount of major procurement contents
Qualitative and price comparison	Raw materials including grape/bulk wine	29,956.18
Invitation for bids / qualitative and price comparison	Packaging materials	22,811.14
Invitation for bids / qualitative and price comparison	Brewing materials	758.11

Invitation for bids / qualitative and price comparison	Goods and materials for vineyard	230.68
Contract	Fuel and power	1,631.13
Qualitative and price comparison	Other alcoholic products and derivatives	671.65

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

Available Not available

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

Available Not available

Major production mode

The production mode of the Company is self-produce.

Commissioned processing and production

Available Not available

Major components of operating costs

① Classification of sector

Unit: CNY

Sector	Project	First half of 2023		First half of 2022		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Liquor and alcoholic beverage	Blending liquor	378,409,335	48.11%	373,837,363	46.27%	1.85%
	Packing material	220,678,705	28.06%	240,932,715	29.82%	-1.76%
	Wages	26,735,936	3.40%	26,180,979	3.24%	0.16%
	Manufacturing /transporting expenses	160,660,499	20.43%	167,043,018	20.67%	-0.25%

② Classification of product

Unit: CNY

Sector	Project	First half of 2023		First half of 2022		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	269,460,895	47.65%	267,277,422	45.81%	1.84%
	Packing material	150,989,468	26.70%	165,812,423	28.42%	-1.72%
	Wages	22,021,926	3.89%	22,169,970	3.80%	0.09%
	Manufacturing expenses	123,026,000	21.76%	128,178,818	21.97%	-0.21%
Brandy	Blending liquor	108,948,440	49.30%	106,559,941	47.45%	1.85%

	Packing material	69,689,237	31.54%	75,120,293	33.45%	-1.92%
	Wages	4,714,010	2.13%	4,011,009	1.79%	0.35%
	Manufacturing expenses	37,634,499	17.03%	38,864,200	17.31%	-0.28%

Yield and inventory

Liquor and alcoholic beverage	Sales	Ton	42,790	45,512	-5.98%
	Yield	Ton	35,128	36,224	-3.03%
	Inventory	Ton	22,411	20,572	8.94%
Wine	Sales	Ton	29,779	32,315	-7.85%
	Yield	Ton	25,918	30,563	-15.20%
	Inventory	Ton	14,471	13,645	6.05%
Brandy	Sales	Ton	13,012	13,198	-1.41%
	Yield	Ton	9,210	5,661	62.69%
	Inventory	Ton	7,940	6,927	14.62%

2. Analysis of core competitiveness

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

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

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

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

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

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

Sixthly, the Company has a relatively perfect motivation system. Most of Company's employees indirectly hold the Company's equity through controlling shareholders, and most of the Company's middle-and-above-level backbone personnel participated in the restricted share incentive plan implemented in 2023, resulting in high consistency between employee benefits and shareholders benefits which was in favor of motivating employees to create value for shareholders.

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

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

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

3. Analysis in main business

Summarization

During the report period, owing that the adverse factors being faced with China's economic development, including the contraction of demand, supply impact and weak expectation, were not fundamentally eliminated, the overall profitability of domestic wine enterprises was not good, and the market investment and innovation ability were seriously insufficient, coupled with the extrusion from other strongly competitive alcoholic products, the development trend of the industry was still not optimistic. In the first quarter of 2023, affected by the overall environment, the Company, distributors, suppliers and logistics enterprises could not work normally due to the fact that a large number of employees fell ill, resulting in a year-on-year decline in sales volume, which seriously dragged down the half-year performance.

In the face of adverse situation, the Company insisted in taking the market as the center,

insisted the development strategy of “Focus on high quality, Focus on middle-and-high level, Focus on big product” and the marketing concept of “Increasing sales from the terminal and continuously-cultivated consumers” without wavering, steadily improved product quality, continuously carried out marketing innovation and consumer cultivation activities, and constantly improved the incentive mechanism, achieving favorable results. In the first half year, the Company realized the business income of CNY1,966.74million with a year-on-year increase of 0.70% and the net profit attributable to shareholders of the parent company of CNY363.57million with a year-on-year increase of 1.43%. During the report period, the Company mainly conducted following work:

Firstly, the Company implemented the focus strategy, and promoted the product structure to further focus on the middle-and-high-end, especially the high-end, and focus on the core products that could bring greater sales volume and profit contributions. Besides this, the Company focused on key cities and core consumer groups to “fight the war of annihilation”, taking advantage of the leading role of typical cases, strengthened classified marketing, and continued to carry out banquet promotion and circle marketing activities.

Secondly, the Company further refined and clarified the rights and responsibilities of the Longyu Business Division, Chateau Wine Business Division, Noble Dragon Business Division, Brandy Business Division, Imported Wine Business Division, Online Business Division and Tourism Business Division, gave full play to the organizational dividends of the business division structure and promoted the healthy development of each business segment.

Thirdly, the Company further improved product quality and constantly improved the production compliance rate, better adapting to market changes and meeting consumer demand.

Fourthly, the Company consolidated the achievements of the institutional reform in production units, promoted the integration of production business, improved the business model of order driving, and continuously compressed the inventory of finished goods, reducing production costs and improving production efficiency.

Fifthly, the Company promoted the spirits of “Originality”, “Justice” and “Sincere Service”, striving to improve its product quality, management ability, service level and service awareness.

Sixthly, the Company formulated and implemented the restricted share incentive plan, further improving the enthusiasm and initiative of the backbone personnel and promoting the development of the enterprise.

By taking above measures, in the second quarter the Company reversed the negative momentum resulting from the continuous decline in the first quarter, and both operating income and net profit achieved the growth. Nevertheless, it is still difficult for the Company to realize the 2023 annual financial budget targets and the targets stipulated in the restricted share incentive plan. For the sake of achieving the business objectives, the Company will pay

special attention to the following tasks in the second half of 2023:

Firstly, the Company will strengthen the profit assessment in combination with the 2023 restricted stock incentive plan. The Company will decompose the assessed profit targets to each middle-level backbone in each business segment such as sales, production, planting and management, to improve their initiative in increasing product sales, optimizing product structure, reducing controllable costs, reducing expenses per ton and other aspects, and to improve profitability.

Secondly, the Company will promote the construction of cultural experience centers and vigorously implement circle marketing to increase high-end product sales. The Company will give full play to its core competitive advantages, select some key markets to promote the construction of cultural experience centers, and effectively empower indicator growth and brand promotion. The Company will choose the circles that are more suitable for its brand characteristics, the easiest to reach, and own the most obvious input-output effect, clarify specific work plans including development path, target assessment, tracking and scheduling, and summary and improvement, so as to achieve city-level breakthroughs and promote high-end product sales.

Thirdly, the Company will continue to carry out banquet promotion activities to further consolidate and enhance the market position of mid-end products. For Noble Dragon and below-level wine products, as well as mid-level brandy products, the Company will pay special attention to the banquet scene, put forward different banquet requirements and assessment requirements for the markets at different development stages, continuously conduct the banquet promotion, and strive to achieve sales breakthrough in the cities through the breakthrough of the banquet scene.

Fourthly, the Company will accelerate the research in production technology and new products, develop products with Chinese characteristics, more suitable for Chinese tastes and eating habits, more in line with young people's preferences, and increase the reserve of new products, so as to meet the needs of consumers at all levels.

Fifthly, the Company will continue to promote digital transformation, make full use of consumer data, deeply study the consumer behavior preferences to better guide market segmentation, product development, media input, channel promotion, brand marketing and other activities. In addition, it will take advantage of enterprise wechat to improve the communication efficiency of all staff and related parties and activate terminal stores through the "i Changyu" applet.

Sixthly, the Company will do a good job in field management before grape harvesting to strive to improve grape quality. It will also scientifically organize the harvesting of grape raw material and complete the harvesting task with quality and quantity, providing reliable raw material guarantee for the future development of the Company.

Year-on-year change in key financial data

Unit: CNY

	This period	The same period of last year	Year-on-year increase or decrease	Cause of significant changes
Operating revenue	1,966,738,485	1,953,092,135	0.70%	Mainly due to increase in the average price of products.
Operating cost	805,459,392	821,855,466	-2.00%	Mainly due to the increase in the sales proportion of high gross margin products
Sales expense	453,001,710	417,764,419	8.43%	Mainly due to the increase in marketing expense
Management expense	128,695,395	127,504,270	0.93%	Mainly due to the increase in administrative expenses and depreciation expenses
Financial expense	3,226,433	6,085,438	-46.98%	Mainly due to the increase in interest expenses and the decrease in exchange gains and losses
Income tax expense	130,350,513	128,189,749	1.69%	No significant changes
R&D expense	6,653,626	5,509,656	20.76%	Mainly due to the increase in new product and new process research
Net cash flow generated in operating activities	527,919,786	606,273,595	-12.92%	Mainly due to the decrease in cash received from tax refunds
Net cash flow generated in investment activities	-251,021,334	-82,230,822	205.26%	Mainly due to the increase in cash paid for investment
Net cash flow generated in financing activities	-467,609,294	-186,701,705	150.46%	Mainly due to the increase in cash paid for distributing dividend and profit or repaying interest payments
Net increased amount of cash and cash equivalents	-189,672,821	337,529,905	-156.19%	Mainly due to the decrease in net cash flow for operating, investment and financing activities

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

Available Not available

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

Composition of operating revenue

Unit: CNY

	This report period		The same period of last year		Year-on-year increase or
	Amount	Proportion in	Amount	Proportion in	

		operating revenue		operating revenue	decrease (%)
Total operating revenue	1,966,738,485	100%	1,953,092,135	100%	0.70%
Sector-classified					
Sector of liquor and alcoholic beverage	1,966,738,485	100%	1,953,092,135	100%	0.70%
Product-classified					
Wine	1,371,894,155	69.75%	1,396,641,244	71.51%	-1.77%
Brandy	534,282,319	27.17%	512,003,369	26.22%	4.35%
Tourism	43,589,121	2.22%	29,847,803	1.53%	46.04%
Others	16,972,890	0.86%	14,599,719	0.75%	16.25%
Area-classified					
Domestic	1,687,735,613	85.81%	1,660,239,304	85.01%	1.66%
Overseas	279,002,872	14.19%	292,852,831	14.99%	-4.73%

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

Available Not available

Unit: CNY

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease (%) of operating revenue	Year-on-year increase or decrease (%) of operating cost	Year-on-year increase or decrease (%) of gross margin
Sector-classified						
Sector of liquor and alcoholic beverage	1,966,738,485	805,459,392	59.05%	0.70%	-2%	1.13%
Product-classified						
Wine	1,371,894,155	565,498,289	58.78%	-1.77%	-3.07%	0.55%
Brandy	534,282,319	220,986,185	58.64%	4.35%	-1.59%	2.50%
Tourism	43,589,121	12,342,604	71.68%	46.04%	27.12%	4.21%
Others	16,972,890	6,632,313	60.92%	16.25%	59.73%	-10.64%
Area-classified						
Domestic	1,687,735,613	607,405,196	64.01%	1.66%	-1.36%	1.75%
Abroad	279,002,872	198,054,196	29.01%	-4.73%	-3.88%	-2.11%

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

Available Not available

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

4. Analysis in non-main business

Available Not available

5. Analysis in assets and liabilities

1) Significant change in assets composition

Unit: CNY

	At the end of this report period		At the end of last year		Proportion increase or decrease (%)	Explanation on significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Monetary funds	1,661,628,793	12.96%	1,904,942,625	14.34%	-1.38%	No significant changes
Account receivables	210,175,785	1.64%	217,886,837	1.64%	0%	No significant changes
Contract assets						-
Inventory	2,926,495,444	22.83%	2,833,824,908	21.33%	1.50%	No significant changes
Investment real estate	21,041,320	0.16%	23,031,335	0.17%	-0.01%	No significant changes
Long-term equity investments	38,065,512	0.30%	45,575,193	0.34%	-0.04%	No significant changes
Fixed assets	5,926,395,012	46.22%	5,546,334,638	41.75%	4.47%	No significant changes
Construction in progress	47,247,490	0.37%	660,727,258	4.97%	-4.60%	No significant changes
Right-of-use asset	128,804,715	1%	149,020,444	1.12%	-0.12%	No significant changes
Short-term borrowings	348,885,834	2.72%	488,464,425	3.68%	-0.96%	No significant changes
Contract liability	135,643,228	1.06%	141,073,446	1.06%	0%	No significant changes
Long-term borrowings	81,961,226	0.64%	132,856,562	1%	-0.36%	No significant changes
Lease liability	94,469,356	0.74%	111,496,142	0.84%	-0.10%	No significant changes

2) Main overseas assets situation
 Available Not available

Unit: CNY

Details of assets	Formation reasons	Assets scale	Location	Operation mode	Control measures for safeguarding of asset security	Earning condition	Proportion of overseas assets in the Company's net assets	Whether there are significant impairment risks
Hacienda Y Vinedos Marques Del Atrio. SL	Acquisition of equity	553,254,126	Spain	Independent operation	The Company participates in making important decisions through board of directors and appoints CFO on financial management.	10,390,752	5.12%	No
Indomita Wine Company Chile, S.p.A.	Establishment of joint venture	555,189,387	Chile	Independent operation	The Company participates in making important decisions through board of directors.	-5,893,708	5.14%	No
Kilikanoon Estate Pty., Ltd.	Acquisition of equity	158,843,266	Australia	Independent operation	The Company participates in making important decisions through board of directors.	-2,755,353	1.47%	No
Francs Champs Participations SAS	Sole proprietorship establishment	218,445,628	France	Independent operation	The Company participates in making important decisions through board of directors.	-2,352,895	2.02%	No
Other information explanation	None							

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

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

② For the types and amounts of mortgaged and pledged assets, please refer to “53. Assets with ownership or use right restrictions” in “7. Notes to items

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

6. Analysis in investment condition

1) Overall situation

Available Not available

Investment amount during the report period (CNY)	Investment amount of the same period of last year (CNY)	Variation
3,460,000	46,420,000	-92.55%

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

Available Not available

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

Available Not available

Unit: CNY

Project name	Investment mode	Whether belongs to fixed assets investment	Involved sectors of investment projects	Investment amount during the report period	Accumulated actual investment amount up to the end of the report period	Capital source	Project progress	Estimated earnings	Accumulated realized earnings up to the end of the report period	Reasons for unreached planning schedule and estimated earnings	Disclosure date	Disclosure index (if have)
Yantai Changyu International Wine City Blending and Cooling Center	Self-constructed	Yes	Liquor and alcoholic beverage sector	3,460,000	1,703,464,100	Owned fund	100%	0	0	—	2017.04.22	Please refer to <i>Resolution Announcement of Seventh Session Board of Directors 4th Meeting, Resolution Announcement of Seventh</i>

Yantai Changyu International Wine City Bottling Center	Self-constructed	Yes		0	1,135,370,000	Owned fund	100%	0	0	—	2017.04.22	Session Board of Directors 8 th Meeting, Resolution
Oak Barrel Procurement Project	Self-constructed	Yes		0	178,634,200	Owned fund	90%	0	0	—	2021.04.28	Announcement of Seventh Session Board of Directors 10 th Meeting, Resolution
Intellectualized Upgrade and Renovation Project of Changyu Wine Culture Museum	Self-constructed	Yes		0	50,113,000	Owned fund	100%	0	0	—	2022.04.27	Announcement of Eighth Session Board of Directors 11 th Meeting and Resolution
Changyu Industrial Park infrastructure improvement project	Self-constructed	Yes		0	0	Owned fund	0%	0	0	—	2023.04.13	Announcement of Ninth Session Board of Directors 5 th Meeting disclosed on China Securities Journal, Securities Times and CNINFO (http://www.cninfo.com.cn/)
Total	--	--	--	3,460,000	3,067,581,300	--	--	0	0	--	--	--

4) Financial assets investment**① Security investment situation**

Available Not available

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

② Derivatives investment

Available Not available

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

5) The usage situation of raised capital

Available Not available

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

7. Sale of significant assets and equities**1) Sale of significant assets**

Available Not available

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

2) Sale of significant equities

Available Not available

8. Analysis of main holding and joint stock companies

Available Not available

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

Unit: CNY

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Yantai Changyu Pioneer Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY8million	764,509,100	185,382,791	1,237,404,158	374,169,507	297,826,256
Yantai Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY5million	186,119,190	170,547,378	359,850,266	55,771,892	41,742,660
Changyu Trading Co., Ltd. in Development Zone of Yantai	Subsidiary	Sales of alcoholic products	CNY5million	63,969,101	14,401,839	101,855,489	21,428,497	16,074,350
Laizhou Changyu Wine Sales Co., Ltd.	Subsidiary	Sales of alcoholic products	CNY1million	50,136,796	1,000,000	146,704,244	10,883,289	8,138,203

Acquisition and disposal of subsidiaries during the report period

Available Not available

Explanation on main holding and joint stock companies

None

9. Situation of the structured subjects controlled by the Company

Available Not available

10. Risks and response measures

1) Risk in price fluctuation of raw materials

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

2) Risk in uncertainty of market input and output

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

3) Risk in product transport

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

4) Risk in investment faults

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

5) Risk in exchange rate

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

6) Other risk

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

IV. Corporate Governance

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

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

Session	Meeting type	Participation ratio of investors	Convening date	Disclosure date	Meeting Resolution
2022 Annual Shareholders' Meeting	Annual Shareholders' Meeting	60.77%	2023.05.26	2023.05.27	At this meeting, it deliberated and approved <i>2022 Annual Board of Directors' Work Report, 2022 Annual Board of Supervisors' Work Report, 2022 Annual Report, Proposal on 2022 Annual Profit Distribution, Proposal on 2023 Annual Financial Budget, Proposal on Appointment of Certified Public Accounting Firm, Proposal on the Company's "Restricted Share Incentive Plan in 2023 (Draft)" and Abstract, Proposal on Formulating the Company's "Assessment Management Measure of Restricted Share Incentive Plan in 2023" and Proposal on Authorization of Shareholders' Meeting to Board of Directors to Promote Issues Relevant with the Company's Restricted Share Incentive Plan in 2023</i> by the way of open ballot. For detailed information, please refer to <i>Resolution Announcement of 2022 Annual Shareholders' Meeting</i> (Announcement no.: 2023-Temporary 18) published on http://www.cninfo.com.cn

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

Available Not available

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

Available Not available

There were no changes in in the Company's directors, supervisors and senior executives during the reporting period. Please refer to the *2022 Annual Report* for details.

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

Available Not available

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

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

Available Not available

1) Equity incentive

During the reporting period, the Company's Board of Directors and Shareholders' Meeting had deliberated and approved the *Proposal on the Company's "Restricted Share Incentive Plan in 2023 (Draft)" and Abstract, Proposal on Formulating the Company's "Assessment Management Measure of Restricted Share Incentive Plan in 2023"* and *Proposal on Authorization of Shareholders' Meeting to Board of Directors to Promote Issues Relevant with the Company's Restricted Share Incentive Plan in 2023*. It was decided that the restricted share incentive would be provided to middle-level and above business core personnel (excluding independent directors, supervisors, shareholders or actual controllers holding more than 5% of the Company's shares individually or in total and their spouses, parents or children, and foreign employees).

2) Implementation of employees' share ownership plan

Available Not available

3) Other employee incentives

Available Not available

V. Environmental and Social Responsibility

1. Major environmental situation

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

Yes No

Policies and industry standards related to environmental protection

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

Administrative permit for environmental protection

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

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

						Comprehensive Wastewater Discharge Standard of Liaoning Province (DB21/1627-2008)			
--	--	--	--	--	--	--	--	--	--

Treatment of pollutants

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

Emergency plan for emergent environmental incident

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

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

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

Environmental self-monitoring program

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

Administrative penalties due to environmental issues during the reporting period

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

Other environmental information that should be made public

No

Measures taken for reducing carbon emissions and effects

Available Not available

Other related environmental information

No

2. Social responsibility performance

1) The Company actively responds to the call of the state, served the rural revitalization well, adopted the mode of “company + farmer” or “company + cooperative + farmer”, reformed the sloping fields of Jiaodong Peninsular and the northwestern area including Ningxia and

Xinjiang and so on, the uncultivated land or the barren land into graperies. By means of providing capital and technology of viticulture to fruit growers, scientific management level of vineyard had been improved. The Company spared no effort to popularize the non-pollution and mechanized planting methods, continuously improved production efficiency of grape base and quality of grape, and reduced production cost of grape and labor intensity. Through the above measures, on the one hand, it promotes the effective use of land resources and increases the income of farmers; on the other hand, it improve the local ecological environment.

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

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

VI. Major issues

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

Available Not available

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

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

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

Available Not available

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

3. Illegal external guarantee

Available Not available

There is no illegal guarantee situation during the report period.

4. Appointment and dismissal of certified public accountants

Whether the semi-annual report has been audited

Yes No

The semi-annual report has not been audited.

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

Available Not available

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

Available Not available

7. Issues related with bankruptcy reorganization

Available Not available

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

8. Litigation Issue

Material litigation and arbitration

Available Not available

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

Other Litigation Issue

Available Not available

9. Penalty and rectification

Available Not available

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

Available Not available

11. Major related transactions

1) Related transactions in relation to routine operations

Available Not available

Related party	Relationship	Type	Content	Pricing principle	Price	Amount (CNY '0000)	Proportion accounting for amount of similar transactions	Approved transaction quota (CNY '0000)	Whether exceed approved transaction quota	Clearing form	Available market price of similar transactions	Disclosure date	Disclosure index
Yantai Shenma Packaging Co., Ltd.	Controlled by the same parent company	Purchase and commission processing	Purchase and commission processing packaging materials	Agreement pricing	Determined by agreement	4,021	17.63%	9,000	No	Cash	No	2023.04.13	<i>Expected Announcement on 2023 Annual Routine Related Transaction disclosed in China Securities Journal, Securities Times and CNINFO in 2023</i>
Total				--	--	4,021	--	9,000	--	--	--	--	--
Details of the return of large sales				No									
Actual performance of the estimated total amount for daily operations related transactions by category that will occur during this period.				No									
Reason for the deference between transaction price and market reference price(if available)				Not available									

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

Available Not available

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

3) Related transactions in relation to common foreign investment

Available Not available

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

4) Related credit and debt dealings

Available Not available

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

5) Deals of related financial companies

Available Not available

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

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

Available Not available

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

7) Other major related transactions

Available Not available

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

Disclosure website of interim report for major related transaction

Name of interim announcement	Disclosure date of interim announcement	Name of disclosure website for interim announcement
Announcement of 2023 Annual Expected Routine Related Transaction	2023.04.13	www.cninfo.com.cn

12. Major contracts and execution conditions

1) Trusteeship, contract and lease issues

① Trusteeship situation

Available Not available

There is no trusteeship situation during the report period.

② Contract situation

Available Not available

There is no such contract situation during the report period.

③ Lease situation

Available Not available

Explanation for lease situation

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

of above spaces per year is CNY 4.3935 million with a rental period of 5 years from January 1st, 2022 to December 31st, 2026.

In 2022, this Company signed a house-leasing contract with Yantai Shenma Packaging Company Limited. According to this contract, since July 1st, 2022, this Company leased property to Yantai Shenma Packaging Company Limited for a business purpose with the annual rent of CNY 1,626,880. This contract expires on June 30th, 2023.

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

Available Not available

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

2) Major guarantee
 Available Not available

Unit: CNY'0000

External guarantee of the Company and its subsidiaries (excluding guarantee to subsidiaries)											
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral (if have)	Counterparty situation (if have)	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee	
Yantai Economic and Technological Development Zone Management Council.	2016.12.22	34,160	2016.12.21	34,160	Joint and several liability guarantee	-	-	10 years	No	No	
Total of the external guarantee quota approved during the report period (A1)		0			Total of the actual external guarantee amount during the report period (A2)		0				
Total of the external guarantee quota approved by the end of the report period (A3)		34,160			Balance of the actual external guarantee by the end of the report period (A4)		34,160				
Guarantee situations between the Company and subsidiaries											
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral	Counterparty situation	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee	
Yantai Changyu Wine Research and Development Company Limited	2016.12.22	72,176	2016.12.21	72,176	Joint liability assurance; Mortgage	-	-	10 years	No	Yes	
Kilikanoon Estate Pty Ltd	2018.12.05	8,528	2018.12.13	7,858	Joint liability assurance	-	-	5 year	No	Yes	
Total of the guarantee quota approved to subsidiaries during the report period (B1)		0			Total of the actual guarantee amount for subsidiaries during the report period (B2)		0				
Total of the guarantee quota approved to subsidiaries by the end of the report period (B3)		80,704			Balance of the actual guarantee for subsidiaries by the end of the report period (B4)		80,704				
Guarantee situations between subsidiaries											
None											
Total guarantee amount of the Company (Total of above three major items)											

Total of the approved guarantee quota during the report period (A1+B1+C1)	0	Total of the actual guarantee amount during the report period (A2+B2+C2)	0
Total of the approved guarantee quota by the end of the report period (A3+B3+C3)	114,864	Balance of the actual guarantee by the end of the report period (A4+B4+C4)	114,864
The proportion of actual total guarantee amount (A4+B4+C4) accounting for the Company's net asset			10.79%
Among :			
The amount of guarantee for shareholders, actual controllers and their related parties (D)			0
The amount of debt guarantee for the guaranteed objects whose asset-liability ratio is more than 70% directly or indirectly (E)			0
Total amount of guarantee of the part that exceeds 50% of net assets (F)			0
Total amount of the above-mentioned three items (D+E+F)			0
Explanation for undue guarantees that have happened warranty liability or may take joint payback liabilities during the report period (if have)	No		
Explanation for violating due process to provide external guarantee (if have)	No		

Explanation on specific situations of adapting guarantee by complex methods

3) Financial management entrustment

Available Not available

There is no financial management entrustment during the report period.

4) Other important contracts

Available Not available

There are no other important contracts during the report period.

13. Other Major issues

Available Not available

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

14. Major issues of Company's subsidiaries

Available Not available

VII. Changes in Shares and Shareholders' Situation

1. Changes in shares

1) Changes in shares

Unit: share

	Amount before this change		Change (+, -)					Amount after this change	
	Amount	Percentage %	Allot new share	Distribute bonus share	Transfer other capital to share capital	Others	Subtotal	Amount	Percentage %
I. Shares with trading limited condition	0	0%				127,650	127,650	127,650	0.02%
1. State-owned holdings	0								
2. State-owned legal person holdings	0								
3. Other domestic holdings						127,650	127,650	127,650	0.02%
Among which: domestic legal person									
domestic natural person						127,650	127,650	127,650	0.02%
4. Foreign-owned holdings									
Among which: foreign legal person									
foreign natural person									
II. Shares without trading limited condition	685,464,000	100%				-127,650	-127,650	685,336,350	99.98%
1. A shares	453,460,800	66.15%				-22,500	-22,500	453,438,300	66.15%
2. B shares	232,003,200	33.85%				-105,150	-105,150	231,898,050	33.83%
3. Oversea listed foreign shares									
4. Others									
III. Total shares	685,464,000	100%				0	0	685,464,000	100%

Cause of share change

Available Not available

The company's senior executives increased their holdings of the company's share

Approval of share change

Available Not available

Transfer ownership of changed shares

Available Not available

Implementation progress of share buy-back

Available Not available

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

Available Not available

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

Available Not available

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

Available Not available

2) Changes in restricted shares

Available Not available

2. Securities issuance and listing situation

Available Not available

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

Total shareholders in the report period	42,115	Total number of preferred shareholder recovering voting power by the end of report period (if have) (see note 8)	0					
Shareholders holding more than 5% or the top 10 shareholders holding situation								
Name of Shareholders	Character of shareholders	Percentage (%)	Shares held until the end of the report period	Changes during the report period	Number of restricted shares	Number of unrestricted shares	Pledged or frozen	
							Share status	Amount
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state legal person	50.40%	345,473,856	2,300	0	345,473,856	-	0
GAOLING FUND, L.P.	Foreign legal person	2.58%	17,685,413	-3,404,806	0	17,685,413	-	0
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	1.32%	9,066,452	1,772,500	0	9,066,452	-	0
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	1.06%	7,281,116	-401,900	0	7,281,116	-	0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	1.02%	6,967,832	1,969,001	0	6,967,832	-	0
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	0.82%	5,618,786	1,198,700	0	5,618,786	-	0
#Fengdi JIANG	Domestic natural person	0.77%	5,295,000	0	0	5,295,000	-	0
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.74%	5,091,502	105,000	0	5,091,502	-	0
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.60%	4,094,263	67,400	0	4,094,263	-	0
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.51%	3,483,537	0	0	3,483,537	-	0
Strategic investors or legal result of the placement of new shares to become a top 10 shareholders (if have) (see note 3)	No							
The explanation for the associated relationship and accordant action	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, while the relationship among the other shareholders is unknown.							
Explanation of the above-mentioned shareholders' entrustment/ fiduciary voting rights and waiver of the voting rights	No							
Special explanation for the existence of a special repurchase account among the top 10 shareholders (if have) (see note 11)	No							
The top 10 shareholders with shares without trading limited condition								

Name of Shareholders	Number of shares without trading limited condition held until the end of the year	Type of share	
		Type of share	Amount
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A	345,473,856
GAOLING FUND, L.P.	17,685,413	B	17,685,413
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	9,066,452	B	9,066,452
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	7,281,116	B	7,281,116
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	6,967,832	B	6,967,832
HONG KONG SECURITIES CLEARING COMPANY LIMITED	5,618,786	A	5,618,786
#Fengdi JIANG	5,295,000	A	5,295,000
Haitong International Securities Company Limited-Account Client	5,091,502	B	5,091,502
VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,094,263	B	4,094,263
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,483,537	B	3,483,537
The explanation for the associated relationship and accordant action of the top 10 shareholders with unrestricted shares, the the associated relationship and accordant action between the top 10 shareholders with unrestricted shares and the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the top 10 shareholders who involved in financing activities and stock trading business (if have) (see note 4)	The top 10 shareholders do not involve in financing activities and stock trade business.		

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

Yes No

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

4. Changes in shareholdings of directors, supervisors and senior executives
 Available Not available

Name	Position	Status	Number of Shares held at the beginning period (shares)	Increased number of shares held in the current period (shares)	Decreased number of shares held in the current period (shares)	Number of shares held at the end period (shares)	Number of restricted shares granted at the beginning period (shares)	Number of restricted shares granted in the current period (shares)	Number of restricted shares granted at the end period (shares)
ZHOU Hongjiang	Chairman	Incumbent	37,800	1,800		39,600			
SUN Jian	Director and General Manager	Incumbent	90,000	30,000		120,000			
LI Jiming	Director and Deputy General Manager	Incumbent							
JIANG Jianxun	Director, Deputy General Manager and Board secretary	Incumbent							
CHEN Dianxin	Director	Incumbent							
Aldino Marzorati	Director	Incumbent							
Stefano Battioni	Director	Incumbent							
Enrico Sivieri	Director	Incumbent							
CHIANG Yun	Director	Incumbent							
DUAN Changqing	Independent Director	Incumbent							
LIU	Independent	Incumbent							

Huirong	Director								
LIU Qinglin	Independent Director	Incumbent							
YU Renzhu	Independent Director	Incumbent							
WANG Zhuquan	Independent Director	Incumbent							
LENG Bin	Chairman of the Board Supervisory	Incumbent							
Liu Zhijun	Supervisor	Incumbent							
ZHENG Wenping	Supervisor	Incumbent							
JIANG Hua	Deputy General Manager	Incumbent	10,000			10,000			
PENG Bin	Deputy General Manager	Incumbent							
PAN Jianfu	General Manager Assistant	Incumbent							
KONG Qingkun	General Manager Assistant	Incumbent							
LIU Shilu	General Manager Assistant	Incumbent							
XIAO Zhenbo	General Manager Assistant	Incumbent							
Total	--	--	137,800	31,800	0	169,600	0	0	0

5. Changes in controlling shareholders or actual controllers

Changes in the controlling shareholders during the report period

Available Not available

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

Changes in the actual controllers during the report period

Available Not available

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

VIII. Related Situation of Preferred Shares

Available Not available

There are no preferred shares during the report period.

IX. Related Situation of Bonds

Available Not available

X. Financial Report

1. Audit report

Whether the semiannual report has been audited

Yes No

2. Financial statement

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

2.1 Consolidated balance sheet

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

June 30, 2023

Unit: Yuan

Item	Note	June 30, 2023	December 31, 2022
Current assets:			
Monetary fund	7.1	1,661,628,793	1,651,454,115
Settlement reserves			
Lending funds			
Tradable financial assets			
Derivative financial assets			
Bills receivable	7.2	684,245	2,712,460
Accounts receivable	7.3	210,175,785	343,982,985
Receivables financing	7.4	308,817,929	309,329,918
Advance payment	7.5	9,251,401	60,415,508
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Other receivables	7.6	69,101,039	70,542,398
Including: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	7.7	2,926,495,444	2,903,398,515
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	7.8	156,044,415	185,337,393

Item	Note	June 30, 2023	December 31, 2022
Total current assets		5,342,199,051	5,527,173,292
Non-current assets:			
Offering loans and imprest			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7.9	38,065,512	41,371,385
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	7.10	21,041,320	22,115,318
Fixed assets	7.11	5,926,395,012	6,028,137,972
Construction in progress	7.12	47,247,490	40,934,161
Productive biological assets	7.13	177,932,255	184,420,741
Oil-and-gas assets			
Right-of-use assets	7.14	128,804,715	139,887,159
Intangible assets	7.15	551,495,257	578,240,846
Development expenditure			
Goodwill	7.16	107,163,616	107,163,616
Long-term prepaid expenses	7.17	265,783,428	274,699,232
Deferred income tax assets	7.18	215,145,646	227,362,656
Other non-current assets			
Total non-current assets		7,479,074,251	7,644,333,086
Total assets		12,821,273,302	13,171,506,378
Current liabilities:			
Short-term loans	7.19	348,885,834	389,378,480
Borrowings from the Central Bank			
Borrowing funds			
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	7.20	417,210,497	503,323,746
Advances from customers			
Contract liabilities	7.21	135,643,228	165,727,991

Item	Note	June 30, 2023	December 31, 2022
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee remunerations payable	7.22	135,368,771	182,951,538
Taxes and dues payable	7.23	202,463,826	239,695,902
Other payables	7.24	373,745,618	372,608,689
Including: Interest payable			88,889
Dividends payable		393,855	70,317
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	7.25	143,764,399	144,020,834
Other current liabilities	7.26	17,687,656	18,945,706
Total current liabilities		1,774,769,829	2,016,652,886
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	7.27	81,961,226	128,112,115
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	7.28	94,469,356	109,505,093
Long-term accounts payable	7.29	20,000,000	42,000,000
Long-term employee remunerations payable			
Estimated liabilities			
Deferred income	7.30	34,530,599	38,389,058
Deferred income tax liabilities	7.18	8,934,155	11,266,932
Other non-current liabilities			
Total non-current liabilities		239,895,336	329,273,198
Total liabilities		2,014,665,165	2,345,926,084
Owner's equity:			
Capital stock	7.31	685,464,000	685,464,000
Other equity instruments			

Item	Note	June 30, 2023	December 31, 2022
Including: Preferred stock			
Perpetual bonds			
Capital surplus	7.32	524,548,552	524,968,760
Minus: Treasury stock			
Other comprehensive income	7.33	-11,624,173	-23,760,238
Special reserves			
Surplus reserves	7.34	342,732,000	342,732,000
General risk preparation			
Undistributed profit	7.35	9,104,759,847	9,049,649,211
Total owner's equities attributable to the parent company		10,645,880,226	10,579,053,733
Minority equity		160,727,911	246,526,561
Total owner's equities		10,806,608,137	10,825,580,294
Total liabilities and owner's equities		12,821,273,302	13,171,506,378

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

2.2 Balance sheet of the parent company

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

Unit: Yuan

Item	Note	June 30, 2023	December 31, 2022
Current assets:			
Monetary fund		768,805,339	874,241,771
Tradable financial assets			
Derivative financial assets			
Bills receivable		200,000	
Accounts receivable	17.1	2,030,036	2,301,505
Receivables financing		24,742,972	41,061,417
Advance payment		364,240	3,518,783
Other receivables	17.2	504,925,159	720,176,320
Including: Interest receivable			
Dividends receivable		103,544,695	250,000,000
Inventories		421,364,233	335,031,522
Contract assets			
Assets held for sale			
Non-current assets due within one year			

Item	Note	June 30, 2023	December 31, 2022
Other current assets		13,408,491	20,080,844
Total current assets		1,735,840,470	1,996,412,162
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	17.3	7,684,192,789	7,705,853,378
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate		21,041,320	22,115,318
Fixed assets		208,383,656	216,651,596
Construction in progress			375,969
Productive biological assets		103,686,699	108,370,882
Oil and gas assets			
Right-of-use assets		39,031,011	36,153,799
Intangible assets		73,925,123	75,298,044
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred income tax assets		11,993,062	12,120,605
Other non-current assets		1,894,430,000	1,850,200,000
Total non-current assets		10,036,683,660	10,027,139,591
Total assets		11,772,524,130	12,023,551,753
Current liabilities:			
Short-term loans		100,075,000	100,000,000
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		70,184,984	100,583,550
Advances from customers			
Contract liabilities			
Employee remunerations payable		61,122,195	68,112,832
Taxes and dues payable		4,964,239	39,101,259

Item	Note	June 30, 2023	December 31, 2022
Other payables		464,911,457	499,751,275
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		5,850,588	5,129,607
Other current liabilities			
Total current liabilities		707,108,463	812,678,523
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		39,997,656	38,757,167
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income		444,505	877,814
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		40,442,161	39,634,981
Total liabilities		747,550,624	852,313,504
Owner's equities:			
Capital stock		685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus		560,853,535	560,182,235
Minus: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		342,732,000	342,732,000
Undistributed profit		9,435,923,971	9,582,860,014
Total owner's equities		11,024,973,506	11,171,238,249

Item	Note	June 30, 2023	December 31, 2022
Total liabilities and owner's equities		11,772,524,130	12,023,551,753

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

2.3 Consolidated profit statement

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

Unit: Yuan

Item	Note	Sum of this period	Sum of prior period
1. Total operating income		1,966,738,485	1,953,092,135
Including: Operating income	7.36	1,966,738,485	1,953,092,135
Interest income			
Earned premium			
Handling fee and commission income			
2. Total operating costs		1,528,483,622	1,493,458,867
Including: Operating costs	7.36	805,459,392	821,855,466
Interest expenditure			
Handling fees and commission expenditure			
Premium rebate			
Net amount of indemnity expenditure			
Net amount of the withdrawn reserve fund for insurance contract			
Policy bonus payment			
Amortized reinsurance expenditures			
Taxes and surcharges	7.37	131,447,066	114,739,618
Selling expenses	7.38	453,001,710	417,764,419
Administrative expenses	7.39	128,695,395	127,504,270
Research and development expenses	7.40	6,653,626	5,509,656
Financial expenses	7.41	3,226,433	6,085,438
Including: Interest expenses		12,325,532	11,201,775
Interest income		9,060,578	10,191,697
Plus: Other profit	7.42	28,971,185	21,629,245
Investment profit (loss is listed with "-")	7.43	15,614,536	-921,317
Including: Investment profit for joint-run business and joint venture		-932,588	-921,317
Financial assets measured at amortized cost cease to be recognized as income			

Item	Note	Sum of this period	Sum of prior period
Exchange income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)	7.44	-993,494	486,076
Asset impairment loss (loss is listed with “-”)	7.45	-244,434	1,490,900
Income from asset disposal (loss is listed with “-”)	7.46	-298,401	-8,239,072
3. Operating profit (loss is listed with “-”)		481,304,255	474,079,100
Plus: Non-operating income	7.47	1,772,522	2,448,613
Minus: Non-operating expenses	7.48	2,125,945	1,343,532
4. Total profits (total loss is listed with “-”)		480,950,832	475,184,181
Minus: Income tax expenses	7.49	130,350,513	128,189,749
5. Net profit (net loss is listed with “-”)		350,600,319	346,994,432
5.1 Classification by operation continuity			
5.1.1 Net profit from continuing operation (net loss is listed with “-”)		350,600,319	346,994,432
5.1.2 Net profit from terminating operation (net loss is listed with “-”)			
5.2 Classification by ownership			
5.2.1 Net profit attributable to owner of the parent company		363,569,436	358,459,603
5.2.2 Minority interest income		-12,969,117	-11,465,171
6. Net after-tax amount of other comprehensive income	7.50	13,707,142	-7,384,531
Net after-tax amount of other comprehensive income attributable to owner of the parent company		12,136,065	-6,397,496
6.1 Other comprehensive income not to be reclassified into profit and loss later			
6.1.1 Changes after remeasuring and resetting the benefit plans			
6.1.2 Other comprehensive income not to be reclassified into profit and loss under equity method			
6.1.3 Changes in the fair value of other investments in equity instruments			
6.1.4 Changes in the fair value of the enterprise’s own credit risk			

Item	Note	Sum of this period	Sum of prior period
6.1.5 Other			
6.2 Other comprehensive income to be reclassified into profit and loss later		12,136,065	-6,397,496
6.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
6.2.2 Changes in the fair value of other debt investments			
6.2.3 Amount of financial assets reclassified into other comprehensive income			
6.2.4 Provision for credit impairment of other credit investments			
6.2.5 Provision for cash-flow hedge			
6.2.6 Difference in translation of Foreign Currency Financial Statement		12,136,065	-6,397,496
6.2.7 Other			
Net after-tax amount of other comprehensive income attributable to minority shareholders		1,571,077	-987,035
7. Total comprehensive income		364,307,461	339,609,901
Attributable to owner of the parent company		375,705,501	352,062,107
Attributable to minority shareholders		-11,398,040	-12,452,206
8. Earnings per share:			
8.1 Basic earnings per share		0.53	0.52
8.2 Diluted earnings per share		0.53	0.52

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

2.4 Profit statement of the parent company

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

Unit: Yuan

Item	Note	Sum of this period	Sum of prior period
1. Operating income	17.4	241,967,096	229,587,143
Minus: Operating costs	17.4	200,913,318	193,114,244
Taxes and surcharges		9,139,640	14,680,577
Selling expenses			
Administrative expenses		19,481,354	20,654,280
Research and development expenses		533,807	529,139

Item	Note	Sum of this period	Sum of prior period
Financial expenses		-753,987	-1,835,540
Including: Interest expenses		2,862,882	2,152,536
Interest income		4,368,355	3,670,286
Plus: Other profit		774,925	893,236
Investment profit (loss is listed with “-”)	17.5	149,080,018	328,290,041
Including: Investment profit for joint-run business and joint venture		54,934	-26,539
Financial assets measured at amortized cost cease to be recognized as income (loss is listed with “-”)			
Net exposure hedge income (loss is listed with “-”)			
Income from fair value changes (loss is listed with “-”)			
Credit impairment loss (loss is listed with “-”)		-3,661	
Asset impairment loss (loss is listed with “-”)			
Income from asset disposal (loss is listed with “-”)		-639,633	30,882
2. Operating profit (loss is listed with “-”)		161,864,613	331,658,602
Plus: Non-operating income		167,110	106,249
Minus: Non-operating expenses		914,209	325,220
3. Total profits (total loss is listed with “-”)		161,117,514	331,439,631
Minus: Income tax expenses		-405,243	2,624,240
4. Net profit (net loss is listed with “-”)		161,522,757	328,815,391
4.1 Net profit from continuing operation (net loss is listed with “-”)		161,522,757	328,815,391
4.2 Net profit from terminating operation (net loss is listed with “-”)			
5. Net after-tax amount of other comprehensive income			
5.1 Other comprehensive income not to be reclassified into profit and loss later			
5.1.1 Changes after remeasuring and resetting the benefit plans			
5.1.2 Other comprehensive income not to be reclassified into profit and loss under			

Item	Note	Sum of this period	Sum of prior period
equity method			
5.1.3 Changes in the fair value of other investments in equity instruments			
5.1.4 Changes in the fair value of the enterprise's own credit risk			
5.1.5 Other			
5.2 Other comprehensive income to be reclassified into profit and loss later			
5.2.1 Other comprehensive income to be reclassified into profit and loss under equity method			
5.2.2 Changes in the fair value of other debt investments			
5.2.3 Amount of financial assets reclassified into other comprehensive income			
5.2.4 Provision for credit impairment of other credit investments			
5.2.5 Provision for cash-flow hedge			
5.2.6 Difference in translation of Foreign Currency Financial Statement			
5.2.7 Other			
6. Total comprehensive income		161,522,757	328,815,391
7. Earnings per share:			
7.1 Basic earnings per share		0.24	0.48
7.2 Diluted earnings per share		0.24	0.48

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

2.5 Consolidated cash flow statement

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

Unit: Yuan

Item	Note	Sum of this period	Sum of prior period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		2,065,105,263	2,087,979,514
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial			

Item	Note	Sum of this period	Sum of prior period
institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Cash received from collecting interest, handling fees and commissions			
Net increase in borrowing funds			
Net increase in repurchasement business funds			
Net cash received for buying and selling securities			
Tax refund received		29,311,454	165,095,342
Other cash received related to operating activities	7.52	47,251,102	30,136,317
Subtotal of cash flows of operating activities		2,141,667,819	2,283,211,173
Cash paid for goods and services		622,088,864	636,965,411
Net increase in customer loans and advances			
Net increase in deposits in central bank and interbank deposits			
Cash paid to original insurance contract payments			
Net increase in lending funds			
Cash paid to interest, handling fees and commissions			
Cash paid to policy bonus			
Cash paid to and on behalf of employees		241,778,846	266,617,445
Cash paid for taxes and expenses		457,071,706	482,260,853
Other cash paid related to operating activities	7.52	292,808,617	291,093,869
Sub-total of cash outflows of operating activities		1,613,748,033	1,676,937,578
Net cash flow from operating activities		527,919,786	606,273,595
2. Cash flow from investing activities:			
Cash received from disinvestment			
Cash received from withdrawal of fixed deposits		6,000,000	86,000,000
Cash received from obtaining investment income			
Cash received from obtaining interest income		167,919	474,434
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,431,000	24,186,808

Item	Note	Sum of this period	Sum of prior period
Net cash received from disposal of branch and other business unit		7,238,585	
Other cash received related to investing activities		657,049	
Subtotal of cash flows of investment activities		15,494,553	110,661,242
Cash paid to acquire fixed assets, intangible assets and other long-term assets		60,515,887	106,892,064
Cash for investment		206,000,000	86,000,000
Cash paid for purchasing fixed deposits			
Net increase in hypothecated loan			
Net cash paid for acquiring branch and other business unit			
Other cash paid related to investment activities			
Subtotal of cash outflows of investment activities		266,515,887	192,892,064
Net cash flow from investing activities		-251,021,334	-82,230,822
3. Cash flow from financing activities			
Cash received from acquiring investment		13,900,832	
Including: cash received from acquiring minority shareholders investment by branch			
Cash received from acquiring loans		295,974,371	428,548,896
Other cash received related to financing activities			
Subtotal cash flows of financing activities		309,875,203	428,548,896
Cash paid for paying debts		419,615,315	590,123,879
Cash paid for distributing dividend and profit or paying interest		319,861,482	15,360,912
Including: dividend and profit paid to minority shareholders by branch		70,317	1,793,435
Other cash paid related to financing activities		38,007,700	9,765,810
Subtotal of cash outflows of financing activities		777,484,497	615,250,601
Net cash flow from financing activities		-467,609,294	-186,701,705
4. Influences of exchange rate fluctuation on cash and cash equivalents		1,038,021	188,837
5. Net Increase in cash and cash equivalents		-189,672,821	337,529,905
Plus: balance at the beginning of the period of cash and cash equivalents		1,612,753,600	1,502,327,029
6. Balance at the end of the period of cash and cash		1,423,080,779	1,839,856,934

Item	Note	Sum of this period	Sum of prior period
equivalents			

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

2.6 Cash flow statement of the parent company

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

Unit: Yuan

Item	Sum of this period	Sum of prior period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	245,770,806	264,608,586
Tax refund received		
Other cash received related to operating activities	10,820,471	53,941,562
Subtotal of cash flows of operating activities	256,591,277	318,550,148
Cash paid for goods and services	204,180,816	149,862,593
Cash paid to and on behalf of employees	22,218,740	28,951,681
Cash paid for taxes and expenses	43,953,062	22,087,575
Other cash paid related to operating activities	76,577,506	12,091,557
Sub-total of cash outflows of operating activities	346,930,124	212,993,406
Net cash flow from operating activities	-90,338,847	105,556,742
2. Cash flow from investing activities:		
Cash received from disinvestment	27,690,000	
Cash received from withdrawal of fixed deposits		86,000,000
Cash received from obtaining investment income	325,390,390	321,605,820.39
Cash received from obtaining interest income	167,919	474,433.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		31,808
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities		302,000,000
Subtotal of cash flows of investment activities	353,248,309	710,112,062
Cash paid to acquiring fixed assets, intangible assets and other long-term assets	3,845,079	5,975,121
Cash for investment	20,161,100	110,000,000
Cash paid for purchasing fixed deposits	206,000,000	86,000,000
Net cash paid for acquiring branch and other business unit		
Other cash paid related to investment activities	44,230,000	35,700,000

Item	Sum of this period	Sum of prior period
Subtotal of cash outflows of investment activities	274,236,179	237,675,121
Net cash flow from investing activities	79,012,130	472,436,941
3. Cash flow from financing activities:		
Cash received from acquiring investment	13,900,832	
Cash received from acquiring loans	100,000,000	100,000,000
Other cash received related to financing activities		
Subtotal cash flows of financing activities	113,900,832	100,000,000
Cash paid for debts	100,000,000	150,000,000
Cash paid to distribute dividend, profit or pay interest	310,002,967	2,387,083
Other cash paid related to financing activities	4,567,148	4,517,699
Subtotal of cash outflows of financing activities	414,570,115	156,904,782
Net cash flow from financing activities	-300,669,283	-56,904,782
4. Influences of exchange rate fluctuation on cash and cash equivalents		
5. Net Increase in cash and cash equivalents	-311,996,000	521,088,901
Plus: balance at the beginning of the period of cash and cash equivalents	843,369,997	513,809,440
6. Balance at the end of the period of cash and cash equivalents	531,373,997	1,034,898,341

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

2.7 Consolidated owner's equity changing list

Unit: Yuan

Item	This period														
	Owners' equity of the parent company													Minority shareholders' equity	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other	Subtotal		
	Preferred stock	Perpetual bonds	Other												
1. Balance at the end of last year	685,464,000				524,968,760		-23,760,238		342,732,000		9,049,649,211		10,579,053,733	246,526,561	10,825,580,294
Plus: Accounting policies changing															
Previous error correction															
Business combination under common control															
Other															
2. Balance at the beginning of this year	685,464,000				524,968,760		-23,760,238		342,732,000		9,049,649,211		10,579,053,733	246,526,561	10,825,580,294
3. Increased or decreased amount in this period (reducing amount is listed with "-")					-420,208		12,136,065				55,110,636		66,826,493	-85,798,650	-18,972,157
3.1 Total comprehensive income							12,136,065				363,569,436		375,705,501	-11,398,040	364,307,461
3.2 Owners' invested and reduced capital					-420,208								-420,208	-74,006,755	-74,426,963
3.2.1 Owner' invested common stock														-42,351,486	-42,351,486
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owners' equity					671,300								671,300		671,300
3.2.4 Other					-1,091,508								-1,091,508	-31,655,269	-32,746,777
3.3 Profit distribution											-308,458,800		-308,458,800	-393,855	-308,852,655
3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)											-308,458,800		-308,458,800	-393,855	-308,852,655
3.3.4 Other															

Item	This period															
	Owners' equity of the parent company													Minority shareholders' equity	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other	Subtotal			
	Preferred stock	Perpetual bonds	Other													
3.4 Internal transfer of owners' equity																
3.4.1 Capital reserves transferred and increased capital (or capital stock)																
3.4.2 Surplus reserves transferred and increased capital (or capital stock)																
3.4.3 Surplus reserves covering deficit																
3.4.4 Retained earnings carried over from the benefit plan variation																
3.4.5 Retained earnings carried over from other comprehensive income																
3.4.6 Other																
3.5 Special reserves																
3.5.1 Withdrawal in this period																
3.5.2 Usage in this period																
3.6 Other																
4. Balance at the end of this period	685,464,000				524,548,552		-11,624,173		342,732,000				9,104,759,847	10,645,880,226	160,727,911	10,806,608,137

Unit: Yuan

Item	Last period															
	Owners' equity of the parent company													Minority shareholders' equity	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other	Subtotal			
	Preferred stock	Perpetual bonds	Other													
1. Balance at the end of last year	685,464,000				524,968,760		-34,707,177		342,732,000				8,929,426,600	10,447,884,183	244,792,421	10,692,676,604
Plus: Accounting policies changing																
Previous error correction																
Business combination under common control																
Other																
2. Balance at the beginning of this year	685,464,000				524,968,760		-34,707,177		342,732,000				8,929,426,600	10,447,884,183	244,792,421	10,692,676,604

Item	Last period														
	Owners' equity of the parent company												Minority shareholders' equity	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other			Subtotal
	Preferred stock	Perpetual bonds	Other												
3. Increased or decreased amount in this period (reducing amount is listed with "-")						10,946,939					120,222,611		131,169,550	1,734,140	132,903,690
3.1 Total comprehensive income						10,946,939					428,681,411		439,628,350	4,002,909	443,631,259
3.2 Owners' invested and reduced capital															
3.2.1 Owner' invested common stock															
3.2.2 Other equity instrument holders' invested capital															
3.2.3 Amount of shares paid and reckoned in owners' equity															
3.2.4 Other															
3.3 Profit distribution											-308,458,800		-308,458,800	-2,268,769	-310,727,569
3.3.1 Accrued surplus reserves															
3.3.2 Accrued general risk preparation															
3.3.3 Distribution to owners (or shareholders)											-308,458,800		-308,458,800	-2,268,769	-310,727,569
3.3.4 Other															
3.4 Internal transfer of owners' equity															
3.4.1 Capital reserves transferred and increased capital (or capital stock)															
3.4.2 Surplus reserves transferred and increased capital (or capital stock)															
3.4.3 Surplus reserves covering deficit															
3.4.4 Retained earnings carried over from the benefit plan amount															
3.4.5 Retained earnings carried over from other comprehensive income															

Item	Last period													Minority shareholders' equity	Total owners' equity
	Owners' equity of the parent company											Other	Subtotal		
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits				
	Preferred stock	Perpetual bonds	Other												
3.4.6 Other															
3.5 Special reserves															
3.5.1 Withdrawal in this period															
3.5.2 Usage in this period															
3.6 Other															
4. Balance at the end of this period	685,464,000				524,968,760		-23,760,238		342,732,000		9,049,649,211		10,579,053,733	246,526,561	10,825,580,294

2.8 Owner's equity changing list of the parent company

Unit: Yuan

Item	This period												Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other		
		Preferred stock	Perpetual bonds	Other									
1. Balance at the end of last year	685,464,000				560,182,235				342,732,000	9,582,860,014		11,171,238,249	
Plus: Accounting policies changing													
Previous error correction													
Other													
2. Balance at the beginning of this year	685,464,000				560,182,235				342,732,000	9,582,860,014		11,171,238,249	
3. Increased or decreased amount in this period (reducing amount is listed with "-")					671,300					-146,936,043		-146,264,743	
3.1 Total comprehensive income										161,522,757		161,522,757	
3.2 Owners' invested and reduced capital					671,300							671,300	
3.2.1 Owners' invested common stock													
3.2.2 Other equity instrument holder' invested capital													
3.2.3 Amount of shares paid and reckoned in owners' equity					671,300							671,300	

Item	This period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
3.2.4 Other												
3.3 Profit distribution										-308,458,800		-308,458,800
3.3.1 Drew surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-308,458,800		-308,458,800
3.3.3 Other												
3.4 Internal transfer of owners' equity												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from the benefit plan amount												
3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Other												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Other												
4. Balance at the end of this period	685,464,000				560,853,535				342,732,000	9,435,923,971		11,024,973,506

Unit: Yuan

Item	Last period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
1. Balance at the end of last year	685,464,000				560,182,235				342,732,000	9,141,561,665		10,729,939,900
Plus: Accounting policies changing												
Previous error correction												
Other												
2. Balance at the beginning of this year	685,464,000				560,182,235				342,732,000	9,141,561,665		10,729,939,900
3. Increased or decreased amount in this period (reducing amount is listed with "-")										441,298,349		441,298,349
3.1 Total comprehensive income										749,757,149		749,757,149
3.2 Owners' invested and reduced capital												
3.2.1 Owners' invested common stock												
3.2.2 Other equity instrument holder' invested capital												
3.2.3 Amount of shares paid and reckoned in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-308,458,800		-308,458,800
3.3.1 Drew surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-308,458,800		-308,458,800
3.3.3 Other												
3.4 Internal transfer of owners' equity												
3.4.1 Capital reserves transferred and increased capital (or capital stock)												
3.4.2 Surplus reserves transferred and increased capital (or capital stock)												
3.4.3 Surplus reserves covering deficit												
3.4.4 Retained earnings carried over from the benefit plan amount												

Item	Last period											
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owners' equity
		Preferred stock	Perpetual bonds	Other								
3.4.5 Retained earnings carried over from other comprehensive income												
3.4.6 Other												
3.5 Special reserves												
3.5.1 Accrual in this period												
3.5.2 Usage in this period												
3.6 Other												
4. Balance at the end of this period	685,464,000				560,182,235				342,732,000	9,582,860,014		11,171,238,249

3. Company profile

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

As at June 30, 2023, the Company issued 685,464,000 shares accumulatively. Refer to Note 7.31 for details.

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

The financial statement and the consolidated financial statement of the Company were approved by the Board of Directors on August 29, 2023.

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

4. Preparation basis of financial statement

4.1 Preparation basis

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

4.2 Continuous operation

The Group has appraised the ability of continuous operation for 12 months from June 30, 2023, and no issues or situations causing major doubts to this ability are found. Therefore, this financial statement is prepared on the basis of the continuous operation assumption.

5. Main accounting policies and accounting estimates

5.1 Statement on compliance with ASBE

This financial statement fulfills the requirement of Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and gives a true and integrated view of the consolidated financial status and the financial status as at June 30, 2023, as well as the consolidated operating result, the operating result, the consolidated cash flow and the cash flow of the Company from January to June 2023.

In addition, the financial statement of the Company also complies with the related disclosure requirements for statement and its notes stipulated by *Preparation Rules for Information*

Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2014 Revision) by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”).

5.2 Accounting period

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

5.3 Operating cycle

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

5.4 Recording currency

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

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

5.5.1 Business combination under common control

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

5.5.2 Business combination under non-common control

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

acquisition date according to the fair value thereof. The acquisition date is the date on which the acquirer actually obtains control of the acquiree.

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

5.6 Compiling methods of consolidated financial statement

5.6.1 General principles

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

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

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

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

5.6.2 Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination

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

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

5.6.3 Disposal of subsidiaries

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

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

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

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

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

5.6.4 Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or

disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

5.7 Determination standard of cash and cash equivalents

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

5.8 Foreign currency transaction and foreign currency statement translation

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

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

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

5.9 Financial instruments

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

5.9.1 Recognition and initial measurement of financial assets and financial liabilities

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

A financial asset (unless it is a trade receivable without a significant financing component) and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Accounts receivable containing no significant financing component or not considering financing component of contracts that do not exceed one year are measured initially at transaction prices determined by the accounting policies set out in Note 5.22.

5.9.2 Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

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

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

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

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

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

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

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

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

- Financial assets at amortised cost

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

- Debt investments at FVOCI

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

- Equity investments at FVOCI

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

5.9.3 Classification and subsequent measurement of financial liabilities

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

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including

derivative financial liability) or it is designated as such on initial recognition.

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

- Financial liabilities at amortised cost

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

5.9.4 Offsetting

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

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

5.9.5 Derecognition of financial assets and financial liabilities

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

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

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

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

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

5.9.6 Impairment

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

- financial assets measured at amortised cost;

- financial investments at fair value through other comprehensive income

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

Measurement of ECLs

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

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

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

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

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

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

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

Financial instruments that have low credit risk

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since

initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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

Credit-impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or

loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

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

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

5.9.7 Equity instrument

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

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

5.10 Inventories

5.10.1 Classification and cost

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

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

5.10.2 Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

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

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

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

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

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

5.10.4 Inventory count system

The Group maintains a perpetual inventory system.

5.11 Long-term equity investments

5.11.1 Investment cost of long-term equity investments

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

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

- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

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

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

equity securities.

5.11.2 Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

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

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

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

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

(b) Investments in joint ventures and associates

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

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

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

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment in joint ventures and associates, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit

distribution (referred to as “other changes in owners’ equity”), is recognised directly in the Group’s equity, and the carrying amount of the investment is adjusted accordingly.

- In calculating its share of the investee’s net profits or losses, other comprehensive income and other changes in owners’ equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee’s identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group’s interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group’s net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or the associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

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

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

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

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

5.12 Investment properties

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

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

5.13 Fixed assets

5.13.1 Recognition of fixed assets

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

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

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

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

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

5.13.2 Depreciation of fixed assets

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

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

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

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

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

5.13.4 Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

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

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

5.14 Construction in progress

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

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

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

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

5.15 Borrowing costs

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

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

- Where funds are borrowed specifically for the acquisition and construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction or production of a qualifying asset, the amount of borrowing costs eligible

for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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

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

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

5.16 Biological assets

The biological assets of the Group are productive biological assets.

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

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

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

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

Useful lives, estimated residual values and depreciation methods of productive biological

assets are reviewed at least at each year-end. Any changes should be treated as changes in accounting estimates.

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

5.17 Intangible assets

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

The respective amortisation periods for intangible assets are as follows:

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

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

5.18 Goodwill

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

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

5.19 Long-term deferred expenses

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

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

5.20 Impairment of assets other than inventories and financial assets

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

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

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

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

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

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

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised

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

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

5.21 Fair value measurement

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

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

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

5.22 Revenue

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

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

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

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

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

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

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

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

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

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

For sales with sales return clauses, when the customer obtains control of the relevant goods, the Group recognizes revenue based on the amount of consideration expected to be entitled to receive due to the transfer of goods to the customer (that is, does not include the expected amount to be refunded due to sales return), and recognizes liabilities based on the expected amount to be refunded due to sales returns. At the same time, based on the book value at the time of transfer of the goods expected to be returned, the Group recognizes as an asset the

balance after deducting the estimated cost of recovering the goods (including the value impairment of the returned goods). Based on the book value of the transferred goods at the time of transfer, the Group carries over as the cost the net amount after deducting the above asset cost. On each balance sheet date, the Group re-estimates the future sales returns. If there is any change, it shall be treated as a change in accounting estimates.

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

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

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

5.23 Contract cost

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

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

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

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

Assets recognized for contract acquisition cost and assets recognized for contract performance cost (hereinafter referred to as "assets related to contract cost") shall be amortized on the same basis as the revenue recognition of goods or services related to such assets and recognized in

current profits and losses. Where the amortization period of assets recognized for the contract acquisition cost does not exceed one year, they shall be recognized in current profits and losses.

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

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

5.24 Employee benefits

5.24.1 Short-term employee benefits

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

5.24.2 Post-employment benefits – defined contribution plans

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

5.24.3 Termination benefits

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

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

5.25 Share-based payment

Share-based payment of this Group are transactions in which the Group grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees. The Group's share-based payments consist of equity-settled share-based payments and cash-settled share-based payments.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to employees on the grant date. On each balance sheet date within the vesting period, the Group, based on the latest information, including the change of vested employees' number, whether it meets the specified performance conditions, and other subsequent information, makes the best estimates of the number of vested equity instruments. On this basis, in accordance with the fair value on the grant date, the services obtained in the current period shall be included in the relevant costs or expenses, and the capital reserves shall be increased accordingly. After the vesting date, no adjustment shall be made to the relevant costs or expenses as well as the total amount of the owner's equities which have been confirmed. If the right may be exercised immediately after the grant, however, the fair value shall be included in the relevant costs or expenses on the grant date, and the capital reserves shall be increased accordingly.

The cash-settled share-based payment shall be measured at the fair value of the liabilities undertaken by the Group and determined by shares or other equity instruments. If the right may be exercised immediately after the grant, the fair value of the liabilities undertaken shall be included in the relevant costs or expenses on the grant date, and the liabilities shall be increased accordingly; if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the costs or expenses at the fair value of the liabilities undertaken, and the liabilities shall be adjusted accordingly. The fair value of the liabilities shall be re-measured on each balance sheet date and balance sheet date before the settlement of related liabilities, and the change shall be included in the current profits and losses.

When the Group modifies the share-based payment plan, if the modification increases the fair value of equity instrument granted, the increase of service shall be recognized according to the increase of fair value of equity instrument accordingly; if the number of equity instrument granted is modified to increase, the Group shall recognize the fair value of equity instrument increased as the increase of service obtained. The increase of the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification on the date of modification. If the revision of vesting conditions is done in favor of employees, such as vesting period cut-down, modification or cancel of performance conditions (rather than market conditions), the Group shall take the modified vesting conditions into consideration to deal with vesting conditions. If the modification decreases the total amount of share-based payment fair value or adopts other ways which are adverse to the employees to modify terms and conditions of share-based payment plan, unless the Group cancels part or all of the granted equity instruments, it shall conduct the further accounting treatment of the services acquired, and it shall be deemed that such change never happens.

If the equity instruments granted are cancelled within the vesting period, the Group shall treat them as accelerated exercise and include the amount to be recognized in the remaining vesting period into the current profits and losses immediately, and the capital reserves shall be recognized at the same time. If the employee or other parties can choose to meet the non-vesting conditions but fails to meet within the vesting period, the Group shall treat it as a cancellation of equity instruments.

5.26 Government grants

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

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

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

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

5.27 Income tax

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

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

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

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

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

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

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

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

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

5.28 Lease

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

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

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

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

If the contract contains multiple separate leases at the same time, the lessee and lessor will split the contract and have each separate lease separately subject to accounting treatment. If the contract includes lease and non-lease parts at the same time, the lessee and the lessor will

split them separately. When splitting the lease and non-lease parts included in the contract, the lessee shall allocate the contract consideration according to the relative proportion of the sum of the stand-alone price of each lease part and the stand-alone price of each non-lease part. The lessor shall allocate the contract consideration in accordance with the provisions on transaction price allocation in the accounting policy stated in Note 5.22.

5.28.1 Where the Group is the lessee

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

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

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

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

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

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

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

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

5.28.2 The Group as the lessor

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

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

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

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

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

5.29 Assets held for sale

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

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

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

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

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

5.30 Profit distributions

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

5.31 Related parties

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

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

5.32 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organisation structure, management requirements and internal reporting system, the Group's operation is divided into four parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2023, over 85% of revenue, more than 96% of profit and over 91% of non-current assets derived from China / are located in China. Therefore the Group does not need to disclose additional segment report information.

5.33 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an

ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

5.33.1 Significant accounting estimates

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

5.34 Changes in significant accounting policies and accounting estimates

5.34.1 Changes in significant accounting policies

Nil

5.34.2 Changes in significant accounting estimates

Nil

6. Taxes

6.1 Main taxes and tax rates are as follows:

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

6.2 Tax incentives

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

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

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

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

Xinjiang Tianzhu Co., Ltd (“Xinjiang Tianzhu”, disposed in June 2023), a subsidiary of the Company, is an enterprise of raw wine production and sales incorporated in Shihezi City, Xinjiang Uygur Autonomous Region. In accordance with the *Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Announcement No. 23 [2020] of the Ministry of Finance), Xinjiang Tianzhu is qualified to enjoy preferential taxation policies, which means it can pay corporate income tax at a preferential rate of 15% for the period from 2021 to 2030.

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

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

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

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (Announcement No. 13 of [2022] of the Ministry of Finance and the State Taxation Administration), the annual taxable income of a small low-profit enterprise that is not less than 1 Million Yuan and not more than 3 Million Yuan shall be included in its

taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. Beijing Changyu Wine Industry Marketing Co., Ltd. (“Beijing Allotting”), a subsidiary of the Group, has been identified as eligible small low-profit enterprise.

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Exempting Small-Scale Value-Added Tax Taxpayers from Value-Added Tax* (Announcement No. 1 of [2023] of the Ministry of Finance and the State Taxation Administration), from January 1 to December 31, 2023, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will enjoy a reduced VAT rate of 1%; and prepaid VAT items that are subject to a 3% pre-levy rate will enjoy a reduced VAT prepayment rate of 1%. Xinjiang Changyu Sales Co., Ltd. Weimeisi Tasting Center Branch has enjoyed this exemption policy.

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

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

7. Notes to items in the consolidated financial statement

7.1 Monetary capital

Unit: Yuan

Item	Ending balance	Beginning balance
Cash on hand	59,243	47,954
Bank deposit	1,654,452,878	1,643,577,420
Other monetary capital	7,116,672	7,828,741
Total	1,661,628,793	1,651,454,115
Including: Total overseas deposits	26,734,678	17,073,210

As at June 30, 2023, the restricted bank deposit details are listed as follows:

Unit: Yuan

Item	Ending balance	Beginning balance
Housing fund of the unit	2,671,774	2,671,774
Total	2,671,774	2,671,774

As at June 30, 2023, the details of other monetary funds are listed as follows:

Unit: Yuan

Item	Ending balance	Beginning balance
Guaranteed deposits paid for the letter of credit	6,000,000	6,000,000
Account balance of Alipay	974,374	1,695,245
Guaranty money for ICBC platform	10,000	10,000
Guaranty money for customs	132,298	123,496
Total	7,116,672	7,828,741

As at June 30, 2023, the bank deposits of the Group including short-term fixed deposits ranging from 3 months to 12 months and interests amounted to RMB 228,759,568 Yuan, with the interest rates ranging from 1.7% to 2.15% (December 31, 2022: RMB 28,200,000 Yuan).

7.2 Bills receivable

Classification of bills receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	684,245	2,712,460
Total	684,245	2,712,460

The above bills receivable are all due within one year.

7.3 Accounts receivable

7.3.1 Accounts receivable disclosed by type

Unit: Yuan

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Accounts receivable for which provision for bad debts is accrued on a single item basis										
Accounts receivable for which provision for bad debts is accrued on a combined basis	225,725,385	100.0%	15,549,600	6.89%	210,175,785	358,539,091	100%	14,556,106	4.06%	343,982,985
Total	225,725,385	100.0%	15,549,600	6.89%	210,175,785	358,539,091	100%	14,556,106	4.06%	343,982,985

Provision for bad debts accrued on a combined basis:

Unit: Yuan

Name	Ending balance		
	Book balance	Provision for bad debts	Accrued proportion
Amounts due from related parties	2,557,331	4,603	0.18%
Amounts due from other customers	223,168,054	15,544,997	6.97%
Total	225,725,385	15,549,600	--

Disclosed by age:

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	214,280,276
1-2 years	11,122,911
2-3 years	322,198
Over 3 years	
Total	225,725,385

As at June 30, 2023, the accounts receivable with ownership restrictions were RMB 64,860,399 Yuan (December 31, 2022: 59,982,807 Yuan). Please refer to Note 7.19 for details.

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

Provision for bad debts accrued in this period:

Unit: Yuan

Type	Beginning balance of the year	Changes in this period			Ending balance
		Accrued	Withdrawn or transferred back	Cancelled	
Accounts receivable for which provision for bad debts is accrued	14,556,106	993,494			15,549,600
Total	14,556,106	993,494			15,549,600

7.3.3 Accounts receivable actually cancelled after verification in this period

Nil

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

Unit: Yuan

Unit	Relationship with the Group	Amount	Period	Percentage in total accounts receivable	Ending balance of provision for bad and doubtful debts
Customer 1	Third party	34,036,910	Within 1 year	15.1%	60,724
Customer 2	Third party	9,422,337	Within 1 year	4.2%	586,782
Customer 3	Third party	6,956,313	Within 1 year	3.1%	433,209
Customer 4	Third party	5,004,414	Within 1 year	2.2%	311,653
Customer 5	Third party	4,394,266	Within 1 year	1.9%	273,656
Total	--	59,814,240	--	26.5%	1,666,024

7.3.5 Accounts receivable terminating recognition due to transfer of financial assets

Nil

7.3.6 Accounts receivable transferred and included in assets and liabilities

Nil

7.4 Receivables financing

Unit: Yuan

Item	Ending balance	Beginning balance
Bills receivable	308,817,929	309,329,918
Total	308,817,929	309,329,918

7.4.1 The pledged bills receivable of the Group at the end of the year

Nil

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

Category	Amount derecognised at end of period
Bank acceptance bills	97,379,122
Total	97,379,122

As at June 30, 2023, bills endorsed by the Group to other parties which are not yet due at the end of the period is RMB 97,379,122 Yuan (December 31, 2022: RMB 500,480,279 Yuan). The notes are used for payment to suppliers and constructions. The Group believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Group would undertake limited liability for the notes.

7.5 Advance payment**7.5.1 Advance payment listed by age**

Unit: Yuan

Age	Ending balance		Beginning sum	
	Amount	Proportion	Amount	Proportion
Within 1 year	9,182,282	99.25%	59,426,080	98.40%
1-2 years	69,119	0.75%	989,428	1.60%
2-3 years				
More than 3 years				
Total	9,251,401	--	60,415,508	--

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

Unit: Yuan

Category of client	Relationship with the Group	Amount	Age	Reason for unsettlement	Percentage in the total advance payment%
Unit 1	Third party	1,073,128	Within 1 year (including 1 year)	Prepaid electricity	11.6%
Unit 2	Third party	1,000,000	Within 1 year	Prepaid service	10.8%

			(including 1 year)	charge	
Unit 3	Third party	750,000	Within 1 year (including 1 year)	Prepaid freight	8.1%
Unit 4	Third party	501,076	Within 1 year (including 1 year)	Prepaid freight	5.4%
Unit 5	Third party	300,000	Within 1 year (including 1 year)	Prepaid payment for goods	3.2%
Total	--	3,624,204	--		39.10%

7.6 Other receivables

Unit: Yuan

Item	Ending balance	Beginning balance
Interests receivable		
Dividends receivable		
Other receivables	69,101,039	70,542,398
Total	69,101,039	70,542,398

Other receivables

7.6.1 Other receivables classified by nature

Unit: Yuan

Nature	Ending book balance	Beginning book balance
Deposit and guaranty money receivable	3,529,407	5,578,001
Consumption tax and added-value tax export rebate	8,971,546	12,509,201
Imprest receivable	314,172	440,759
Compensation for land acquisition and storage receivable	41,268,902	41,268,902
Other	15,017,012	10,745,535
Total	69,101,039	70,542,398

7.6.2 Disclosed by age

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	65,165,325
1-2 years	1,454,647
2-3 years	411,516
More than 3 years	2,069,551
Total	69,101,039

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

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

7.6.4 Other receivables actually cancelled after verification in this period

Nil

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

Unit: Yuan

Unit	Nature	Ending balance	Age	Percentage in total ending balance of other accounts receivable	Ending balance of provision for bad debts
Unit 1	Land acquisition and reserve funds	41,268,902	Within 1 years	59.72%	
Unit 2	Value-added tax export rebate	7,762,031	Within 1 years	11.23%	
Unit 3	Value-added tax and consumption tax export rebate	1,209,515	Within 1 years	1.75%	
Unit 4	Guaranty money	721,657	Within 1 year	1.04%	
Unit 5	Guaranty money	572,880	1-2 years	0.83%	
Total	--	51,534,985	--	74.58%	

7.6.6 Accounts receivable involving government subsidies

Nil

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

Nil

7.6.8 Other receivables transferred and then included in assets and liabilities

Nil

7.7 Inventories

7.7.1 Inventory classification

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	86,766,001		86,766,001	258,200,178		258,200,178
Goods in process	2,213,143,868		2,213,143,868	1,986,391,270		1,986,391,270
Commodity stocks	641,193,968	14,608,393	626,585,575	673,171,026	14,363,959	658,807,067
Total	2,941,103,837	14,608,393	2,926,495,444	2,917,762,474	14,363,959	2,903,398,515

7.7.2 Inventory depreciation provision

Unit: Yuan

Item	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Accrual	Other	Transfer back or write-off	Other	
Raw materials						
Goods in process						
Commodity stocks	14,363,959	14,608,393		14,363,959		14,608,393
Total	14,363,959	14,608,393		14,363,959		14,608,393

7.8 Other current assets

Unit: Yuan

Item	Ending balance	Beginning balance
Trademark use fees	108,931,118	120,930,641
Prepaid corporate income tax	12,985,243	19,102,111
Deductible input tax	31,032,377	44,270,238
Expense to be amortized	3,095,677	1,034,403
Total	156,044,415	185,337,393

7.9 Long-term equity investments

Unit: Yuan

Investee	Beginning balance (book value)	Movements during the period								Ending balance (book value)	Ending balance of provision for impairment	
		Increase in capital	Decrease in capita	Losses from investments under equity-method	Other comprehensive income adjustment	Other equity changing	Declare cash dividend or profit	Accrual provision for impairment	Others			
1. Joint ventures												
SAS L&M Holdings (“L&M Holdings”)	37,970,535			-1,124,340							36,846,195	
Subtotal	37,970,535			-1,124,340							36,846,195	
2. Associates												
Weimeisi (Shanghai) Enterprise Development Co., Ltd. (“Weimeisi Shanghai”)	2,318,351		2,373,285	54,934								
Chengdu Yufeng Brand Management Co., Ltd. (“Chengdu Yufeng”) (Note)	420,369			-41,400							378,969	
Yantai Guolong Wine Industry Co., Ltd. (“Guolong Wine Industry”) (Note)	662,130			178,218							840,348	
Subtotal	3,400,850		2,373,285	191,752							1,219,317	
Total	41,371,385		2,373,285	-932,588							38,065,512	

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

7.10 Investment real estate

7.10.1 Investment real estate by cost measurement method

Unit: Yuan

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

Item	Houses and buildings	Land use right	Construction in progress	Total
2.3 Business merger increase				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	70,954,045			70,954,045
II Accumulated depreciation & accumulated amortization				
1. Beginning balance	48,838,727			48,838,727
2. Increase in this period	1,073,998			1,073,998
2.1 Accrual or amortization	1,073,998			1,073,998
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	49,912,725			49,912,725
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance				
IV Book value				
1. Ending book value	21,041,320			21,041,320
2. Beginning book value	22,115,318			22,115,318

7.11 Fixed assets

Unit: Yuan

Item	Ending balance	Beginning balance
Fixed assets	5,926,395,012	6,028,137,972
Disposal of fixed assets		
Total	5,926,395,012	6,028,137,972

7.11.1 Particulars of fixed assets

Unit: Yuan

Item	Houses and buildings	Machinery equipment	Transportation equipment	Total
I Original book value:				
1. Beginning balance	5,878,199,055	2,793,728,175	25,888,552	8,697,815,782
2. Increase in this period	14,876,612	44,297,900	9,252	59,183,764
2.1 Acquisition	9,161,231	42,571,564	9,252	51,742,047
2.2 Transfer in from construction in progress	5,715,381	1,726,336		7,441,717
2.3 Business merger increase				

Item	Houses and buildings	Machinery equipment	Transportation equipment	Total
3. Decrease in this period	6,544,913	34,325,726	1,538,783	42,409,422
3.1 Disposal or retirement		32,763,148	1,286,428	34,049,576
3.2 Others	6,544,913	1,562,578	252,355	8,359,846
4. Ending balance	5,886,530,754	2,803,700,349	24,359,021	8,714,590,124
II Accumulated depreciation				
1. Beginning balance	1,167,095,365	1,477,263,867	22,633,029	2,666,992,261
2. Increase in this period	77,811,305	77,119,167	953,314	155,883,786
2.1 Accrual	77,811,305	77,119,167	953,314	155,883,786
3. Decrease in this period	3,303,153	30,076,823	1,414,322	34,794,298
3.1 Disposal or retirement		29,248,194	1,174,585	30,422,779
3.2 Others	3,303,153	828,629	239,737	4,371,519
4. Ending balance	1,241,603,517	1,524,306,211	22,172,021	2,788,081,749
III Impairment provision				
1. Beginning balance		2,685,549		2,685,549
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period		2,572,186		2,572,186
3.1 Disposal or retirement		2,556,018		2,556,018
3.2 Others		16,168		16,168
4. Ending balance		113,363		113,363
IV Book value				
1. Ending book value	4,644,927,237	1,279,280,775	2,187,000	5,926,395,012
2. Beginning book value	4,711,103,690	1,313,778,759	3,255,523	6,028,137,972

As at June 30, 2023, the net value of the fixed assets with ownership restrictions was RMB 294,202,438 Yuan (December 31, 2022: RMB 303,897,124 Yuan). Please refer to Note 7.53 for details.

The Company's disposal of its subsidiary Xinjiang Tianzhu this year was not included in the scope of the consolidated balance sheet at the end of this period. As of the date of loss of control, the original book value, accumulated depreciation, and depreciation reserves of fixed assets of Xinjiang Tianzhu are respectively listed in the "Others" item of the current decrease in the original book value, accumulated depreciation, and depreciation reserves of fixed assets.

7.11.2 Particulars of temporarily idle fixed assets

Unit: Yuan

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Remarks
Buildings	16,248,086	8,767,714		7,480,372	
Machinery equipment	780,191	627,819	113,363	39,009	
Transportation equipment	1,081,789	1,027,699		54,090	

Total	18,110,066	10,423,232	113,363	7,573,471
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7.11.3 Particulars of fixed assets under finance leases

Nil

7.11.4 Fixed assets under operating lease

Unit: Yuan

Item	Ending book value
Machinery equipment	4,365

7.11.5 Particulars of fixed assets without property certificates

Unit: Yuan

Item	Book value	Reason for not receiving the property certificate
Dormitory Building, Main Building and Reception Building of Chang'an Chateau	261,255,708	Under transaction
Building and Boiler Room of Koya	171,944,719	Under transaction
European Town, Main Building and Service Building of Chateau AFIP	161,661,819	Under transaction
Office Building and Packaging Workshop of Icewine Valley	9,586,292	Under transaction
Wine-making Workshop of Changyu (Jingyang)	4,497,542	Under transaction
Office Building, Laboratory Building and Workshop of Fermentation Center	2,895,534	Under transaction
Finished Goods Warehouse and Workshop of Kylin Packaging	1,988,799	Under transaction
Others	273,112	Under transaction
Total	614,103,525	

7.12 Construction in progress

Unit: Yuan

Item	Ending balance	Beginning balance
Construction in progress	47,247,490	40,934,161
Engineering materials		
Total	47,247,490	40,934,161

7.12.1 Particulars of construction in progress

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Museum Upgrading and Rebuilding Project	46,036,465		46,036,465	32,981,419		32,981,419
Renovation of Refrigeration Equipment in Xinjiang Chateau Workshop	700,000		700,000	7,065,744		7,065,744
Construction Projects of Other Companies	511,025		511,025	886,998		886,998
Total	47,247,490		47,247,490	40,934,161		40,934,161

7.12.2 Changes of major construction in progress in this period

Unit: Yuan

Item	Budget	Beginning balance	Increase in this period	Transferred to fixed assets in this period	Other decrease in this period	Ending balance	Proportion of accumulative project input in budget	Accumulative capitalized amount of interest	Including: capitalized amount of interest in this period	Capitalization ratio of interest in this period	Capital source
Construction Project of Shihezi Chateau	780,000,000	7,065,744		7,065,744			100.0%				Self-raised funds
Museum Upgrading and Rebuilding Project	51,000,000	32,981,419	13,055,046			46,036,465	90.3%				Self-raised funds
Renovation of Refrigeration Equipment in Xinjiang Chateau Workshop	2,980,000		700,000			700,000	23.5%				Self-raised funds

As at June 30, 2023, there was no indication for impairment of construction in progress of the Group, so no provision for impairment was made.

7.13 Productive biological assets

7.13.1 Productive biological assets by cost measurement method

Unit: Yuan

Item	Plantation		Total
	Immature	Mature	
I Original book value			
1. Beginning balance	23,405,557	252,471,374	275,876,931
2. Increase in this period	1,360,198	83,870	1,444,068
2.1 Outsourcing			0
2.2 Self cultivation	1,444,068		1,444,068
The immature turn to the mature	-83,870	83,870	
3. Decrease in this period	850,105	130,466	980,571
3.1 Disposal	850,105	130,466	980,571
3.2 Other			0
4. Ending balance	23,915,650	252,424,778	276,340,428
II Accumulated depreciation			
1. Beginning balance		91,456,190	91,456,190
2. Increase in this period		7,047,318	7,047,318
2.1 Accrual		7,047,318	7,047,318
3. Decrease in this period		95,335	95,335
3.1 Disposal		95,335	95,335
3.2 Other			
4. Ending balance		98,408,173	98,408,173
III Impairment provision			
1. Beginning balance			
2. Increase in this period			
2.1 Accrual			
3. Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance			
IV Book value			
1. Ending book value	23,915,650	154,016,605	177,932,255
2. Beginning book value	23,405,557	161,015,184	184,420,741

As at June 30, 2023, no ownership of the biological assets was restricted.

As at June 30, 2023, there was no indication for impairment of biological assets of the Group, so no provision was made.

7.14 Right-of-use assets

Unit: Yuan

Item	Building	Land	Others	Total
I Original book value				
1. Beginning balance	84,818,532	137,980,409	1,697,986	224,496,927
2. Increase in this period				
3. Decrease in this period				
4. Ending balance	84,818,532	137,980,409	1,697,986	224,496,927
II Accumulated amortization				
1. Beginning balance	33,923,955	49,667,021	1,018,792	84,609,768
2. Increase in this period	8,014,300	2,898,345	169,799	11,082,444
2.1 Accrual	8,014,300	2,898,345	169,799	11,082,444
3. Decrease in this period				
3.1 Disposal				
4. Ending balance	41,938,255	52,565,366	1,188,591	95,692,212
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
4. Ending balance				
IV Book value				
1. Ending book value	42,880,277	85,415,043	509,395	128,804,715
2. Beginning book value	50,894,577	88,313,388	679,194	139,887,159

7.15 Intangible assets**7.15.1 Particulars of intangible assets**

Unit: Yuan

Item	Land use right	Software use right	Trademark	Total
I Original book value				
1. Beginning balance	475,770,881	101,979,429	189,575,068	767,325,378
2. Increase in this period		885,077	198,448	1,083,525
2.1 Acquisition		885,077	198,448	1,083,525
2.2 Internal R&D				
2.3 Business merger increase				
3. Decrease in this period	26,611,363	289,000		26,900,363
3.1 Disposal				
3.2 Others	26,611,363	289,000		26,900,363
4. Ending balance	449,159,518	102,575,506	189,773,516	741,508,540
II Accumulated amortization				
1. Beginning balance	110,698,068	62,835,583	15,550,881	189,084,532

Item	Land use right	Software use right	Trademark	Total
2. Increase in this period	4,749,952	3,965,405	220,979	8,936,336
2.1 Accrual	4,749,952	3,965,405	220,979	8,936,336
3. Decrease in this period	7,718,585	289,000		8,007,585
3.1 Disposal				
3.2 Others	7,718,585	289,000		8,007,585
4. Ending balance	107,729,435	66,511,988	15,771,860	190,013,283
III Impairment provision				
1. Beginning balance				
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal				
3.2 Others				
4. Ending balance				
IV Book value				
1. Ending book value	341,430,083	36,063,518	174,001,656	551,495,257
2. Beginning book value	365,072,813	39,143,846	174,024,187	578,240,846

As at June 30, 2023, the net value of the intangible assets with ownership restrictions was RMB 166,920,626 Yuan (December 31, 2022: RMB 169,385,254 Yuan). Please refer to Note 7.53 for details.

The Company's disposal of the subsidiary Xinjiang Tianzhu this year was not included in the scope of the consolidated balance sheet at the end of this period. As of the date of loss of control, the original book value and accumulated depreciation of intangible assets of Xinjiang Tianzhu are respectively listed in the "Others" item of the current decrease in the original book value and accumulated depreciation of intangible assets.

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

Nil

7.16 Goodwill

7.16.1 Original book value of goodwill

Unit: Yuan

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

7.16.2 Provision for impairment of goodwill

Unit: Yuan

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

7.17 Long-term unamortized expenses

Unit: Yuan

Item	Beginning balance	Increase in this period	Amortization in this period	Other decrease	Ending balance
Land acquisition fees	45,043,781		736,215		44,307,566
Afforestation fees	118,996,004		4,340,459		114,655,545
Renovation costs	103,895,364		3,431,789		100,463,575
Other	6,764,083	163,971	571,312		6,356,742
Total	274,699,232	163,971	9,079,775		265,783,428

7.18 Deferred income tax assets/liabilities

7.18.1 Un-offset deferred income tax assets

Unit: Yuan

Item	Ending Balance		Beginning Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	30,271,356	7,692,955	31,605,614	8,024,903
Unrealized profits from inter-company transactions	320,491,415	80,122,854	431,328,252	107,832,063
Deductible loss	375,497,265	89,476,843	285,560,642	67,483,931
Unpaid bonus	113,790,791	28,447,698	132,673,269	33,168,317
Dismissal welfare	6,441,635	1,610,409	9,422,154	2,355,538
Deferred income	34,530,599	7,449,099	38,389,058	8,288,411
Others	1,383,154	345,788	837,972	209,493
Total	882,406,215	215,145,646	929,816,961	227,362,656

7.18.2 Un-offset deferred income tax liabilities

Unit: Yuan

Item	Ending Balance		Beginning Balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets appraisal appreciation in business merger under non-common control	27,765,399	8,039,285	43,651,105	10,577,065
Others	3,579,479	894,870	2,759,468	689,867
Total	31,344,878	8,934,155	46,410,573	11,266,932

7.18.3 Details of unconfirmed deferred income tax assets

Unit: Yuan

Item	Ending balance	Beginning balance
Deductible temporary difference		
Deductible loss	380,781,818	352,775,161
Total	380,781,818	352,775,161

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

Unit: Yuan

Year	Ending sum	Beginning sum	Remark
2023	22,801,737	22,801,737	
2024	42,088,453	42,088,453	
2025	75,724,538	75,724,538	
2026	72,197,891	72,197,891	
2027	139,962,542	139,962,542	
2028	28,006,657		
Total	380,781,818	352,775,161	--

7.19 Short-term loans**7.19.1 Classification of short-term loans**

Unit: Yuan

Item	Ending balance	Beginning balance
Mortgage loan	232,810,003	127,908,137
Guaranteed loan	16,000,831	33,603,541
Fiduciary loan	100,075,000	227,866,802
Total	348,885,834	389,378,480

As at June 30, 2023, EUR mortgage loan was EUR 16,734,045 (equivalent of RMB 131,816,526 Yuan) (December 31, 2022: EUR 8,080,778, equivalent of RMB 59,982,807 Yuan) of accounts receivable factoring business handled by Hacienda Viñedos Marques del Atrio, S.L.U (“Atrio”) with banks including Banco de Sabadell, S.A.

As at June 30, 2023, USD mortgage loan was USD 13,625,000 (equivalent of RMB 98,541,259 Yuan) (December 31, 2022: USD 9,750,000, equivalent of RMB 67,925,330 Yuan) of loans borrowed by Chile Indomita Wine Group from Banco Scotiabank with the fixed assets as collateral.

On June 30, 2023, AUD guaranteed loan was AUD 3,334,062 (equivalent of RMB 16,000,831 Yuan) (December 31, 2022: AUD 7,128,758, equivalent of RMB 33,603,541 Yuan) borrowed by Australia Kilikanoon Estate from ANZ Bank, and it is guaranteed by this Company.

The balance includes 2,527,218 of interest due.

7.20 Accounts payable**7.20.1 List of accounts payable**

Unit: Yuan

Item	Ending balance	Beginning balance
Accounts payable for materials, etc.	417,210,497	503,323,746
Total	417,210,497	503,323,746

7.20.2 Explanation of significant accounts payable aged more than one year

Item	Ending balance	Reasons for outstanding or carryover
Unit 1	19,434,600	Payment for parent company
Unit 2	8,073,630	Overseas raw wine suppliers offer a credit period exceeding one year
Total	27,508,230	

7.21 Contract liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Advances from customers	135,643,228	164,437,033
Withholding of goods with sales rebate		1,290,958
Total	135,643,228	165,727,991

7.22 Employee remunerations payable

7.22.1 List of employee remunerations payable

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Short-term remuneration	173,197,491	166,002,478	210,292,353	128,907,616
2. Post-employment welfare – defined contribution plan	331,893	27,094,268	27,406,641	19,520
3. Dismissal welfare	9,422,154	1,099,333	4,079,852	6,441,635
4. Other welfare due within one year				
Total	182,951,538	194,196,079	241,778,846	135,368,771

7.22.2 List of short-term remunerations

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Salaries, bonuses, allowances and subsidies	169,643,402	141,156,089	185,471,062	125,328,429
2. Staff welfare	1,460,170	8,240,037	7,894,606	1,805,601
3. Social insurance charges	307,244	8,158,059	8,401,035	64,268
Including: Medical insurance	307,244	7,329,679	7,572,817	64,106
Injury insurance		826,682	826,520	162
Maternity insurance		1,698	1,698	
4. Housing fund	38,582	6,402,542	6,394,122	47,002
5. Union fee and staff education fee	1,748,093	2,045,751	2,131,528	1,662,316
6. Short-term compensated absences				
7. Short-term profit-sharing plan				
Minus: Those divided into non-current liabilities				

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Total	173,197,491	166,002,478	210,292,353	128,907,616

7.22.3 List of defined contribution plan

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic endowment insurance	330,660	26,420,976	26,732,216	19,420
2. Unemployment insurance	1,233	673,292	674,425	100
3. Enterprise annuity payment				
Total	331,893	27,094,268	27,406,641	19,520

7.22.4 Dismissal welfare

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for server of labor relation				
2. Compensation for early retirement	9,422,154	1,099,333	4,079,852	6,441,635
Total	9,422,154	1,099,333	4,079,852	6,441,635

7.23 Taxes and dues payable

Unit: Yuan

Item	Ending balance	Beginning balance
Value added tax	26,000,422	42,260,465
Consumption tax	24,511,397	45,524,174
Corporate income tax	134,483,218	131,264,991
Individual income tax	911,690	1,199,990
Urban maintenance and construction tax	3,010,065	1,899,840
Education surcharges	2,217,847	2,731,857
Urban land use tax	2,270,059	6,168,990
Other	9,059,128	8,645,595
Total	202,463,826	239,695,902

7.24 Other payables

Unit: Yuan

Item	Ending balance	Beginning balance
Interest payable		88,889
Dividends payable	393,855	70,317
Other payables	373,351,763	372,449,483
Total	373,745,618	372,608,689

7.24.1 Interest payable

Unit: Yuan

Item	Ending balance	Beginning balance
Interest of long-term loans with interest paid by installment and principal paid on maturity		
Interest of corporate bonds		
Interest payable of short-term loans		88,889

Item	Ending balance	Beginning balance
Interest of preferred shares\ perpetual bonds divided into financial liabilities		
Other		
Total		88,889

7.24.2 Dividends payable

Unit: Yuan

Item	Ending balance	Beginning balance
Ordinary stock dividends		
Preferred stock dividends/sustainable debt dividends divided into equity instruments		
Other	393,855	70,317
Total	393,855	70,317

7.24.3 Other payables

7.24.3.1 Other payables listed by nature

Unit: Yuan

Item	Ending balance	Beginning balance
Dealer's deposit payable	197,378,796	207,492,570
Equipment purchase and construction costs payable	16,165,461	15,976,573
Transportation charges payable	12,339,582	25,894,816
Advertisement expenses payable	40,562,800	40,244,601
Employee cash deposit	508,175	508,175
Supplier's deposit payable	14,919,515	13,549,010
Contracting fees payable	4,340,562	7,407,093
Other	87,136,872	61,376,645
Total	373,351,763	372,449,483

7.24.3.2 Explanation of significant accounts payable aged more than one year

As at June 30, 2023, there were no significant accounts payable aged more than one year.

7.25 Non-current liabilities due within one year

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term loans due within one year	98,331,009	103,011,894
Bonds payable due within one year		
Long-term accounts payable due within one year	22,000,000	22,000,000
Lease liabilities due within one year	23,433,390	19,008,940
Total	143,764,399	144,020,834

7.26 Other current liabilities

Item	Ending balance	Beginning balance
Unamortized VAT amount	16,989,679	18,945,706
Accrued interest on long-term loans	697,977	

Total	17,687,656	18,945,706
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7.27 Long-term loans

7.27.1 Classification of long-term loans

Unit: Yuan

Item	Ending balance	Beginning balance
Guaranteed loan	45,437,416	44,781,100
Fiduciary loan	134,854,819	186,342,909
Minus: Long-term loans due within one year	98,331,009	103,011,894
Total	81,961,226	128,112,115

As at June 30, 2023, fiduciary loans (EUR) were EUR 17,119,567 (equivalent of RMB 134,854,819 Yuan) (December 31, 2022: EUR 25,103,788, equivalent of RMB 186,342,909 Yuan) borrowed by Atrio from Banco Sabadell, Bankia, Banco Santander, BBVA and Caja Rural de Navarr etc. Guaranteed loans (AUD) were AUD 9,500,000 (equivalent of RMB 45,437,416 Yuan) (December 31, 2022: AUD 9,500,000, equivalent of RMB 44,781,100 Yuan) borrowed by Australia Kilikanoon Estate from ANZ Bank and it is guaranteed by this Company.

7.28 Lease Liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term lease liabilities	117,902,746	128,514,033
Minus: Lease liabilities due within one year	23,433,390	19,008,940
Total	94,469,356	109,505,093

7.29 Long-term accounts payable

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term accounts payable	20,000,000	42,000,000
Special accounts payable		
Total	20,000,000	42,000,000

7.29.1 Long-term accounts payable listed by nature

Unit: Yuan

Item	Ending balance	Beginning balance
Agricultural Development Fund of China (“CADF”)	42,000,000	64,000,000
Minus: Long-term payables due within one year	22,000,000	22,000,000
Balance of long-term payables	20,000,000	42,000,000

In 2016, Agricultural Development Fund invested RMB 305,000,000 Yuan in the Research, Development & Manufacture Company, accounting for 37.9% of the registered capital. According to the investment agreement, it is agreed that Agricultural Development Fund will take back the investment fund in ten years and obtain fixed income according to year, which is 1.2% of the remaining principal. Except for the above fixed income, the Agricultural

Development Fund shall not enjoy other profits of the Research, Development & Manufacture Company or bear the losses of the Research, Development & Manufacture Company. Accordingly, the investment of the Agricultural Development Fund in the Research, Development & Manufacture Company is equity investment nominally, which is debt investment (finance discount interest loan) in deed. The Group included the investment of the Agricultural Development Fund in long-term accounts payable measured by amortized cost. From January to June 2023, the Group gave back the principal of RMB 22,000,000 Yuan. Refer to Note 7.53 for details of mortgaged and pledged assets.

7.30 Deferred income

Unit: Yuan

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

Projects related to governmental subsidy

Unit: Yuan

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in this period	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/ income
Industrial development supporting funds	16,400,000			2,050,000			14,350,000	Related to assets
Xinjiang industrial revitalisation and technological transformation project	9,954,000			711,000			9,243,000	Related to assets
Subsidy for retaining wall	5,973,333			319,000			5,654,333	Related to assets
Special funds for cellar maintenance	2,079,711						2,079,711	Related to assets
Wine fermentation capacity construction (Huanren) project	1,600,000			200,000			1,400,000	Related to assets
Special funds for efficient water-saving irrigation project	991,000			81,000			910,000	Related to assets
Information-based system construction engineering technical transformation project	580,000			290,000			290,000	Related to assets
Subsidy for economic and energy-saving technological transformation projects	513,200			64,150			449,050	Related to assets
Subsidy for mechanic development of Penglai Daliuhang Base	90,408			67,590			22,818	Related to assets
Special fund for Yantai City Innovation Driven Development	172,406			68,219			104,187	Related to income
Prize for Yantai Mayor's Cup Industrial Design	35,000			7,500			27,500	Related to income

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in this period	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/ income
Competition								
Total	38,389,058			3,858,459			34,530,599	

7.31 Share capital

Unit: Yuan

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

7.32 Capital reserves

Unit: Yuan

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Capital premium (Share capital premium)	519,052,172		1,091,508	517,960,664
Other capital reserves	5,916,588	671,300		6,587,888
Total	524,968,760	671,300	1,091,508	524,548,552

The decrease in capital premium of 1,091,508 Yuan in this period is due to the acquisition of minority shareholders' equity; and the increase in other capital reserves of 671,300 Yuan in this period is due to the recognition of share-based payments.

7.33 Other comprehensive income

Unit: Yuan

Item	Beginning balance	Amount incurred in this period						Ending balance
		Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income not to be reclassified into profit and loss later								
Including: Changes after remeasuring and resetting the benefit plans								
Other comprehensive income not to be reclassified into profit and loss under equity method								
Changes in the fair value of other investments in equity instruments								
Changes in the fair value of the enterprise's own credit								

Item	Beginning balance	Amount incurred in this period						Ending balance
		Amount incurred before income tax in this period	Minus: amount included in other comprehensive income before and transferred to profit or loss in this period	Minus: amount included in other comprehensive income before and transferred to retained earnings in this period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
risk								
2. Other comprehensive income to be reclassified into profit and loss later	-23,760,238	13,707,142				12,136,065	1,571,077	-11,624,173
Including: Other comprehensive income to be reclassified into profit and loss under equity method								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other credit investments								
Provision for cash-flow hedge								
Difference in translation of Foreign Currency Financial Statement	-23,760,238	13,707,142				12,136,065	1,571,077	-11,624,173
Total other comprehensive income	-23,760,238	13,707,142				12,136,065	1,571,077	-11,624,173

7.34 Surplus reserves

Unit: Yuan

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

7.35 Undistributed profit

Unit: Yuan

Item	Ending balance	Beginning balance
Undistributed profit at the end of prior period before adjustment	9,049,649,211	8,929,426,600
Total Undistributed profit at the beginning of the period before adjustment (increase listed with +, and decrease listed with -)		
Undistributed profit at the beginning of the period after adjustment	9,049,649,211	8,929,426,600
Plus: Net profit for owner of the parent company	363,569,436	428,681,411
Minus: Drawn legal surplus		

Drawn free surplus		
Drawn common risk provision		
Common dividend payable	308,458,800	308,458,800
Common dividend transferred to share capital		
Undistributed profit at the end of period	9,104,759,847	9,049,649,211

7.36 Operating income and operating cost

7.36.1 Details of operating income

Unit: Yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	1,934,472,124	796,260,619	1,929,907,550	817,568,906
Other business	32,266,361	9,198,773	23,184,585	4,286,560
Total	1,966,738,485	805,459,392	1,953,092,135	821,855,466
Including: Income from contracts	1,965,668,542	804,756,028	1,952,022,192	821,152,102
Income from house rents	1,069,943	703,364	1,069,943	703,364

7.36.2 Situation of income from contracts

Unit: Yuan

Contract classification	Amount incurred in this period
Type of merchandise	
- Alcoholic beverage	1,934,472,124
- Others	31,196,418
Classified by the time of merchandise transfer	
- Revenue recognized at a point in time	1,965,668,542

7.37 Taxes and surcharges

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Consumption tax	83,799,789	75,570,111
Urban maintenance and construction tax	13,221,014	11,339,556
Education surcharges	9,591,885	8,217,554
Building tax	17,081,105	13,700,072
Land use tax	5,443,389	5,662,279
Vehicle and vessel use tax	13,298	16,152
Stamp duty	2,190,579	155,653
Other	106,007	78,241
Total	131,447,066	114,739,618

7.38 Selling expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Salary and welfare expenses	133,331,239	129,577,551
Marketing expenses	150,784,963	131,324,948
Labor expenses	18,891,110	18,445,967
Depreciation expenses	31,599,626	29,955,199
Storage expenses	13,287,122	13,459,898
Advertisement expenses	25,707,453	24,366,253
Trademark use fees	11,320,305	10,512,100
Travel expenses	12,462,566	9,343,468
Design & production expenses	9,833,969	9,037,718
Conference expenses	4,528,120	3,106,738
Water, electricity and gas charges	4,658,860	5,393,494
Other	36,596,377	33,241,085
Total	453,001,710	417,764,419

7.39 Management expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Employee remunerations	30,200,207	32,561,222
Depreciation expenses	50,660,829	39,755,608
Contracting expenses	2,119,800	2,119,800
Repair expenses	1,865,967	6,115,206
Office expenses	10,169,392	10,774,571
Amortization expenses	8,377,335	9,457,449
Afforestation fees	6,950,800	6,811,054
Safe production costs	3,124,162	5,358,613
Business entertainment expenses	1,373,098	1,498,647
Public security & clean-keeping expenses	3,539,193	3,385,138
Travel expenses	1,235,690	832,989
Other	9,078,922	8,833,973
Total	128,695,395	127,504,270

7.40 R&D expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
R&D expenses	6,653,626	5,509,656
Total	6,653,626	5,509,656

7.41 Financial expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest expenditure	12,325,532	11,201,775
Minus: Interest income	9,060,578	10,191,697

Plus: Commission charges	662,758	701,200
Exchange gain or loss	-701,279	4,374,160
Total	3,226,433	6,085,438

7.42 Other income

Unit: Yuan

Source of other income	Amount incurred in this period	Amount incurred in prior period
Industrial development supporting funds	2,050,000	2,050,000
Wine fermentation capacity construction (Huanren) project	200,000	200,000
Xinjiang industrial revitalization and technological transformation project	711,000	711,000
Special subsidy for supporting infrastructure		530,000
Other – related to assets	821,740	931,913
Special funds for supporting corporate development	14,840,000	8,222,076
Other – related to income	10,348,445	8,984,256
Total	28,971,185	21,629,245

7.43 Investment income

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Investment income from long-term equity by equity method	-932,588	-921,317
Investment income from disposal of long-term equity	16,547,124	
Investment income gained from trading financial assets during the holding period		
Investment income gained from disposal of trading financial assets		
Dividend income gained from other equity instruments during the holding period		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Interest income gained from equity investment during the holding period		
Interest income gained from other equity investments during the holding period		
Investment income gained from disposal of other equity investments		
Total	15,614,536	-921,317

7.44 Loss on impairment of credit

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Loss on bad debts of accounts receivable	-993,494	486,076
Total	-993,494	486,076

7.45 Loss on impairment of assets

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
1. Loss on bad debts		

Item	Amount incurred in this period	Amount incurred in prior period
2. Inventory falling price loss and loss on impairment of contract execution cost	-244,434	1,490,900
3. Loss on impairment of long-term equity investment		
4. Loss on impairment of investment real estate		
5. Loss on impairment of fixed assets		
6. Loss on impairment of engineering materials		
7. Loss on impairment of construction in progress		
8. Loss on impairment of productive biological assets		
9. Loss on impairment of oil and gas assets		
10. Loss on impairment of intangible assets		
11. Loss on impairment of goodwill		
12. Loss on impairment of contract assets		
13. Other		
Total	-244,434	1,490,900

7.46 Income from asset disposal

Unit: Yuan

Source of income from asset disposal	Amount incurred in this period	Amount incurred in prior period
Income from disposal of fixed assets	341,232	-8,239,072
Income from productive biological assets	-639,633	
Total	-298,401	-8,239,072

7.47 Non-operating income

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Gains on exchange of non-monetary assets			
Grains on donations			
Governmental subsidy			
Gains on scrap of non-current assets		9,800	
Others	1,772,522	2,438,813	1,772,522
Total	1,772,522	2,448,613	1,772,522

7.48 Non-operating expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period	Amount included in the current non-recurring profits/losses
Loss on exchange of non-monetary assets			
Donation	900,000	310,000	900,000
Loss on scrap of non-current assets	20,717	139,401	20,717
Fine, penalty and overdue fine paid due to violation of laws and administrative regulations	104,298	579,688	104,298
Others	1,100,930	314,443	1,100,930
Total	2,125,945	1,343,532	2,125,945

7.49 Income tax expenses

7.49.1 List of income tax expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Current income tax expenses	120,466,280	73,145,468
Deferred income tax expenses	9,884,233	55,044,281
Total	130,350,513	128,189,749

7.49.2 Adjustment process of accounting profit and income tax expenses

Unit: Yuan

Item	Amount incurred in this period
Total profit	480,950,832
Income tax expenses calculated according to the legal/applicable tax rate	120,237,708
Influence of different tax rates applicable to subsidiary	403,016
Influence of income tax in the term before adjustment	2,828,018
Influence of nontaxable income	
Influence of non-deductible costs, expenses and losses	851,758
Influence of deductible loss from use of unconfirmed deferred income tax assets in prior period	-824,102
Influence of deductible temporary difference or deductible loss of unconfirmed deferred income tax assets in this period	6,854,115
Income tax expense	130,350,513

7.50 Other comprehensive incomes

Refer to Note 7.33 for details.

7.51 Items of cash flow statement

7.51.1 Other cash received related to operating activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Governmental subsidy income	24,849,782	17,118,754
Interest income	8,892,658	9,195,398
Net amercement income	254,866	276,749
Others	13,253,796	3,545,416
Total	47,251,102	30,136,317

7.51.2 Other cash paid related to operating activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Selling expenses	242,901,628	232,451,841
Administrative expenses	41,163,720	45,725,346
Others	8,743,269	12,916,682
Total	292,808,617	291,093,869

7.51.3 Other cash received related to investing activities

Unit: Yuan

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

7.51.4 Other cash paid related to financing activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Cash paid for leasing	11,384,300	9,765,810
Cash paid for acquiring minority shareholders' equity	14,623,400	
Capital reduction paid to minority shareholders	12,000,000	
Total	38,007,700	9,765,810

7.52 Supplementary information to cash flow statement**7.52.1 Supplementary information to cash flow statement**

Unit: Yuan

Supplementary materials	Amount incurred in this period	Amount incurred in prior period
1. Cash flows from operating activities calculated by adjusting the net profit:	--	--
Net profit	350,600,319	346,994,432
Plus: Provision for impairment of assets	1,237,928	-1,976,976
Depreciation of fixed assets, oil-and-gas assets and productive biological assets	164,005,102	157,778,809
Depreciation of right-of-use assets	11,082,444	11,051,483
Amortization of intangible assets	8,936,336	10,000,383
Amortization of long-term deferred expenses	9,079,775	9,845,289
Losses on disposal of fixed assets, intangible assets and other long-term assets (profit listed with "--")	298,401	8,239,072
Losses on retirement of fixed assets (profit listed with "--")	20,717	129,601
Losses on fair value change (profit listed with "--")		
Financial costs (profit listed with "--")	10,419,504	9,960,206
Investment losses (profit listed with "--")	-15,614,536	921,317
Decrease in deferred income tax assets (increase listed with "--")	12,217,010	55,773,513
Increase of deferred income tax liabilities (decrease listed with "--")	-2,332,777	-729,232
Decrease in inventories (increase listed with "--")	-22,578,567	-29,711,487
Decrease in operating receivables (increase listed with "--")	217,964,425	389,398,124
Increase in operating payable (decrease listed with "--")	-218,087,595	-361,400,939
Other	671,300	
Net cash flows from operating activities	527,919,786	606,273,595
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Debt transferred into assets		

Supplementary materials	Amount incurred in this period	Amount incurred in prior period
Convertible corporate bond due within 1 year		
Fixed assets under financing lease		
3. Net changes of cash and cash equivalent:		
Ending balance of cash	1,423,080,779	1,839,856,934
Minus: Beginning balance of cash	1,612,753,600	1,502,327,029
Plus: Ending balance of cash equivalent		
Minus: Beginning balance of cash equivalent		
Net increase amount of cash and cash equivalent	-189,672,821	337,529,905

7.52.2 Net cash paid for acquiring subsidiaries in this period

Unit: Yuan

	Amount
Cash and cash equivalents paid in this period for business combinations incurred in this period	5,537,700
Including:	
Weimeisi Shanghai	5,537,700
Minus: Cash and cash equivalents held by the subsidiary on acquisition date	6,194,749
Including:	
Weimeisi Shanghai	6,194,749
Plus: Cash and cash equivalents paid in this period for business combinations incurred in previous period	
Including:	
Net cash paid for acquiring subsidiaries	-657,049

7.52.3 Net cash received from disposal of subsidiaries in this period

Unit: Yuan

	Amount
Cash and cash equivalents received in this period from disposal of subsidiaries in this period	9,690,000
Including:	
Xinjiang Tianzhu	9,690,000
Minus: Cash and cash equivalents held by the subsidiary on the date of loss of control	2,451,415
Including:	
Xinjiang Tianzhu	2,451,415
Plus: Cash and cash equivalents received in this period from disposal of subsidiaries in previous period	
Including:	
Net cash received from disposing subsidiaries	7,238,585

7.52.4 Composition of cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
1. Cash	1,423,080,779	1,612,753,600
Including: Cash on hand	59,243	47,954
Bank deposits available for payment at any time	1,423,021,536	1,612,705,646
Other monetary funds available for payment at any time		
Deposits with central bank available for payment		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of period	1,423,080,779	1,612,753,600

7.53 Assets with ownership or use right restrictions

Unit: Yuan

Item	Ending book value	Reason for restriction
Monetary capital	9,788,446	L/C deposit, housing fund, etc.
Accounts receivable	64,860,399	Pledge of short-term loans
Fixed assets	294,202,438	Pledge of short-term loans, long-term loans and long-term accounts payable
Intangible assets	166,920,626	Pledge of long-term accounts payable
Total	535,771,909	--

7.54 Monetary items of foreign currency

7.54.1 Monetary items of foreign currency

Item	Ending balance at foreign currency	Converted exchange rate	Ending balance at RMB equivalent
Monetary capital	--	--	3,246,928
Including: USD	449,279	7.2258	3,246,400
EUR	67	7.8771	528
HKD			
Accounts receivable	--	--	50,452,445
Including: USD	5,819,882	7.2258	42,053,303
EUR	303,383	7.8771	2,389,778
CAD	1,107	5.4721	6,058
GBP	656,587	9.1432	6,003,306
Short-term borrowing	--	--	98,451,525
Including: USD	13,625,000	7.2258	98,451,525
EUR			
HKD			
	--	--	

7.54.2 The Company's overseas subsidiaries determine their functional currency based on the currency in the main economic environment in which they operate. The functional currency of Atrio and Francs Champs Participations SAS ("Farshang Holdings") is Euro, the functional

currency of Chile Indomita Wine Group is Chilean Peso, and the functional currency of Australia Kilikanoon Estate is Australian Dollar.

8. Change of scope of consolidation

8.1 Business combination under non-common control

8.1.1 Business combination under non-common control incurred in this period

Unit: Yuan

Name of acquired party	Date of obtaining equity	Cost of obtaining equity	Proportion of obtaining equity	Method of obtaining equity	Acquisition date	Basis for determining acquisition date	Income of acquired party from acquisition date to the end of the period	Net profit of acquired party from acquisition date to the end of the period
Weimeisi Shanghai	February 1, 2023	5,537,000	70%	Cash	February 1, 2023	Actual control		-3,000

8.1.2 Combination cost and goodwill

Unit: Yuan

Combination cost	Amount
--Cash	5,537,700
--Fair value of non-cash assets	
--Fair value of liabilities issued or undertaken	
--Fair value of equity securities issued	
--Fair value of contingent consideration	
--Fair value of equity held before acquisition date on acquisition date	2,373,285
--Others	
Total combination cost	7,910,985
Minus: Fair value share of identifiable net assets acquired	7,910,985
Amount of goodwill/combination cost less than the fair value share of identifiable net assets acquired	

8.1.3 Identifiable assets and liabilities of acquired party on acquisition date

Unit: Yuan

Items	Fair value on acquisition date	Book value on acquisition date
Assets:		
Monetary capital	6,390,637	6,390,637
Accounts receivables	44,357	44,357
Inventories	1,356,577	1,356,577
Fixed assets		
Intangible assets		
Other current assets	124,023	
Liabilities:		
Borrowings		
Accounts payable	4,609	4,609

Items	Fair value on acquisition date	Book value on acquisition date
Deferred income tax liabilities		
Net assets	7,910,985	7,910,985
Minus: Minority shareholders' equity		
Net assets acquired	7,910,985	7,910,985

8.1.4 Gains or losses arising from remeasuring equity held before acquisition date at fair value

Unit: Yuan

Name of acquired party	Book value of equity originally held before acquisition date on acquisition date	Fair value of equity originally held before acquisition date on acquisition date	Gains or losses arising from remeasuring equity originally held before acquisition date at fair value	Determination method and main assumptions of fair value of equity originally held before acquisition date on acquisition date	Amount transferred from other comprehensive incomes related to equity originally held before acquisition date to investment income
Weimeisi Shanghai	2,373,285	2,373,285			

8.2 Disposal of subsidiaries

Unit: Yuan

Name of subsidiary	Price of equity disposal	Proportion of equity disposal	Method of equity disposal	Date of loss of control	Basis for determining date of loss of control	Difference between disposal price and consolidated financial statement level share of the subsidiary's net assets corresponding to disposal investment	Proportion of remaining equity on the date of loss of control	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses arising from remeasuring remaining equity at fair value	Determination method and main assumptions of fair value of remaining equity on the date of loss of control	Amount transferred from other comprehensive incomes related to investment of original subsidiary equity to investment profits and loss
Xinjiang Tianzhu	12,090,000	100%	Transfer	June 30, 2023	Transfer of control	16,547,124						

9. Equity in other entities

9.1 Equity in 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	

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Etablissements Rouillet Fransac (“Rouillet Fransac”)	Cognac, France	Cognac, France	Trading		100%	Acquired from a business combination under non-common control
Dicot Partners, S.L (“Dicot”)	Navarre, Spain	Navarre, Spain	Sales	90%		Acquired from a business combination under non-common control
Viña Indómita,S.A.,Viña Dos Andes,S.A., and Bodegas Santa Alicia SpA. (“Chile Indomita Wine Group”)	Santiago, Chile	Santiago, Chile	Sales	85%		Acquired by establishment or investment
Kilikanoon Estate Pty Ltd (“Australia Kilikanoon Estate”)	Adelaide, Australia	Adelaide, Australia	Sales	97.5%		Acquired from a business combination under non-common control
Beijing Changyu Sales and Distribution Co., Ltd. (“Beijing Sales”)	Beijing, China	Beijing, China	Sales	100%		Acquired by establishment or investment
Yantai Kylin Packaging Co., Ltd. (“Kylin Packaging”)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd. (“Chateau Changyu”) (a)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	70%		Acquired by establishment or investment
Changyu (Jingyang) Wine Co., Ltd. (“Jingyang Wine”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	90%	10%	Acquired by establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. (“Sales Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100%		Acquired by establishment or investment
Langfang Development Zone Castel-Changyu Wine Co., Ltd. (“Langfang Castel”)	Langfang, Hebei, China	Langfang, Hebei, China	Manufacturing	39%	10%	Acquired by establishment or investment
Changyu (Jingyang) Wine Sales Co., Ltd. (“Jingyang Sales”)	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Sales	10%	90%	Acquired by establishment or investment
Langfang Changyu Pioneer Wine Sales Co., Ltd. (“Langfang Sales”)	Langfang, Hebei, China	Langfang, Hebei, China	Sales	10%	90%	Acquired by establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. (“Shanghai Sales”)	Shanghai, China	Shanghai, China	Sales	100%		Acquired by establishment or investment
Beijing Changyu AFIP Agriculture development Co., Ltd. (“Agriculture Development”)	Miyun, Beijing, China	Miyun, Beijing, China	Sales		100%	Acquired by establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. (“AFIP”) (b)	Beijing, China	Beijing, China	Manufacturing	91.53%		Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wines Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	90%	10%	Acquired by establishment or investment
Yantai Changyu Pioneer International Co., Ltd. (“Pioneer International”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	70%	30%	Acquired by establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. (“Hangzhou	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, 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	
Changyu")		China				
Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Growing")	Yinchuan, Ningxia, China	Ningxia, China	Planting	100%		Acquired by establishment or investment
Huanren Changyu National Wines Sales Co., Ltd. ("National Wines")	Benxi, Liaoning, China	Benxi, Liaoning, China	Sales	100%		Acquired by establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. ("Golden Icewine Valley")	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. ("Development Zone Trading")	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100%	Acquired by establishment or investment
Beijing AFIP Meeting Center ("Meeting Center")	Miyun, Beijing, China	Miyun, Beijing, China	Services		100%	Acquired by establishment or investment
Beijing AFIP Tourism and Culture ("AFIP Tourism")	Miyun, Beijing, China	Miyun, Beijing, China	Tourism		100%	Acquired by establishment or investment
Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine")	Ningxia, China	Ningxia, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Chateau Chateau Tinlot Co., Ltd. ("Chateau Tinlot")	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	65%	35%	Acquired by establishment or investment
Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	100%		Acquired by establishment or investment
Ningxia Chateau Changyu Longyu Co., Ltd. ("Chateau Ningxia")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	100%		Acquired by establishment or investment
Shaanxi Chateau Changyu Rena Co., Ltd. ("Chateau Chang'an")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	100%		Acquired by establishment or investment
Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre") (c)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	92.25%		Acquired by establishment or investment
Changyu (HuanRen) Wine Co., Ltd. ("Huan Ren Wine")	Benxi, Liaoning, China	Benxi, Liaoning, China	Wine-making project	100%		Acquired by establishment or investment
Xinjiang Changyu Sales Co., Ltd. ("Xinjiang Sales")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Sales		100%	Acquired by establishment or investment
Ningxia Changyu Trading Co., Ltd. ("Ningxia Trading")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Sales		100%	Acquired by establishment or investment
Shaanxi Changyu Rena Wine Sales Co., Ltd. ("Shaanxi Sales")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Sales		100%	Acquired by establishment or investment
Penglai Changyu Wine Sales Co., Ltd. ("Penglai Wine")	Penglai, Shandong, China	Penglai, Shandong, China	Sales		100%	Acquired by establishment or investment
Laizhou Changyu Wine Sales Co., Ltd. ("Laizhou Sales")	Laizhou, Shandong, China	Laizhou, Shandong, China	Sales		100%	Acquired by establishment or investment
Francs Champs Participations	Cognac, France	Cognac,	Investment	100%		Acquired by establishment

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
SAS (“Francs Champs”)		France	and trading			or investment
Yantai Rouillet Fransac Wine Sales Co., Ltd. (“Yantai Rouillet Fransac”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100%	Acquired by establishment or investment
Yantai Changyu Wine Sales Co., Ltd. (“Wine Sales Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales	100%		Acquired by establishment or investment
Shaanxi Chateau Changyu Rena Tourism Co., Ltd. (“Chateau Tourism”)	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism		100%	Acquired by establishment or investment
Longkou Changyu Wine Sales Co., Ltd. (“Longkou Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Sales		100%	Acquired by establishment or investment
Yantai Changyu Cultural Tourism Development Co., Ltd. (“Changyu Cultural Tourism Company”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	100%		Acquired by establishment or investment
Yantai Changyu Wine Culture Museum Co., Ltd. (“Museum”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100%	Acquired by establishment or investment
Yantai Changyu Cultural Tourism Product Sales Co., Ltd. (“Cultural Sales”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100%	Acquired by establishment or investment
Yantai Changyu Window of International Wine City Co. Ltd. (“Window of Wine City”)	Yantai, Shandong, China	Yantai, Shandong, China	Tourism		100%	Acquired by establishment or investment
Yantai Chateau Koya Brandy Co., Ltd. (“Chateau Koya”)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	100%		Acquired by establishment or investment
Changyu (Shanghai) International Digital Marketing Center Co., Ltd. (“Digital Marketing”)	Shanghai, China	Shanghai, China	Sales	100%		Acquired by establishment or investment
Tianjin Changyu Yixin Digital Technology Co., Ltd. (“Tianjin Yixin”)	Tianjin, China	Tianjin, China	Sales		51%	Acquired by establishment or investment
Shanghai Changyu Yixin Digital Technology Co., Ltd. (“Shanghai Yixin”)	Hongkou District, Shanghai, China	Hongkou District, Shanghai, China	Sales		51%	Acquired by establishment or investment
Shanghai Changyu Guoqu Digital Technology Co., Ltd. (“Shanghai Guoqu”)	Shanghai, China	Shanghai, China	Sales		51%	Acquired by establishment or investment
Yantai Christon Catering Co., Ltd. (“Christon Catering”)	Yantai, Shandong, China	Yantai, Shandong, China	Catering		100%	Acquired by establishment or investment
Weimeisi (Shanghai) Enterprise Development Co., Ltd. (“Weimeisi Shanghai”)	Hongkou District, Shanghai, China	Hongkou District, Shanghai, China	Sales		100%	Business combination under non-common control

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

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

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

(c) The Research, Development & Manufacture Company is a joint venture established by the Group and Agricultural Development Fund, whose 92.25% of the shares were held by the Group on June 30, 2023. As stated in Note 7.29, the Group exercises full control over the operation, investment and financing policies of the Research, Development & Manufacture Company by contract arrangement. The contract arrangement will expire on May 22, 2026. Up to June 30, 2023, the remaining investment of the Agricultural Development Fund accounted for 7.75% of the registered capital.

9.1.2 Important non-wholly-owned subsidiaries

Unit: Yuan

Name of subsidiary	Shareholding proportion of minority shareholders	Profit/loss attributable to minority shareholders in this period	Other comprehensive income attributable to minority shareholders in this period	Dividend declared to be distributed to minority shareholders in this period	Balance of minority shareholder's interest at the end of period
AFIP	8.47%				56,409,393
Indomita Wine	15%	-884,056	1,018,109		57,398,559

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

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

Unit: Yuan

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
AFIP	278,777,134	392,916,676	671,693,810	36,970,412	3,089,342	40,059,754	251,902,602	399,165,555	651,068,157	22,424,425	3,020,582	25,445,007
Indomita Wine	231,117,642	324,071,744	555,189,386	153,663,101	11,311,586	164,974,687	221,192,234	320,233,623	541,425,857	140,793,252	11,311,586	152,104,838

Unit: Yuan

Name of subsidiary	Amount incurred in this period				Amount incurred in prior period			
	Operating income	Net profit	Total comprehensive income	Operating cash flow	Operating income	Net profit	Total comprehensive income	Operating cash flow
AFIP	116,672,301	6,010,906	6,010,906	7,318,097	88,990,033	-365,257	-365,257	1,740,771
Indomita Wine	76,726,600	-5,893,708	893,680	13,656,192	100,634,284	4,315,754	-1,029,729	9,000,393

9.2 Transactions where share of owners' equity in a subsidiary changes and the subsidiary is still controlled

9.2.1 Explanation of changes in share of owners' equity in a subsidiary

This Company has acquired 49% of the minority shareholders' equity in the subsidiary Icewine Valley in this period, with a transfer price of 32,746,777 Yuan. After the completion of acquisition, this Company holds a 100% equity in Icewine Valley.

9.2.2 Impact of transactions on minority shareholders' equity and owners' equity attributable to the parent company

Items	Icewine Valley
Acquirement cost/disposal consideration	
--Cash	32,746,777
--Fair value of non-cash assets	
Total acquirement cost/disposal consideration	32,746,777
Minus: Net asset share of subsidiaries calculated based on the proportion of equity acquirement/disposal	31,655,269
Difference	
Including: Adjustment of capital reserves	1,091,508
Adjustment of surplus reserves	
Adjustment of undistributed profits	

9.3 Equity in joint ventures or associates

Summary financial information of unimportant joint ventures and associates

Unit: Yuan

	Ending balance/ amount incurred in this period	Beginning balance / amount incurred in prior period
Joint ventures	--	--
Total book value of investment	36,846,195	37,970,535
Total of the following items calculated according to the shareholding ratio		
-- Net profit	-1,124,340	-798,152
-- Other comprehensive income		
-- Total comprehensive income	-1,124,340	-798,152
Associates:		
Total book value of investment	1,219,317	3,400,850
Total of the following items calculated according to the shareholding ratio		

	Ending balance/ amount incurred in this period	Beginning balance / amount incurred in prior period
-- Net profit	191,752	-123,165
-- Other comprehensive income		
-- Total comprehensive income	191,752	-123,165

10. Risks related to financial instruments

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

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

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

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

10.1 Credit risk

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

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

As at June 30, 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at June 30, 2023, 26.5% of the Group trade receivables are due from top five customers (December 31, 2022: 48.8%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

10.2 Liquidity risk

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

10.3 Interest rate risk

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

(1) As at June 30, 2023, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Unit: Yuan

Item	June 30, 2023		December 31, 2022	
	Effective interest rate	Amounts	Effective interest rate	Amounts

Financial assets				
- Monetary capital	1.7%-2.15%	228,200,000	2% - 2.25%	53,200,000
Financial liabilities				
- Short-term loans	0.65% - 6.76%	-230,357,784	0.65% - 6.76%	-155,774,939
- Long-term loans (including the portion due within one year)	1.50%-3.65%	-8,249,803	1.50% - 3.65%	-183,331,680
- Long-term payable (including the portion due within one year)	1.20%	-42,000,000	1.20%	-64,000,000
- Lease liabilities (including the portion due within one year)	4.65%	-117,902,746	4.65%	-128,514,033
Total		-170,310,333		-478,420,652

Variable rate instruments:

Unit: Yuan

Item	June 30, 2023		December 31, 2022	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Monetary capital	0.3%-1.8225%	1,433,369,550	0.25% - 1.61%	1,598,206,161
Financial liabilities				
- Short-term loans	1-year LPR-05	-100,000,000	1-year LPR-05	-200,000,000
- Short-term loans	1.81% - 2.54%	-16,000,832	1.81% - 2.54%	-33,603,542
- Long-term loans (including those due within one year)	2.85%-3.35%	-126,602,735	2.85%-3.35%	-3,011,228
- Long-term loans (including those due within one year)	BBSY+1.10%	-45,439,697	BBSY+1.10%	-44,781,100
Total		1,145,326,286		1,316,810,291

(2) Sensitivity analysis

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

As at June 30, 2023, based on assumptions above, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group's equity by RMB 540,081 Yuan (2022: RMB 1,055,235 Yuan), and net profit by RMB 540,081 Yuan (2022: RMB 1,055,235 Yuan).

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

10.4 Foreign currency risk

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

- (1) As at June 30, 2023, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

Unit: Yuan

Item	June 30, 2023		December 31, 2022	
	Balance at foreign currency	Balance at RMB equivalent	Balance at foreign currency	Balance at RMB equivalent
Monetary capital		3,246,928		76,748
- USD	449,279	3,246,400	10,922	76,068
- EUR	67	528	67	494
- HKD			208	186
Short-term borrowings		98,451,525		95,792,132
- USD	13,625,000	98,451,525	13,750,000	95,792,132

(2) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and Euro at June 30, 2023 would have impact on the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

Unit: Yuan

Item	Equity	Net profit
June 30, 2023		
USD	4,760,256	4,760,256
EUR	-26	-26
Total	4,760,230	4,760,230
December 31, 2022		
USD	3,589,352	3,589,352
EUR	-19	-19
HKD	-7	-7
Total	3,589,326	3,589,326

A 5% weakening of the Renminbi against the US dollar and Euro dollar at June 30, 2023 would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

11. Fair value disclosure

All financial assets and financial liabilities held by the Group are carried at amounts not materially different from their fair value at June 30, 2023.

12. Related parties and related transactions

12.1 Particulars of the parent company of the Company

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

From January to June 2023, there was no fluctuation in the registered capital of the parent company and its share in equity interest and voting right.

12.2 Particulars of the subsidiaries of the Company

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

12.3 Information about joint ventures and associates of the Company

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

Name of entity	Relationship with the Company
L&M Holdings	Joint venture of the Group
Chengdu Yufeng	Associates of the Group
Guolong Wine Industry	Associates of the Group

12.4 Particulars of other related parties

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

12.5 Related transactions

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

List of purchasing goods/receiving services

Unit: Yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
God Horse Packing	Purchasing goods	40,209,713	40,568,193
Zhongya Medical	Purchasing goods	13,162	17,879

List of selling goods/providing services

Unit: Yuan

Related parties	Related transactions	Amount incurred in this period	Amount incurred in prior period
Zhongya Medical	Selling goods	1,929,485	3,027,005
God Horse Packing	Selling goods	7,414	31,576
Chengdu Yufeng	Selling goods	190,498	850,304
Weimeisi Shanghai	Selling goods		305,328
Guolong Wine Industry	Selling goods		3,687,055

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

12.5.2 Related trusteeship/contracting and mandatory administration/outsourcing

Nil

12.5.3 Leasing with related parties

The Group as a lessor:

Unit: Yuan

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

The Group as a lessee:

Unit: Yuan

Name of the lessor	Type of leased assets	Rental expenses for short-term leases and leases of low-value assets of simplified treatment (if	Variable lease payments not included in the measurement of lease liabilities (if	Rent paid	Interest expenses on lease liabilities assumed	Right-of-use assets increased
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		applicable)		applicable)							
		Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Office building, plant, commercial building					7,480,362	5,980,362	1,103,983	935,678		

12.5.4 Related guarantee

Nil

12.5.5 Inter-bank borrowing and lending of related parties

Nil

12.5.6 Asset transfer and debt recombination of related parties

Nil

12.5.7 Other related transactions

Unit: Yuan

Related party	Item	Amount incurred in this period	Amount incurred in prior period
Changyu Group	Trademark use fee	11,320,305	10,512,100

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

12.6 Accounts receivable and payable of the related parties

12.6.1 Accounts receivable

Unit: Yuan

Item	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhongya Medical	2,247,331	4,045	2,627,473	8,091
Accounts receivable	Yantai Guolong			200,000	616
Other current assets	Changyu Group	108,931,118		120,930,641	

12.6.2 Accounts payable

Unit: Yuan

Item	Related parties	Ending book balance	Beginning book balance
Accounts payable	God Horse Packing	16,008,923	36,600,233
Accounts payable	Zhongya Medical	813,204	5,365,862
Accounts payable	Changyu Group	19,434,600	19,434,600
Accounts payable	Chengdu Yufeng		143,659
Liabilities of contracts	Chengdu Yufeng	19	
Liabilities of contracts	Zhongya Medical		240
Other payable	God Horse Packing		471,869

13. Share-based payment

13.1 Overall situation of share-based payment

Unit: Yuan

Total amount of various equity instruments granted by the Company in this period	6,785,600
Total amount of various equity instruments exercised by the Company in this period	
Total amount of various equity instruments invalidated by the Company in this period	
Range of exercise prices for equity issued by the Company at the end of the period and the remaining term of contract	
Range of exercise prices for other equity instruments issued by the Company at the end of the period and the remaining term of contract	6,785,600 shares of restricted stock were issued, with a grant date of June 26, 2022, and the exercise price of the restricted stock was 15.24 Yuan per share. As of the end of this period, there were 2,035,700 shares with a remaining maturity of 12 months, 2,035,700 shares with a remaining maturity of 24 months, and 2,714,200 shares with a remaining maturity of 36 months.

13.2 Equity-settled share-based payments

Unit: Yuan

Method for determining the fair value of equity instruments on grant date	Restricted stock: stock price on grant date minus grant price
Basis for determining the number of exercisable equity instruments	Management's best estimate
Reasons for significant differences between the current estimate and the previous estimate	
Accumulated amount of equity-settled share-based payments included in capital reserve	671,300
Total amount of expenses recognized as equity-settled share-based payments in this period	671,300

14. Commitment and contingency

14.1 Significant commitment

Unit: Yuan

Item	Ending balance	Beginning balance
Making long-term asset commitments	30,598,000	45,698,000

14.2 Contingency

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

15. Matters after balance sheet

15.1 Important non-adjusting events

According to the authorization of 2022 annual shareholders' meeting, the Company held its first interim meeting of directors and first interim meeting of supervisors on June 26, 2023, and reviewed and approved the *Proposal on Matters Related to Adjustment of 2023 Restricted Stock Incentive Plan* and the *Proposal on Granting Restricted Stock to the Incentive Objects of 2023 Restricted Stock Incentive Plan*, granting 6,785,600 shares of restricted common stock to 203 incentive objects. As of July 20, 2023, the total amount of funds raised by the incentive objects was RMB 103,411,919 Yuan, and the Company's targeted issuance of A-share common stocks to the incentive objects has been listed.

16. Other important matters

Nil

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

17.1 Accounts receivable

17.1.1 Accounts receivables classified disclosure

Unit: Yuan

Nature	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable with bad-debt provision accrued on a single item basis										
Accounts receivable with bad-debt provision	2,033,697	100%	3,661	0.18%	2,030,036	2,301,505	100%		0%	2,301,505

Nature	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
accrued on a combined basis										
Total	2,033,697	100%	3,661	0.18%	2,030,036	2,301,505	100%		0%	2,301,505

Disclosed by age

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	2,033,697
1-2 years	
2-3 years	
More than 3 years	
Total	2,033,697

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

Particulars of provision for bad debts accrued in this period:

Unit: Yuan

Category	Beginning balance	Change amount in this period			Ending balance
		Accrued	withdrawn or transferred back	Cancelled after verification	
Bad-debt provision accrued on a combined basis		3,661			3,661
Total		3,661			3,661

17.1.3 Accounts receivable actually cancelled after verification in this period

Nil

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

Unit: Yuan

Unit	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of bad-debts provision
Zhongya Medical	2,033,697	100%	3,661
Total	2,033,697	100%	

17.1.5 Accounts receivable derecognized due to transfer of financial assets

Nil

17.1.6 Accounts receivable transferred and included in assets and liabilities

Nil

17.2 Other receivables

Unit: Yuan

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable	103,544,695	250,000,000
Other receivables	401,380,464	470,176,320
Total	504,925,159	720,176,320

17.2.1 Dividends receivable

Unit: Yuan

Item (or the invested unit)	Ending balance	Beginning balance
Dividends receivable from subsidiaries	103,544,695	250,000,000
Total	103,544,695	250,000,000

17.2.2 Other receivables**17.2.2.1 Particulars of other receivables classified by nature**

Unit: Yuan

Nature	Ending book balance	Beginning book balance
Accounts receivable from subsidiaries	399,716,851	470,128,362
Others	1,663,613	47,958
Total	401,380,464	470,176,320

17.2.2.2 Disclosed by age

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	401,275,991
1-2 years	
2-3 years	104,473
More than 3 years	

Total	401,380,464
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17.2.2.3 Provision for bad debts accrued, withdrawn or transferred back in this period

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

17.2.2.4 Other accounts receivable actually cancelled after verification in this period

Nil

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

Unit: Yuan

Unit	Nature of fund	Ending balance	Age	Percentage in the total ending balance of other accounts receivable	Ending balance of provision for bad debts
Sales company	Accounts receivable from subsidiaries	290,435,378	Within 1 year	72.40%	
Atrio Group	Accounts receivable from subsidiaries	80,588,948	Within 1 year	20.10%	
Digital marketing	Accounts receivable from subsidiaries	15,811,981	Within 1 year	3.90%	
Kilikanoon Estate	Accounts receivable from subsidiaries	7,455,390	Within 1 year	1.90%	
Castel	Accounts receivable from subsidiaries	790,482	Within 1 year	0.20%	
Total		395,082,179		98.50%	

17.2.2.6 Accounts receivable related to governmental subsidy

Nil

17.2.2.7 Other accounts receivable derecognized due to transfer of financial assets

Nil

17.2.2.8 Other accounts receivable transferred and included in assets and liabilities

Nil

17.3 Long-term equity investment

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value

Item	Ending balance			Beginning balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	7,684,192,789		7,684,192,789	7,703,535,027		7,703,535,027
Investment in associated enterprises and joint ventures				2,318,351		2,318,351
Total	7,684,192,789		7,684,192,789	7,705,853,378		7,705,853,378

17.3.1 Investment in subsidiaries

Unit: Yuan

Invested unit	Beginning balance (book value)	Increase and decrease in this period				Ending balance (book value)	Ending balance of provision for impairment
		Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
Xinjiang Tianzhu	60,000,000		60,000,000				
Kylin Packaging	23,176,063					23,176,063	
Changyu Chateau	28,968,100					28,968,100	
Pioneer International	3,500,000					3,500,000	
Ningxia Growing	36,573,247					36,573,247	
National Wine	2,000,000					2,000,000	
Icewine Valley	30,440,500		32,746,777			63,187,277	
AFIP	588,389,444					588,389,444	
Sales Company	7,200,000					7,200,000	
Langfang Sales	100,000					100,000	
Langfang Castel	19,835,730					19,835,730	
Wine Sales	4,500,000					4,500,000	
Shanghai Marketing	1,000,000					1,000,000	
Beijing Marketing	850,000					850,000	
Jingyang Sales	100,000					100,000	
Jingyang Wine	900,000					900,000	
Ningxia Wine	222,309,388					222,309,388	
Ningxia Chateau	453,463,500					453,463,500	
Chateau Tinlot	212,039,586					212,039,586	
Shihezi Chateau	812,019,770					812,019,770	
Chang'an Chateau	803,892,258					803,892,258	
R&D Company	3,288,906,445					3,288,906,445	

Invested unit	Beginning balance (book value)	Increase and decrease in this period				Ending balance (book value)	Ending balance of provision for impairment
		Increase in investment	Decrease in investment	Provision for impairment accrued	Others		
Huanren Wine	22,200,000					22,200,000	
Wine Sales Company	5,000,000					5,000,000	
Francs Champs	236,025,404					236,025,404	
Marques del Atrio	233,142,269					233,142,269	
Indomita Wine	274,248,114					274,248,114	
Kilikanoon Estate, Australia	129,275,639					129,275,639	
Digital Marketing	1,000,000					1,000,000	
Changyu Cultural Tourism Company	92,479,570					92,479,570	
Chateau Koya	110,000,000					110,000,000	
Weimeisi (Shanghai)		7,910,985				7,910,985	
Total	7,703,535,027	40,657,762	60,000,000			7,684,192,789	

17.3.2 Investment in associates

Unit: Yuan

Invested unit	Beginning balance (book value)	Increase and decrease in this period								Ending balance (book value)	Ending balance of provision for impairment
		Increase in investment	Decrease in investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declared cash dividend or profit	Provision for impairment accrued	Others		
Weimeisi Shanghai	2,318,351		2,373,285	54,934							
Total	2,318,351		2,373,285	54,934							

17.4 Operating income and operating cost

17.4.1 Details of operating income

Unit: Yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Income
Main business	211,221,867	173,868,643	200,506,811	166,176,180
Other business	30,745,229	27,044,675	29,080,332	26,938,064
Total	241,967,096	200,913,318	229,587,143	193,114,244
Including: Income from contracts	240,897,153	200,209,954	228,517,200	192,410,880

Income from house rents	1,069,943	703,364	1,069,943	703,364
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17.4.2 Situation of income from contracts

Unit: Yuan

Contract classification	Amount incurred in this period	Amount incurred in prior period
Type of merchandise		
- Alcoholic beverage	211,221,867	200,506,811
- Others	29,675,286	28,010,389
Classified by the time of merchandise transfer		
- Revenue recognized at a point in time	240,897,153	228,517,200

17.5 Investment income

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Income from long-term equity investment by cost method	178,935,084	328,316,580
Income from long-term equity investment by equity method	54,934	-26,539
Investment income from disposal of long-term equity investment	-29,910,000	
Investment income of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses during the holding period		
Investment income gained from disposal of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses		
Investment income of held-to-maturity investment during the holding period		
Investment income of financial assets held for sale during the holding period		
Investment income gained from disposal of financial assets held for sale		
Gains generated from the remaining equity remeasured as per fair value after the loss of control		
Total	149,080,018	328,290,041

18. Supplementary materials

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

Unit: Yuan

Item	Amount	Remark
Profits/losses on disposal of non-current assets	16,228,006	

Item	Amount	Remark
Tax return, deduction and exemption approved beyond the authority or without formal approval document		
Governmental subsidy included in the current profits/losses (excluding those closely related to the enterprise business and enjoyed in accordance with the unified standard quota or ration of the state)	28,971,185.00	
Payment for use of funds by non-financial enterprises included in the current profits/losses		
Income obtained when the investment cost obtained by the enterprise from subsidiaries, joint-run business and joint venture is less than the fair value of the net identifiable assets obtained from the invested units when the investment is made		
Profits/losses on exchange of non-monetary assets		
Profits/losses on entrusting other people to make investment or manage assets		
Asset impairment provision accrued due to force majeure such as natural disaster		
Profits/losses on debt restructuring		
Enterprise reorganization expenses such as staffing expenditure and integration expenses, etc.		
Profits/losses on those beyond the fair value generated from transactions with unfair transaction price		
Current net profits/losses on subsidiaries acquired from a business combination under common control from the beginning to the consolidation date		
Profits/losses on contingencies unrelated to the normal business of the Company		
Profits/losses on changes of fair value of tradable financial assets, derivative financial assets, tradable financial liabilities and derivative financial liabilities, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liabilities, derivative financial liabilities and other investment in creditor's rights, excluding effective hedging operations relevant to the normal business of the Company		
Transfer-back of accounts receivable with single impairment test and provision for impairment of contract assets		
Profits/losses on external entrusted loans		
Profits/losses on fair value changes of investment real estate with fair value mode for follow-up measurement		
Influence of the one-time adjustment of the current profits/losses in accordance with tax and accounting laws and regulations on the current profits/losses		
Trustee fee income from entrusted operation		
Other non-operating income and expenditure besides the above items	-332,706	
Other profits/losses conforming to the definition of non-current profits/losses		
Minus: Influenced amount of income tax	4,785,509	
Influenced amount of minority shareholders' equity	833,515	
Total	39,247,461	--

18.2 Return on net assets and earnings per share

Profit incurred in this period	Weighted average return on net assets	Earnings per share	
		Basic EPS (Yuan/Share)	Diluted EPS (Yuan/Share)
Net profit attributable to common shareholders of the Company	3.40%	0.53	0.53
Net profit attributable to common shareholders of the Company deducting non-incidental profits/losses	3.03%	0.47	0.47

18.3 Accounting data difference under domestic and foreign accounting standard**18.3.1 Net profits & net assets difference disclosed in the financial report according to the international accounting standard and Chinese accounting standard**

Unit: Yuan

	Net profits		Net assets	
	Amount incurred in this period	Amount incurred in prior period	Ending balance	Beginning balance
In accordance with the Chinese accounting standard	363,569,436	358,459,603	10,645,880,226	10,579,053,733
Item & amount adjusted in accordance with the international accounting standard:				
In accordance with the international accounting standard	363,569,436	358,459,603	10,645,880,226	10,579,053,733

Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
August 31, 2023