

## 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 annotations is RMB Yuan.

#### 2.1 Consolidated balance sheet

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

June 30, 2021

Unit: Yuan

Item	Note	June 30, 2021	December 31, 2020
Current assets:			
Monetary fund	7.1	1,513,731,040	1,194,214,929
Settlement reserves			
Lending funds			
Tradable financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable	7.2	169,236,257	183,853,362
Receivables financing	7.3	338,278,251	338,090,187
Advance payment	7.4	8,027,712	71,296,416
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Other receivables	7.5	22,861,668	22,428,956
Including: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	7.6	2,920,940,415	2,945,548,651
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	7.7	220,460,751	234,118,715
Total current assets		5,193,536,094	4,989,551,216
Non-current assets:			
Offering loans and imprest			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7.8	47,159,727	48,263,507
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	7.9	25,470,474	27,057,730

Item	Note	June 30, 2021	December 31, 2020
Fixed assets	7.10	5,674,883,742	5,724,935,846
Construction in progress	7.11	670,705,216	635,495,152
Productive biological assets	7.12	190,183,036	192,173,536
Oil-and-gas assets			
Right-of-use assets	7.13	110,547,744	
Intangible assets	7.14	651,746,519	660,989,065
Development expenditure			
Goodwill	7.15	132,938,212	132,938,212
Long-term prepaid expenses	7.16	332,133,295	314,465,855
Deferred income tax assets	7.17	181,479,059	206,241,275
Other non-current assets	7.18	158,377,754	170,370,147
Total non-current assets		8,175,624,778	8,112,930,325
Total assets		13,369,160,872	13,102,481,541
Current liabilities:			
Short-term loans	7.19	716,361,680	689,090,715
Borrowings from the Central Bank			
Loans from other banks and other financial institutions			
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	7.20	409,887,533	484,347,958
Advances from customers			
Contract liabilities	7.21	108,304,501	135,073,280
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	139,388,230	188,779,911
Taxes and dues payable	7.23	161,200,580	213,412,813
Other payables	7.24	683,062,474	386,105,526
Including: Interest payable		2,289,564	553,471
Dividends payable		274,507,652	1,003,125
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	7.25	125,279,691	133,311,890
Other current liabilities	7.26	14,000,154	14,820,653
Total current liabilities		2,357,484,843	2,244,942,746
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	7.27	202,741,846	200,352,968
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	7.28	111,337,332	

Item	Note	June 30, 2021	December 31, 2020
Long-term accounts payable	7.29	64,000,000	86,000,000
Long-term employee remunerations payable			
Estimated liabilities			
Deferred income	7.30	45,454,375	52,653,609
Deferred income tax liabilities	7.17	11,873,395	12,022,613
Other non-current liabilities	7.31	2,078,971	2,078,971
Total non-current liabilities		437,485,919	353,108,161
Total liabilities		2,794,970,762	2,598,050,907
Owner's equity:			
Capital stock	7.32	685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus	7.33	524,968,760	524,968,760
Minus: Treasury stock			
Other comprehensive income	7.34	-21,042,366	576,129
Special reserves			
Surplus reserves	7.35	342,732,000	342,732,000
General risk preparation			
Undistributed profit	7.36	8,801,095,552	8,714,091,755
Total owner's equities attributable to the parent company		10,333,217,946	10,267,832,644
Minority equity		240,972,164	236,597,990
Total owner's equities		10,574,190,110	10,504,430,634
Total liabilities and owner's equities		13,369,160,872	13,102,481,541

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, 2021	December 31, 2020
Current assets:			
Monetary fund		616,538,061	267,548,326
Tradable financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable	17.1	69,805	
Receivables financing		31,148,514	13,920,000
Advance payment		1,475,764	171,709
Other receivables	17.2	271,659,240	580,131,798
Including: Interest receivable			
Dividends receivable			200,000,000
Inventories		458,649,317	482,442,935
Contract assets			
Assets held for sale			

Item	Note	June 30, 2021	December 31, 2020
Non-current assets due within one year			
Other current assets		25,156,377	24,842,325
Total current assets		1,404,697,078	1,369,057,093
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	17.3	7,599,301,118	7,599,778,880
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate		25,470,474	27,057,730
Fixed assets		235,857,615	243,634,747
Construction in progress		259,132	2,865,243
Productive biological assets		115,113,721	115,103,753
Oil and gas assets			
Right-of-use assets		43,293,228	
Intangible assets		79,416,810	80,789,731
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred income tax assets		15,270,673	18,285,685
Other non-current assets		1,820,700,000	1,530,700,000
Total non-current assets		9,934,682,771	9,618,215,769
Total assets		11,339,379,849	10,987,272,862
Current liabilities:			
Short-term loans		150,000,000	150,000,000
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		43,145,258	76,470,081
Advances from customers			
Contract liabilities			
Employee remunerations		57,210,645	67,808,910
Taxes and dues payable		2,826,925	9,123,959
Other payables		664,761,829	521,505,947
Including: Interest payable		139,583	181,250
Dividends payable		274,185,600	
Liabilities held for sale			
Non-current liabilities due within one year		3,688,236	
Other current liabilities			
Total current liabilities		921,632,893	824,908,897
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			

Item	Note	June 30, 2021	December 31, 2020
Perpetual bonds			
Lease liabilities		45,412,927	
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income		3,651,213	5,507,708
Deferred income tax liabilities		88,555	
Other non-current liabilities		1,164,471	1,164,471
Total non-current liabilities		50,317,166	6,672,179
Total liabilities		971,950,059	831,581,076
Owner's equity:			
Capital stock		685,464,000	685,464,000
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus		560,182,235	560,182,235
Minus: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		342,732,000	342,732,000
Undistributed profit		8,779,051,555	8,567,313,551
Total owner's equities		10,367,429,790	10,155,691,786
Total liabilities and owner's equities		11,339,379,849	10,987,272,862

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 current period	Sum of prior period
1. Total operating income		1,874,460,437	1,418,548,547
Including: Operating income	7.37	1,874,460,437	1,418,548,547
Interest income			
Earned premium			
Handling fee and commission income			
2. Total operating costs		1,385,344,667	1,043,027,624
Including: Operating costs	7.37	761,513,544	574,858,339
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			

Item	Note	Sum of current period	Sum of prior period
Taxes and surcharges	7.38	100,220,017	88,443,822
Selling expenses	7.39	388,385,610	252,912,204
Administrative expenses	7.40	123,384,629	113,069,869
Research and development expenses	7.41	2,477,835	1,805,988
Financial expenses	7.42	9,363,032	11,937,402
Including: Interest expenses		14,239,535	14,891,310
Interest income		5,827,243	6,146,409
Plus: Other profit	7.43	21,978,695	50,780,231
Investment profit (loss is listed with "-")	7.44	-1,621,780	-1,170,685
Including: Investment profit for joint-run business and joint venture		-1,621,780	-1,170,685
Financial assets measured at amortized cost cease to be recognized as income			
Exchange income (loss is listed with "-")			
Net exposure hedge income (loss is listed with "-")			
Income from fair value changes (loss is listed with "-")			
Credit impairment loss (loss is listed with "-")	7.45	-6,176,948	-533,145
Asset impairment loss (loss is listed with "-")	7.46	3,680,018	4,242,813
Income from asset disposal (loss is listed with "-")	7.47		24,148
3. Operating profit (loss is listed with "-")		506,975,755	428,864,285
Plus: Non-operating income	7.48	2,488,778	6,686,519
Minus: Non-operating expenses	7.49	569,721	1,026,474
4. Total profits (total loss is listed with "-")		508,894,812	434,524,330
Minus: Income tax expenses	7.50	136,579,849	113,453,948
5. Net profit (net loss is listed with "-")		372,314,963	321,070,382
5.1 Classification by operation continuity			
5.1.1 Net profit from continuing operation (net loss is listed with "-")		372,314,963	321,070,382
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		371,821,819	318,640,075
5.2.2 Minority interest income		493,144	2,430,307
6. Net after-tax amount of other comprehensive income	7.51	-24,776,238	-5,765,822
Net after-tax amount of other comprehensive income attributable to owner of the parent company		-21,618,495	-5,006,653
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 law			
6.1.3 Changes in the fair value of other investments in equity instruments			

Item	Note	Sum of current period	Sum of prior period
6.1.4 Changes in the fair value of the enterprise's own credit risk			
6.1.5 Other			
6.2 Other comprehensive income to be reclassified into profit and loss later		-21,618,495	-5,006,653
6.2.1 Other comprehensive income to be reclassified into profit and loss under equity law			
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		-21,618,495	-5,006,653
6.2.7 Other			
Net after-tax amount of other comprehensive income attributable to minority shareholders		-3,157,743	-759,169
7. Total comprehensive income		347,538,725	315,304,560
Attributable to owner of the parent company		350,203,324	313,633,422
Attributable to minority shareholders		-2,664,599	1,671,138
8. Earnings per share:			
8.1 Basic earnings per share		0.54	0.46
8.2 Diluted earnings per share		0.54	0.46

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 current period	Sum of prior period
1. Operating income	17.4	206,300,566	152,950,515
Minus: Operating costs	17.4	169,012,171	143,241,194
Taxes and surcharges		11,779,088	4,379,365
Selling expenses			
Administrative expenses		29,404,865	30,150,311
Research and development expenses		522,997	318,917
Financial expenses		1,903,108	934,777
Including: Interest expenses		3,316,692	2,807,750
Interest income		1,700,240	2,251,235
Plus: Other profit		3,949,823	1,819,890
Investment profit (loss is listed with "-")	17.5	494,528,070	87,474,604
Including: Investment profit for joint-run business and joint venture		-477,762	
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			

Item	Note	Sum of current period	Sum of prior period
with “-”)			
Credit impairment loss (loss is listed with “-”)		-443	-71,879
Asset impairment loss (loss is listed with “-”)			671,511
Income from asset disposal (loss is listed with “-”)		-30,921	
2. Operating profit (loss is listed with “-”)		492,124,866	63,820,077
Plus: Non-operating income		83,440	2,007,235
Minus: Non-operating expenses		371,527	525,000
3. Total profits (total loss is listed with “-”)		491,836,779	65,302,312
Minus: Income tax expenses		-376,545	-5,644,794
4. Net profit (net loss is listed with “-”)		492,213,324	70,947,106
4.1 Net profit from continuing operation (net loss is listed with “-”)		492,213,324	70,947,106
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 equity law			
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 law			
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		492,213,324	70,947,106
7. Earnings per share:			
7.1 Basic earnings per share		0.72	0.10
7.2 Diluted earnings per share		0.72	0.10

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 current period	Sum of prior period
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Item	Note	Sum of current period	Sum of prior period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,888,979,284	1,507,726,721
Net increase in customer and interbank deposits			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Cash received from collecting interest, handling fees and commissions			
Net increase in borrowing funds			
Net increase in repurchasement business funds			
Net cash received for buying and selling securities			
Tax refund received		25,489,549	23,217,782
Other cash received related to operating activities	7.52	26,262,022	47,768,202
Subtotal of cash flows of operating activities		1,940,730,855	1,578,712,705
Cash paid for goods and services		528,698,794	632,477,833
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		260,016,591	240,815,653
Cash paid for taxes and expenses		429,710,784	470,110,699
Other cash paid related to operating activities	7.52	266,369,537	251,827,272
Sub-total of cash outflows of operating activities		1,484,795,706	1,595,231,457
Net cash flow from operating activities		455,935,149	-16,518,752
2. Cash flow from investing activities:			
Cash received from disinvestment			
Cash received from withdrawal of fixed deposits		5,200,000	60,128,600
Cash received from obtaining investment income			
Cash received from obtaining interest income		97,241	1,160,244
Cash received from disposal of fixed assets, intangible assets and other long-term assets		11,531	2,760
Net cash received from disposal of branch and other business unit			
Other cash received related to investing activities			
Subtotal of cash flows of investment activities		5,308,772	61,291,604
Cash paid to acquire fixed assets, intangible assets and other long-term assets		112,686,656	68,181,643
Cash for investment		518,000	858,326
Cash paid for purchasing fixed deposits		5,200,000	35,200,000
Net increase in hypothecated loan			

Item	Note	Sum of current period	Sum of prior period
Net cash paid for acquiring branch and other business unit			
Other cash paid related to investment activities			
Subtotal of cash outflows of investment activities		118,404,656	104,239,969
Net cash flow from investing activities		-113,095,884	-42,948,365
3. Cash flow from financing activities			
Cash received from acquiring investment		7,430,000	
Including: cash received from acquiring minority shareholders investment by branch		7,430,000	
Cash received from acquiring loans		596,450,339	778,228,305
Other cash received related to financing activities		21,654,861	
Subtotal cash flows of financing activities		625,535,200	778,228,305
Cash paid for paying debts		609,426,516	758,287,985
Cash paid for distributing dividend and profit or paying interest		11,683,409	24,177,706
Including: dividend and profit paid to minority shareholders by branch			1,551,687
Other cash paid related to financing activities		7,144,318	
Subtotal of cash outflows of financing activities		628,254,243	782,465,691
Net cash flow from financing activities		-2,719,043	-4,237,386
4. Influences of exchange rate fluctuation on cash and cash equivalents		-400,533	-307,959
5. Net Increase in cash and cash equivalents		339,719,689	-64,012,462
Plus: balance at the beginning of the period of cash and cash equivalents		1,052,665,105	1,397,399,469
6. Balance at the end of the period of cash and cash equivalents		1,392,384,794	1,333,387,007

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 current period	Sum of prior period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	219,352,502	176,514,170
Tax refund received		
Other cash received related to operating activities	4,587,865	14,486,373
Subtotal of cash flows of operating activities	223,940,367	191,000,543
Cash paid for goods and services	119,811,768	149,176,637
Cash paid to and on behalf of employees	31,143,555	25,497,870
Cash paid for taxes and expenses	22,678,777	2,648,464
Other cash paid related to operating activities	98,483,900	107,931,895
Sub-total of cash outflows of operating activities	272,118,000	285,254,866
Net cash flow from operating activities	-48,177,633	-94,254,323
2. Cash flow from investing activities:		
Cash received from disinvestment		
Cash received from withdrawal of fixed deposits	5,200,000	15,200,000
Cash received from obtaining investment income	695,005,832	287,389,704

Item	Sum of current period	Sum of prior period
Cash received from obtaining interest income	97,241	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	47,954	
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities		
Subtotal of cash flows of investment activities	700,351,027	302,589,704
Cash paid to acquiring fixed assets, intangible assets and other long-term assets	2,688,616	1,040,048
Cash for investment		
Cash paid for purchasing fixed deposits	5,200,000	20,200,000
Net cash paid for acquiring branch and other business unit		
Other cash paid related to investment activities	290,000,000	97,000,000
Subtotal of cash outflows of investment activities	297,888,616	118,240,048
Net cash flow from investing activities	402,462,411	184,349,656
3. Cash flow from financing activities		
Cash received from acquiring investment		
Cash received from acquiring loans	150,000,000	150,000,000
Other cash received related to financing activities		
Subtotal cash flows of financing activities	150,000,000	150,000,000
Cash paid for debts	150,000,000	150,000,000
Cash paid to distribute dividend, profit or pay interest	2,442,943	2,748,375
Other cash paid related to financing activities	2,809,688	
Subtotal of cash outflows of financing activities	155,252,631	152,748,375
Net cash flow from financing activities	-5,252,631	-2,748,375
4. Influences of exchange rate fluctuation on cash and cash equivalents		
5. Net Increase in cash and cash equivalents	349,032,147	87,346,958
Plus: balance at the beginning of the period of cash and cash equivalents	182,123,070	623,116,542
6. Balance at the end of the period of cash and cash equivalents	531,155,217	710,463,500

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														Minority shareholders' equity	Total owners' equity
	Owners' equity of the parent company												Subtotal			
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profits	Other				
	Preferred stock	Perpetual bonds	Other													
1. Balance at the end of last year	685,464,000				524,968,760		576,129		342,732,000		8,714,091,755		10,267,832,644	236,597,990	10,504,430,634	
Plus: Accounting policies changing											-10,632,422		-10,632,422		-10,632,422	
Previous error correction																
Business combination under common control																
Other																
2. Balance at the beginning of this year	685,464,000				524,968,760		576,129		342,732,000		8,703,459,333		10,257,200,222	236,597,990	10,493,798,212	
3. Increased or decreased amount in this period (reducing amount is listed with "-")							-21,618,495				97,636,219		76,017,724	4,374,174	80,391,898	
3.1 Total comprehensive income							-21,618,495				371,821,819		350,203,324	-2,664,599	347,538,725	
3.2 Owners' invested and reduced capital														7,430,000	7,430,000	
3.2.1 Owner' invested common stock														7,430,000	7,430,000	
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											-274,185,600		-274,185,600	-391,227	-274,576,827	
3.3.1 Accrued surplus reserves																
3.3.2 Accrued general risk preparation																
3.3.3 Distribution to owners (or shareholders)											-274,185,600		-274,185,600	-391,227	-274,576,827	
3.3.4 Other																

Item	This period														Minority shareholders' equity	Total owners' equity
	Owners' equity of the parent company															
	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																0
4. Balance at the end of this period	685,464,000				524,968,760		-21,042,366		342,732,000			8,801,095,552		10,333,217,946	240,972,164	10,574,190,110

Unit: Yuan

Item	Last period														Minority shareholders' equity	Total owners' equity
	Owners' equity of the parent company															
	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				642,775,360		-4,235,583		342,732,000			8,735,513,044		10,402,248,821	271,876,064	10,674,124,885
Plus: Accounting policies changing																
Previous error correction																
Business combination under common control																
Other																
2. Balance at the beginning of this year	685,464,000				642,775,360		-4,235,583		342,732,000			8,735,513,044		10,402,248,821	271,876,064	10,674,124,885

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 "-")					-117,806,600		4,811,712					-21,421,289		-134,416,177	-35,278,074	-169,694,251
3.1 Total comprehensive income							4,811,712					470,860,587		475,672,299	2,561,399	478,233,698
3.2 Owners' invested and reduced capital					-117,806,600									-117,806,600	-34,679,936	-152,486,536
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					-117,806,600									-117,806,600	-34,679,936	-152,486,536
3.3 Profit distribution												-492,281,876		-492,281,876	-3,159,537	-495,441,413
3.3.1 Accrued surplus reserves																
3.3.2 Accrued general risk preparation																
3.3.3 Distribution to owners (or shareholders)												-411,278,400		-411,278,400	-2,376,794	-413,655,194
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																
3.4.6 Other																

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															
3.5 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		576,129		342,732,000		8,714,091,755		10,267,832,644	236,597,990		10,504,430,634	

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

Unit: Yuan

Item	This period												Other	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Minus: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits					
		Preferred stock	Perpetual bonds	Other											
1. Balance at the end of last year	685,464,000				560,182,235				342,732,000	8,567,313,551					10,155,691,786
Plus: Accounting policies changing										-6,289,720					-6,289,720
Previous error correction															
Other															
2. Balance at the beginning of this year	685,464,000				560,182,235				342,732,000	8,561,023,831					10,149,402,066
3. Increased or decreased amount in this period (reducing amount is listed with "-")										218,027,724					218,027,724
3.1 Total comprehensive income										492,213,324					492,213,324
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											-274,185,600	-274,185,600
3.3.1 Drew surplus reserves												
3.3.2 Distribution to owners (or shareholders)											-274,185,600	-274,185,600
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				560,182,235				342,732,000	8,779,051,555		10,367,429,790

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				557,222,454				342,732,000	8,619,977,577		10,205,396,031
Plus: Accounting policies changing												
Previous error correction												
Other												



2. Balance at the beginning of this year	685,464,000				557,222,454				342,732,000	8,619,977,577		10,205,396,031
3. Increased or decreased amount in this period (reducing amount is listed with "-")					2,959,781					-52,664,026		-49,704,245
3.1 Total comprehensive income										427,160,774		427,160,774
3.2 Owners' invested and reduced capital					2,959,781							2,959,781
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					2,959,781							2,959,781
3.3 Profit distribution										-479,824,800		-479,824,800
3.3.1 Drew surplus reserves												
3.3.2 Distribution to owners (or shareholders)										-479,824,800		-479,824,800
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				560,182,235				342,732,000	8,567,313,551		10,155,691,786



### **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 and brandy, 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, 2021, the Company issued 685,464,000 shares accumulatively. Refer to Note 7.32 for details.

The parent company of the Group is Changyu Group incorporated in China, which was ultimately and actually controlled by four parties, including Yantai Guofeng Investment Holding 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 24, 2021.

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

### **4. Preparation basis of financial statement**

#### **4.1 Preparation basis**

The Group implements the Accounting Standards for Business Enterprises (including the new and revised editions published in 2014) (“ASBE”) published by the Ministry of Finance and relevant regulations thereof.

#### **4.2 Continuous operation**

The Group has appraised the ability of continuous operation for 12 months from June 30, 2021, 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 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, 2021, 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 2021.

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 assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Accounts receivable containing no significant financing component are measured initially at transaction prices determined by the accounting policies set out in Note 5.23.

### **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 derecognised, 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 *CAS 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 5.21.

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

(b) Investments in joint ventures and associates

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

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

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

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially 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 5.21.

### **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 5.21.

Category	Estimated useful life (years)	Residual value rate (%)	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 depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life (years)	Residual value rate (%)	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 5.21).

### 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.

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

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

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 bearer biological assets.

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

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

### 5.17 Right-to-use assets

Right-to-use assets refer to the right vested in the Group as the lessee to use any leased assets during the lease period. Upon the commencement the lease term, the Group recognizes right-to-use assets and lease liabilities for leases as the lessee, provided that short-term leases and leases of low-value assets subject to simplified treatment are excluded.

The right-to-use assets of the Group are initially measured at cost. The said cost includes:

- Initially measured amount of leased liability;
- Amount of lease payments made on or before the commencement date of the lease term; in case of any lease incentive, the related amount of such lease incentive having been enjoyed shall be deducted;
- Initial direct costs incurred by the Group as the lessee;
- 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-to-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; where it cannot be reasonably recognized, leased assets will be depreciated during the lease term or the remaining service life of such leased assets by the Group, whichever is shorter.

The Group determines whether any right-to-use assets are impaired in accordance with the provisions of *Accounting Standard for Business Enterprises No. 8 - Impairment of Assets* (the "Standard"), and has identified impairment losses subject to accounting treatment.

When the Group remeasures lease liabilities according to the *Standard*, the book value of right-to-use assets shall be adjusted accordingly. Where the book value of right-to-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. Where any lease change results in decreased lease scope or shortened lease term, the Group shall correspondingly reduce the book value of right-to-use assets and recognize gains or losses related to the partially or completely terminated lease in current profits and losses. Where any other lease change results in remeasurement of lease liabilities, the Group shall correspondingly adjust the book value of right-to-use assets.

### 5.18 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 5.21). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The 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.

### 5.19 Goodwill

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

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note 5.21). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

### 5.20 Long-term deferred expenses

Long-term deferred expenses are 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

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

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

impairment:

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

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 5.22) less costs to sell and its present value of expected future cash flows.

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

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

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

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

## **5.22 Fair value measurement**

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

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

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

### **5.23 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.

#### **5.24 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.

## **5.25 Employee benefits**

### **5.25.1 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.

### **5.25.2 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.

### **5.25.3 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.

## **5.26 Lease liabilities**

Upon the commencement the lease term, the Group recognizes right-to-use assets and lease liabilities for leases as the lessee, provided that short-term leases and leases of low-value assets subject to simplified treatment are excluded. The Group's lease liabilities shall be initially measured at the present value of the outstanding lease payments on the commencement date of the lease term.

When calculating the present value of the lease payment, 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 (i.e., the lessee) shall be used as the discount rate.

The interest rate implicit in the lease refers to an interest rate at which the sum of the present

value of the lessor's lease receipts and the present value of the unsecured residual value equals the sum of the fair value of the leased asset and the lessor's initial direct costs. The incremental lending rate of the Lessee refers to an interest rate payable by the Group as a lessee in a similar economic environment in order to acquire assets with a value similar to that of the right-to-use assets and to borrow funds under similar mortgage conditions during a similar period.

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.

### **5.27 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.

## 5.28 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.

## 5.29 Lease

Lease refers to a contract in which it is agreed that the lessor transfers the use right of assets to the lessee to get corresponding consideration within a certain period.

On the contract start/change date, the Group shall evaluate whether the contract is a lease or includes a lease. Where either party thereto assigns one or more use rights of the recognized assets under its control in a certain period to get consideration, the contract is a lease or includes a lease. Unless there is any change in the terms and conditions thereof, the Group shall not evaluate again whether the contract is a lease or includes a lease.

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.

### **5.29.1 Where the Group is the lessee**

(a) See Notes III, 17 for the general accounting treatment of right-to-use assets;

(b) See Notes III, 26 for the general accounting treatment of leased liabilities;

(c) Short-term lease and lease of low-value assets

The Group does not recognize right-to-use assets and leased liabilities for short-term lease and lease of low-value assets. Short-term lease refers to any lease with a lease term within 12 months from the beginning date of the lease term, excluding option of purchase. Lease of low-value assets refers to low-value lease when a single lease asset is regarded as a new asset. The Group shall include the lease payment of short-term lease and lease of low-value assets into the current profits and losses or relevant asset costs according to the straight-line method in each period of the lease term.

(d) Lease change

If there is any lease change and the following conditions are met at the same time, the Group will have such a lease change subject to accounting treatment as a separate lease:

- Where such a lease change expands the scope of the lease by adding one or more use rights to leased assets;
- Where the increased consideration is equivalent to the separate price of the expanded portion of the scope of the lease adjusted according to the contract.

Where such a lease change is not regarded as a separate lease for accounting treatment, the Group shall re-apportion the consideration of the contract after such a change, re-determine the lease term, and re-measure the leased liabilities according to the present value of the lease payment after the change and the revised discount rate on the effective date of such a lease change.

Where any lease change results in decreased lease scope or shortened lease term, the Group shall correspondingly reduce the book value of right-to-use assets and recognize gains or losses related to the partially or completely terminated lease in current profits and losses.

Where any other lease change results in remeasurement of leased liabilities, the Group shall correspondingly adjust the book value of right-to-use assets.

### 5.29.2 The Group as the lessor

#### (a) Lease classification

From the inception of lease, the Group will divide leases into finance lease and operating lease as the lessor. 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-to-use assets arising from the original lease.

#### (b) The Group will record operating lease business as the lessor.

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 apports 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 Group's 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.

#### (c) Accounting treatment method of finance leases

From the commencement date of the lease term, the Group recognizes finance lease receivables for finance leases and derecognizes the related 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 Note V.9 hereto. 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.

#### (d) Lease change

Where any finance lease of which the Group is the lessor changes and the following conditions are met at the same time, the Group will have such a change subject to accounting treatment as a separate lease:

- Where such a change expands the scope of the lease by adding one or more use rights to leased assets;
- Where the increased consideration is equivalent to the separate price of the expanded portion of the scope of the lease adjusted according to the contract.

Where such a change of finance lease is not subject to accounting treatment as a separate lease, the Group, as the lessor, will treat the changed lease in any of the following circumstances.

- Where such a change becomes effective on the inception of lease and the lease will be classified as an operating lease, the Group, as the lessor, will have it subject to accounting treatment as a new lease from the effective date of such a lease change and take the net investment in a lease prior to the effective date of such a lease change as the carrying value of the leased asset.
- Where such a change becomes effective on the inception of lease and the lease will be classified as a finance lease, the Group, as the lessor, will have it subject to accounting treatment in accordance with the provisions regarding the modification or renegotiation of contracts specified in the *Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement Instruments*. In other words, where a modification or renegotiation of a lease contract does not result in the derecognition of finance lease receivables, but a change in future cash flows, the carrying amount of such finance lease receivables will be recalculated and the related gain or loss recognized in current profits and losses. The carrying amount of finance lease receivables will be determined on the basis of cash flows from the renegotiated or modified lease contract discounted at the original discount rate of finance lease receivables or at the present value of the discount rate recalculated in accordance with Article 23 of *Accounting Standard for Business Enterprises No. 24 - Hedge Accounting* (2017), where applicable. For all costs and expenses incurred by modifying or renegotiating the lease contract, the Group will adjust the carrying amount of the modified finance lease receivables and amortize them over the remaining term of such modified finance lease receivables.

In the event of any change in an operating lease of which the Group is the lessor, the Group will have it subject to accounting treatment as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable relating to the lease prior to such change will be taken as an amount received under the new lease.

### **5.29.3 Leaseback transaction**

The Group assesses whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the principles described in Note V.23 hereto.

(a) The Group as the seller and lessee:

Where any asset transfer in sale and leaseback transactions falls into the range of sales, the Company, as a lessee, will measure the right-to-use assets formed by sale and leaseback and recognize profit or loss only related to the right transferred to the lessor according to the part in the original asset book value relating to right-to-use assets gained by leaseback. Where any asset transfer in sale and leaseback transactions does not fall into the range of sales, the Company, as a lessee, will continue to recognize the transferred asset and a financial liability equivalent to the transfer income. Please refer to Note V.9 hereto for details of accounting treatment of financial liability.



(b) The Group as the buyer and lessor

Where any asset transfer in sale and leaseback transactions falls into the range of sales, the Company, as the lessor, will have the purchase of assets subject to accounting treatment and also have the lease of assets subject to the same in accordance with the aforementioned "(2) The Group as the lessor". Where any asset transfer in sale and leaseback transactions does not fall into the range of sales, the Company, as a lessor, will not recognize the transferred asset, but recognize a financial asset equivalent to the transfer income. Please refer to Note V.9 hereto for details of accounting treatment of financial asset.

### 5.30 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.

### 5.31 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.

### 5.32 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.

### **5.33 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 2021, over 86% of revenue, more than 98% of profit and over 97% of non-current assets derived from China / are located in China. Therefore the Group does not need to disclose additional segment report information.

### **5.34 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.

#### **5.34.1 Significant accounting estimates**

Except for accounting estimates relating to depreciation and amortisation of assets such as investment properties, fixed assets, bearer biological assets and intangible assets (see Notes 5.12, 13, 16 and 18) and provision for impairment of various types of assets (see Notes 7.2, 5, 6, 10, 11, 12, 13, 14 and Notes 17.1 and 2). Other significant accounting estimates are as follows:

- (i) Note 7.17 – Recognition of deferred tax asset;
- (ii) Note 11. – Fair value measurements of financial instruments.

### **5.35 Changes in significant accounting policies and accounting estimates**

#### **5.35.1 Changes in significant accounting policies**

The Ministry of Finance issued the *Accounting Standard for Business Enterprises No. 21 - Lease (Revised in 2018)* (Cai Kuai [2018] No. 35) (hereinafter referred to as “*Accounting Standard No.21*”) on December 7, 2018. After deliberation and approval at the seventh meeting of the Eighth Board of Directors of the Company, the Group has implemented the aforesaid *Accounting Standard No.21* from January 1, 2021, and changed relevant accounting policies as provided therein.

According to the *Accounting Standard No.21*, the Group has elected not to reassess whether a contract existing prior to the date of initial execution is a lease or contains a lease.

The Group has elected to adjust only the cumulative impact number for lease contracts outstanding as of January 1, 2020. For the cumulative impact amount of the first execution, the amount of retained earnings and other relevant items in the financial statements at the beginning of the first execution period (i.e. January 1, 2021) is adjusted, while the information in the comparable period not adjusted.

On the date of initial execution of the *Accounting Standard No.21* (i.e. January 1, 2021), the Group's specific linking-up treatment and its impact are as follows:

### **The Group as the lessee**

For operating leases on the date of initial execution, leased liabilities are measured as the present value of the lessee's liability based on the present value of remaining lease payments discounted at the incremental lending rate on the date of initial execution. The unpaid rentals payable under the original lease standard, which were accrued on an accrual basis, are included in the remaining lease payments.

For operating leases falling into the category of houses, buildings and structures prior to the date of initial execution, the Group measures right-to-use assets in accordance with the assumption that the *Accounting Standard No.21* has been adopted from the commencement date of the lease term and that the incremental lending rate on the date of initial execution is taken as the discount rate. The Group conducts impairment tests on the right-to-use assets on the date of initial execution without adjusting the book value of such assets.

The Group does not recognize right-to-use assets and leased liabilities for operating leases where leased assets are low-value ones prior to the date of initial execution. For operating leases other than low-value leases on the date of initial execution, the Group applies one or more of the following simplified treatments depending on each lease:

- Any lease to be completed within 12 months after the date of initial execution, is regarded as a short-term lease for treatment;
- When leased liabilities are measured, the same discount rate is used for leases with similar characteristics;
- Right-to-use assets are measured with initial direct costs excluded;
- When there is any option to renew or option to terminate the lease, the lease term will be recognized by the Group in accordance with actual exercising of the option and other up-to-date states before the date of initial execution;
- As an alternative to the impairment test of right-to-use assets, whether a contract including is an onerous contract is evaluated before the date of initial execution pursuant to the *Accounting Standard for Business Enterprises No.13 - Contingencies* and the right-to-use assets adjusted by the Group according to the loss reserves included in the balance sheet before the date of initial execution;
- If a lease change occurs before the date of initial execution, the Group will have it subject to accounting treatment according to the final arrangement of such a lease change.

### The Group as the lessor

The Group does not need to adjust the amount of retained earnings and other related items in the financial statements for leases in which the Group is the lessor at the beginning of the year when the *Accounting Standard No.21* is initially executed. The Group will conduct accounting treatment in accordance with the *Accounting Standard No.21* from the date of initial execution.

The execution of the *Accounting Standard No.21* on January 1, 2021 has no material impact on financial statements of both the Group and the Company.

### 5.35.2 Changes in significant accounting estimates

Nil

### 5.35.3 Particulars of first implementation of new lease standards to adjust the first implementation of related items in the financial statements at the beginning of the year

#### Consolidated Balance Sheet

Unit: Yuan

Item	December 31, 2020	January 1, 2021	Adjustments
Current assets:			
Monetary fund	1,194,214,929	1,194,214,929	
Settlement reserves			
Lending funds			
Tradable financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable	183,853,362	183,853,362	
Receivables financing	338,090,187	338,090,187	
Advance payment	71,296,416	71,296,416	
Premium receivable			
Reinsurance accounts receivable			
Receivable reserves for reinsurance contract			
Other receivables	22,428,956	22,428,956	
Including: Interest receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	2,945,548,651	2,945,548,651	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	234,118,715	234,118,715	
Total current assets	4,989,551,216	4,989,551,216	
Non-current assets:			

Item	December 31, 2020	January 1, 2021	Adjustments
Offering loans and imprest			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	48,263,507	48,263,507	
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	27,057,730	27,057,730	
Fixed assets	5,724,935,846	5,724,935,846	
Construction in progress	635,495,152	635,495,152	
Productive biological assets	192,173,536	192,173,536	
Oil-and-gas assets			
Right-of-use assets		104,654,936	104,654,936
Intangible assets	660,989,065	660,989,065	
Development expenditure			
Goodwill	132,938,212	132,938,212	
Long-term prepaid expenses	314,465,855	306,090,617	-8,375,238
Deferred income tax assets	206,241,275	207,199,400	958,125
Other non-current assets	170,370,147	170,370,147	
Total non-current assets	8,112,930,325	8,210,168,148	97,237,823
Total assets	13,102,481,541	13,199,719,364	97,237,823
Current liabilities:			
Short-term loans	689,090,715	689,090,715	
Borrowings from the Central Bank			
Loans from other banks and other financial institutions			
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	484,347,958	479,305,382	-5,042,576
Advances from customers			
Contract liabilities	135,073,280	135,073,280	
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee remunerations payable	188,779,911	188,779,911	
Taxes and dues payable	213,412,813	213,412,813	
Other payables	386,105,526	386,105,526	
Including: Interest payable	553,471	553,471	
Dividends payable	1,003,125	1,003,125	
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year	133,311,890	141,497,136	8,185,246
Other current liabilities	14,820,653	14,820,653	

Item	December 31, 2020	January 1, 2021	Adjustments
Total current liabilities	2,244,942,746	2,248,085,416	3,142,670
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	200,352,968	200,352,968	
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		104,489,294	104,489,294
Long-term accounts payable	86,000,000	86,000,000	
Long-term employee remunerations payable			
Estimated liabilities			
Deferred income	52,653,609	52,653,609	
Deferred income tax liabilities	12,022,613	12,260,894	238,281
Other non-current liabilities	2,078,971	2,078,971	
Total non-current liabilities	353,108,161	457,835,736	104,727,575
Total liabilities	2,598,050,907	2,705,921,152	107,870,245
Owner' s equity:			
Capital stock	685,464,000	685,464,000	
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus	524,968,760	524,968,760	
Minus: Treasury stock			
Other comprehensive income	576,129	576,129	
Special reserves			
Surplus reserves	342,732,000	342,732,000	
General risk preparation			
Undistributed profit	8,714,091,755	8,703,459,333	-10,632,422
Total owner' s equities attributable to the parent company	10,267,832,644	10,257,200,222	-10,632,422
Minority equity	236,597,990	236,597,990	
Total owner' s equities	10,504,430,634	10,493,798,212	-10,632,422
Total liabilities and owner' s equities	13,102,481,541	13,199,719,364	97,237,823

## Balance Sheet of the Parent Company

Unit: Yuan

Item	December 31, 2020	January 1, 2020	Adjustments
Current assets:			
Monetary fund	267,548,326	267,548,326	
Tradable financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Receivables financing	13,920,000	13,920,000	
Advance payment	171,709	171,709	
Other receivables	580,131,798	580,131,798	

Item	December 31, 2020	January 1, 2020	Adjustments
Including: Interest receivable			
Dividends receivable	200,000,000	200,000,000	
Inventories	482,442,935	482,442,935	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	24,842,325	24,842,325	
Total current assets	1,369,057,093	1,369,057,093	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	7,599,778,880	7,599,778,880	
Other investments in equity instruments			
Other non-current financial assets			
Investment real estate	27,057,730	27,057,730	
Fixed assets	243,634,747	243,634,747	
Construction in progress	2,865,243	2,865,243	
Productive biological assets	115,103,753	115,103,753	
Oil and gas assets			
Right-of-use assets		44,816,966	44,816,966
Intangible assets	80,789,731	80,789,731	
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred income tax assets	18,285,685	18,285,685	
Other non-current assets	1,530,700,000	1,530,700,000	
Total non-current assets	9,618,215,769	9,663,032,735	44,816,966
Total assets	10,987,272,862	11,032,089,828	44,816,966
Current liabilities:			
Short-term loans	150,000,000	150,000,000	
Tradable financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	76,470,081	76,470,081	
Advances from customers			
Contract liabilities			
Employee remunerations	67,808,910	67,808,910	
Taxes and dues payable	9,123,959	9,123,959	
Other payables	521,505,947	521,505,947	
Including: Interest payable	181,250	181,250	
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		3,624,896	3,624,896
Other current liabilities			

Item	December 31, 2020	January 1, 2020	Adjustments
Total current liabilities	824,908,897	828,533,793	3,624,896
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		47,393,235	47,393,235
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income	5,507,708	5,507,708	
Deferred income tax liabilities		88,555	88,555
Other non-current liabilities	1,164,471	1,164,471	
Total non-current liabilities	6,672,179	54,153,969	47,481,790
Total liabilities	831,581,076	882,687,762	51,106,686
Owner' s equity:			
Capital stock	685,464,000	685,464,000	
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital surplus	560,182,235	560,182,235	
Minus: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves	342,732,000	342,732,000	
Undistributed profit	8,567,313,551	8,561,023,831	-6,289,720
Total owner' s equities	10,155,691,786	10,149,402,066	-6,289,720
Total liabilities and owner' s equities	10,987,272,862	11,032,089,828	44,816,966

## Adjustment Explanation

The Company has implemented the new lease standard from January 1, 2021. According to the stipulation of new lease standard, the Company has elected not to reassess whether a contract existing prior to the date of initial execution is a lease or contains a lease. The Company has elected to adjust only the cumulative impact number for lease contracts outstanding as of January 1, 2021. For the cumulative impact amount of the first execution, the amount of relevant items in the financial statements at the beginning of the first execution period (i.e. January 1, 2021) is adjusted, while the information in the comparable period not adjusted.

## 6. Taxes

### 6.1 The main taxes and tax rates are as follows:

Tax category	Taxation basis	Tax rates
Value added tax	Levied on the balance between the	13%, 9%, 6% (China), 20% (France),



	output tax calculated based on taxable income and the input tax allowed to be deducted in current period	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), 28% (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 Hui 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”), a subsidiary of the Company, is an enterprise of 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 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.

Chateau Changyu Moser XV Co., Ltd., Ningxia (“Ningxia Chateau”), a subsidiary of the Company, is an enterprise of 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 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 Continuing the Implementation of Certain Tax Preferential Policies Responding to the COVID-19 Outbreak* (Announcement No. 7 of [2021] of the Ministry of Finance and the State Taxation Administration), the implementation period for the preferential tax policies specified in the *Announcement of the Ministry of Finance and the State Administration of Taxation on Relevant Donation Tax Policies Supporting the Prevention and Control of the Outbreak of Novel Coronavirus Pneumonia Caused by COVID-19* (Announcement No. 9 [2020] of the Ministry of Finance and the State Taxation Administration) shall be extended until March 31, 2021. The Company’s Yantai Changyu Wine Culture Museum Co., Ltd. (“Museum”) and other subsidiaries provide catering, accommodation, tourism and other life services. Income from the provision of life services is exempt from VAT from January 1, 2021 to March 31, 2021.

The Company’s subsidiary Xinjiang Changyu Wine Sales Co., Ltd. Weimeisi Tasting Center Branch (“Xinjiang Tasting”) is a large-scale restaurant service company located in Shihezi City, Xinjiang. According to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Value-Added Tax Policies on Supporting the Resumption of Work and Business of Individual Industrial and Commercial Households* (No. 13 [2020]) and the *Announcement of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of Certain Tax Preferential Policies Responding to the COVID-19 Outbreak* (Announcement No. 7 of [2021] of the Ministry of Finance and the State Taxation Administration), it enjoys a preferential policy of 1% VAT collection rate for small-scale taxpayers in 2021.

## 7. Notes to items in the consolidated financial statement

### 7.1 Monetary capital

Unit: Yuan

Item	Ending balance	Beginning balance
Cash on hand	32,865	19,637
Bank deposit	1,468,546,985	1,128,882,937
Other monetary capital	45,151,190	65,312,355
Total	1,513,731,040	1,194,214,929
Including: Total overseas deposits	42,814,048	47,674,019

As at June 30, 2021, the restricted bank deposit details are listed as follows:

Unit: Yuan

Item	Ending balance	Beginning balance
Housing fund of the unit	2,641,994	2,684,407
Total	2,641,994	2,684,407

As at June 30, 2020, the details of other monetary funds are listed as follows:

Unit: Yuan

Item	Ending balance	Beginning balance
Pledge of fixed deposits by Yantai Changyu Wine Research, Development and Manufacture Co., Ltd. ( "R&D Company" )		20,000,000
Guaranteed deposits paid for the letter of credit	44,540,850	44,540,850
Account balance of Alipay	600,340	761,505
Guaranty money for ICBC platform	10,000	10,000
Total	45,151,190	65,312,355

As at June 30, 2021, the bank deposits of the Group including short-term fixed deposits ranging from 3 months to 12 months amounted to RMB 73,553,062 Yuan (December 31, 2020: RMB 73,553,062), with the interest rates ranging from 1.5% to 2.25%.

### 7.2 Bills receivable

#### 7.2.1 Classification of bills receivable

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	187,739,811	100%	18,503,554	9.86%	169,236,257	196,179,968	100%	12,326,606	6.30%	183,853,362
Total	187,739,811	100%	18,503,554	9.86%	169,236,257	196,179,968	100%	12,326,606	6.30%	183,853,362

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	399,844	2,526.23	0.63%
Amounts due from other customers	187,339,967	18,501,027.77	9.88%
Total	187,739,811	18,503,554	--

Disclosed by age:

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	178,544,958
1-2 years	6,193,356
2-3 years	3,001,497
Over 3 years	
Total	187,739,811

As at June 30, 2021, the accounts receivable with ownership restrictions were RMB 44,245,910 Yuan (December 31, 2020: 28,557,991 Yuan). Please refer to Note 7.19 for details.

### 7.2.2 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	12,326,606	6,176,948			18,503,554
Total	12,326,606	6,176,948			18,503,554

### 7.2.3 Accounts receivable actually cancelled after verification in this period

Nil

### 7.2.4 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
------	-----------------------------	--------	--------	---	--

Lianhua Supermarket Holdings Co., Ltd.	Third party	9,751,234	Within 1 year	5.20%	1,782,383
Inland Trading Co	Third party	8,342,885	Within 1 year	4.40%	114,255
Nonggongshang Supermarket (Group) Co., Ltd.	Third party	6,978,820	Within 2 years	3.70%	5,844,945
Sainsburys Supermarkets Ltd	Third party	4,851,068	Within 1 year	2.60%	62,591
COOP DENMARK A/S	Third party	3,760,513	Within 1 year	2.00%	48,520
Total	--	33,684,520	--	17.90%	7,852,694

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

Nil

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

Nil

### 7.3 Receivables financing

Unit: Yuan

Item	Ending balance	Beginning balance
Bills receivable	338,278,251	338,090,187
Total	338,278,251	338,090,187

#### 7.3.1 The pledged bills receivable of the Group at the end of the year

Nil

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

Item	Amount derecognised at year end
Bank acceptance bills	79,930,626
Total	79,930,626

As at June 30, 2021, bills endorsed by the Group to other parties which are not yet due at the end of the period is RMB 79,930,626 Yuan (December 31, 2020: RMB 260,721,441 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.

### 7.4 Advance payment

#### 7.4.1 Advance payment listed by age

Unit: Yuan

Age	Ending balance		Beginning sum	
	Amount	Proportion	Amount	Proportion
Within 1 year	7,957,433	99.12%	70,977,636	99.60%
1-2 years	70,279	0.88%	318,780	0.40%
2-3 years				
More than 3 years				
Total	8,027,712	--	71,296,416	--

#### 7.4.2 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%
Chile SOCIEDAD AGRICOLA REQUINGUA LTDA.	Third party	1,039,773	Within 1 year	Prepayments	13.0%
State Grid Shandong Electronic Power Yantai Company	Third party	673,128	Within 1 year	Prepaid electricity fees	8.4%
Yantai Yanghang Intelligent Technology Co., Ltd.	Third party	150,008	Within 1 year	Prepayments	1.9%
Sinopec Sales Co., Ltd. Shandong Yantai Petroleum Branch	Third party	130,000	Within 1 year	Prepaid fuel cost	1.6%
Chongqing Yirong Glass Products Co., Ltd.	Third party	79,000	Within 1 year	Prepayments	1.0%
Total	--	2,071,909	--		25.90%

#### 7.5 Other receivables

Unit: Yuan

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	22,861,668	22,428,956
Total	22,861,668	22,428,956

#### Other receivables

##### 7.5.1 Other receivables classified by nature

Unit: Yuan

Nature	Ending book balance	Beginning book balance
Deposit and guaranty money receivable	6,225,930	10,287,959
Consumption tax and added-value tax export rebate	7,453,412	8,254,195
Imprest receivable	519,647	124,878
Other	8,662,679	3,761,924
Total	22,861,668	22,428,956

##### 7.5.2 Disclosed by age

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	16,935,627
1-2 years	1,027,718
2-3 years	986,592
More than 3 years	3,911,731
Total	22,861,668

### 7.5.3 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.

### 7.5.4 Other receivables actually cancelled after verification in this period

Nil

### 7.5.5 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
Sercicio de Impuestos Internos	Value-added tax export rebate	6,243,897	Within 1 years	27.30%	
Changyu Group	Lease payment in advance	2,929,000	Within 1 years	12.80%	
YEDA Construction Industry Association	Construction guaranty money	1,143,500	Over 3 years	5.00%	
Municipalidad de Casablanca	Guaranty money	880,000	Within 1 year	3.80%	
YEDA Finance Bureau	Guaranty money	719,880	Over 3 years	3.10%	
Total	--	11,916,277	--	52.00%	

### 7.5.6 Accounts receivable involving government subsidies

Nil

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

Nil

### 7.5.8 Other receivables transferred and then included in assets and liabilities

Nil

## 7.6 Inventories

### 7.6.1 Inventory classification

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	91,871,066		91,871,066	70,165,666		70,165,666
Goods in process	2,247,156,663		2,247,156,663	2,236,815,423		2,236,815,423
Commodity stocks	592,707,302	10,794,616	581,912,686	653,042,196	14,474,634	638,567,562
Total	2,931,735,031	10,794,616	2,920,940,415	2,960,023,285	14,474,634	2,945,548,651

### 7.6.2 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	14,474,634			3,680,018		10,794,616
Total	14,474,634			3,680,018		10,794,616

### 7.7 Other current assets

Unit: Yuan

Item	Ending balance	Beginning balance
Prepaid corporate income tax	27,948,958	16,087,815
Deductible input tax	190,766,318	215,812,506
Rent to be amortized	1,745,475	2,218,394
Total	220,460,751	234,118,715

### 7.8 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 omprehensive income adjustment	Other equity changing	Declare cash dividend or profit	Accrual provision for impairment	Others		
<b>1. Joint ventures</b>											
SAS L&M Holdings (“L&M Holdings”)	42,019,654			-1,125,662						40,893,992	
Subtotal	42,019,654			-1,125,662						40,893,992	
Weimeisi (Shanghai) Enterprise Development Co., Ltd. (“Weimeisi Shanghai”)	2,743,890			-479,955						2,263,935	
Yantai Santai Real Estate	3,499,963			2,193						3,502,156	



Development Co., Ltd.										
Chengdu Yufeng Brand Management Co., Ltd. (“Chengdu Yufeng”)		518,000		-18,356					499,644	
Subtotal	6,243,853	518,000		-496,118					6,265,735	
Total	48,263,507	518,000		-1,621,780					47,159,727	

In October 2020, Yantai Changyu Pioneer International Limited (“Pioneer International”), a subsidiary of the Group, signed an agreement with six institutional shareholders including Chengdu Yukun Wine Partnership (Limited Partnership), Sichuan Xiangshanxing Technology Co., Ltd. and Banniere BM (Shanghai) Co., Ltd. to jointly invest in the establishment of Chengdu Yufeng Brand Management Co., Ltd. (“Chengdu Yufeng”). Pioneer International contributes in currency RMB 518,000 Yuan, accounting for 10% of the shares of Chengdu Yufeng. As per the Agreement and the Articles of Association, shareholders exercise their voting rights in proportion to their capital contributions.

## 7.9 Investment real estate

### 7.9.1 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				
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	43,896,315			43,896,315
2. Increase in this period	1,587,256			1,587,256
2.1 Accrual or amortization	1,587,256			1,587,256
3. Decrease in this period				
3.1 Disposal				
3.2 Other transfer out				
4. Ending balance	45,483,571			45,483,571
III Impairment provision				

Item	Houses and buildings	Land use right	Construction in progress	Total
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	25,470,474			25,470,474
2. Beginning book value	27,057,730			27,057,730

## 7.10 Fixed assets

Unit: Yuan

Item	Ending balance	Beginning balance
Fixed assets	5,674,883,742	5,724,935,846
Disposal of fixed assets		
Total	5,674,883,742	5,724,935,846

### 7.10.1 Particulars of fixed assets

Unit: Yuan

Item	Houses and buildings	Machinery equipment	Transportation tools	Total
I Original book value:				
1. Beginning balance	5,136,758,695	2,787,309,487	27,566,592	7,951,634,774
2. Increase in this period	35,695,914	63,007,012	125,621	98,828,547
2.1 Acquisition	22,526,967	60,753,925	125,621	83,406,513
2.2 Transfer in from construction in progress	13,168,947	2,253,087		15,422,034
2.3 Business merger increase				
3. Decrease in this period	7,416,859	19,041,989	270,707	26,729,555
3.1 Disposal or retirement	7,416,859	19,041,989	270,707	26,729,555
4. Ending balance	5,165,037,750	2,831,274,510	27,421,506	8,023,733,766
II Accumulated depreciation				
1. Beginning balance	892,581,856	1,294,646,448	21,992,597	2,209,220,901
2. Increase in this period	66,332,617	74,456,405	947,047	141,736,069
2.1 Accrual	66,332,617	74,456,405	947,047	141,736,069
3. Decrease in this period	3,069,846	16,265,290	249,837	19,584,973
3.1 Disposal or retirement	3,069,846	16,265,290	249,837	19,584,973
4. Ending balance	955,844,627	1,352,837,563	22,689,807	2,331,371,997
III Impairment provision				
1. Beginning balance		17,478,027		17,478,027

Item	Houses and buildings	Machinery equipment	Transportation tools	Total
2. Increase in this period				
2.1 Accrual				
3. Decrease in this period				
3.1 Disposal or retirement				
4. Ending balance		17,478,027		17,478,027
IV Book value				
1. Ending book value	4,209,193,123	1,460,958,920	4,731,699	5,674,883,742
2. Beginning book value	4,244,176,839	1,475,185,012	5,573,995	5,724,935,846

As at June 30, 2021, the net value of the fixed assets with ownership restrictions was RMB 323,761,779 Yuan (December 31, 2020: RMB 333,748,819 Yuan). Please refer to Note 7.54 for details.

### 7.10.2 Particulars of temporarily idle fixed assets

Unit: Yuan

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Remarks
Buildings	47,821,026	16,830,920		30,990,106	
Machinery equipment	73,592,531	52,434,878	17,478,027	3,679,626	
Other equipment	3,344,518	3,182,456		162,062	
Total	124,758,075	72,448,254	17,478,027	34,831,794	

### 7.10.3 Particulars of fixed assets under finance leases

Nil

### 7.10.4 Fixed assets under operating lease

Unit: Yuan

Item	Ending book value
Machinery equipment	9,461

### 7.10.5 Particulars of fixed assets without property certificates

Unit: Yuan

Item	Book value	Reason for not receiving the property certificate
Industrial Production Center of the R&D Company	1,595,735,176	Under transaction
Dormitory Building, Main Building and Reception Building of Chang'an Chateau	280,517,963	Under transaction
European Town, Main Building and Service Building of Chateau AFIP	173,174,563	Under transaction
Fermentation Workshop and Wine Storage Workshop of Xinjiang Tianzhu	16,157,943	Under transaction
Office Building and Packaging Workshop of Icewine Valley	9,231,659	Under transaction
Wine-making Workshop of Changyu (Jingyang)	5,303,366	Under transaction
Office Building, Laboratory Building and Workshop of	3,231,861	Under transaction

Fermentation Center		
Finished Goods Warehouse and Workshop of Kylin Packaging	2,170,155	Under transaction
Others	288,417	Under transaction
Total	2,085,811,103	Under transaction

## 7.11 Construction in progress

Unit: Yuan

Item	Ending balance	Beginning balance
Construction in progress	670,705,216	635,495,152
Engineering materials		
Total	670,705,216	635,495,152

### 7.11.1 Particulars of construction in progress

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Research, Development & Manufacture Center (“Changyu Wine City Complex”)	662,298,797		662,298,797	589,010,299		589,010,299
Construction Project of Ningxia Chateau	438,090		438,090	420,440		420,440
Construction Project of Chang’an Chateau				738,462		738,462
Construction Project of Shihezi Chateau	2,420,681		2,420,681	7,626,393		7,626,393
Construction Project of Sales Company	738,462		738,462	5,000		5,000
Construction Projects of Other Companies	4,809,186		4,809,186	37,694,558		37,694,558
Total	670,705,216		670,705,216	635,495,152		635,495,152

**7.11.2 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
Changyu Wine City Complex	4,505,780,000	589,010,299	73,288,498			662,298,797	81.60%	16,481,461	271,338	1.2% and 4.3%	Loans form financial institutions and self-raised funds
Construction Project of Ningxia Chateau	428,256,552	420,440	17,650			438,090	100%				Self-raised funds
Construction Project of Chang'an Chateau	698,120,331	7,626,393	4,930,395	12,556,788		0	100.40%				Self-raised funds
Construction Project of Shihezi Chateau	780,000,000	5,000	2,415,681			2,420,681	96.70%				Self-raised funds
Construction Project of Sales Company	164,513,550	738,462				738,462	99.60%				Self-raised funds
<b>Total</b>	<b>6,576,670,433</b>	<b>597,800,594</b>	<b>80,652,224</b>	<b>12,556,788</b>		<b>665,896,030</b>	<b>--</b>	<b>16,481,461</b>	<b>271,338</b>		<b>--</b>

As at June 30, 2021, there was no indication for impairment of construction in progress of the Group, so no provision for impairment was made.

## 7.12 Productive biological assets

### 7.12.1 Productive biological assets by cost measurement method

Unit: Yuan

Item	Plantation		Total
	Immature	Mature	
I Original book value			
Beginning balance	7,607,557	248,758,101	256,365,658
Increase in this period	859,391	4,001,890	4,861,281
2.1 Outsourcing			
2.2 Self cultivation	4,861,281		4,861,281
The immature turn to the mature	-4,001,890	4,001,890	
Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance	8,466,948	252,759,991	261,226,939
II Accumulated depreciation			
Beginning balance		64,192,122	64,192,122
Increase in this period		6,851,781	6,851,781
2.1 Accrual		6,851,781	6,851,781
Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance		71,043,903	71,043,903
III Impairment provision			
Beginning balance			
Increase in this period			
2.1 Accrual			
Decrease in this period			
3.1 Disposal			
3.2 Other			
4. Ending balance			
IV Book value			
Ending book value	8,466,948	181,716,088	190,183,036
Beginning book value	7,607,557	184,565,979	192,173,536

As at June 30, 2021, no ownership of the biological assets was restricted.

As at June 30, 2021, there was no indication for impairment of biological assets of the Group, so no provision was made.

## 7.13 Right-to-use assets

Unit: Yuan

Item	Building	Land	Total
I Original book value			
Beginning balance	43,079,204	101,398,128	144,477,332
Increase in this period	13,042,435		13,042,435
Decrease in this period			
Ending balance	56,121,639	101,398,128	157,519,767
II Accumulated amortization			
Beginning balance	7,353,773	32,468,623	39,822,396
Increase in this period	5,137,935	2,011,692	7,149,627
2.1 Accrual	5,137,935	2,011,692	7,149,627
Decrease in this period			
3.1 Disposal			
Ending balance	12,491,708	34,480,315	46,972,023
III Impairment provision			
Beginning balance			
Increase in this period			
2.1 Accrual			
Decrease in this period			
3.1 Disposal			
Ending balance			
IV Book value			
1. Ending book value	43,629,931	66,917,813	110,547,744
2. Beginning book value	35,725,431	68,929,505	104,654,936

## 7.14 Intangible assets

### 7.14.1 Particulars of intangible assets

Unit: Yuan

Item	Land use right	Software use right	Trademark	Total
I Original book value				
Beginning balance	532,069,913	98,975,807	189,269,287	820,315,007
Increase in this period		1,355,331		1,355,331
2.1 Acquisition		1,355,331		1,355,331
2.2 Internal R&D				
2.3 Business merger increase				
Decrease in this period				
3.1 Disposal				
Ending balance	532,069,913	100,331,138	189,269,287	821,670,338
II Accumulated amortization				
Beginning balance	100,498,469	44,325,044	14,502,429	159,325,942
Increase in this period	5,409,332	4,846,843	341,702	10,597,877
2.1 Accrual	5,409,332	4,846,843	341,702	10,597,877
Decrease in this period				

Item	Land use right	Software use right	Trademark	Total
3.1 Disposal				
Ending balance	105,907,801	49,171,887	14,844,131	169,923,819
III Impairment provision				
Beginning balance				
Increase in this period				
2.1 Accrual				
Decrease in this period				
3.1 Disposal				
Ending balance				
IV Book value				
1. Ending book value	426,162,112	51,159,251	174,425,156	651,746,519
2. Beginning book value	431,571,444	54,650,763	174,766,858	660,989,065

As at June 30, 2021, the net value of the intangible assets with ownership restrictions was RMB 204,132,966 Yuan (December 31, 2020: RMB 206,920,456). Please refer to Note 7.54 for details.

#### 7.14.2 Particulars of land use right of that not receiving the property certificate

Nil

### 7.15 Goodwill

#### 7.15.1 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 Roulet Fransac (“Roulet Fransac”)	13,112,525					13,112,525
Dicot Partners, S.L (“Atrio Group”)	92,391,901					92,391,901
Indomita Wine Company Chile, SpA	6,870,115					6,870,115
Kilikanoon Estate, Australia	37,063,130					37,063,130
Total	149,437,671					149,437,671

#### 7.15.2 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 Roulet Fransac (“Roulet Fransac”)						
Dicot Partners, S.L (“Atrio Group”)						



Indomita Wine Company Chile, SpA					
Kilikanoon Estate, Australia	16,499,459				16,499,459
Total	16,499,459				16,499,459

## 7.16 Long-term unamortized expenses

Unit: Yuan

Item	Beginning balance	Increase in this period	Amortization in this period	Other decrease	Ending balance
Land lease fees	42,965,977		712,443		42,253,534
Land acquisition fees	39,579,921		548,304		39,031,617
Afforestation fees	138,185,253		4,388,818		133,796,435
Renovation costs	80,446,179	32,052,432	3,227,870		109,270,741
Other	4,913,287	4,246,622	1,378,941		7,780,968
Total	306,090,617	36,299,054	10,256,376		332,133,295

## 7.17 Deferred income tax assets/liabilities

### 7.17.1 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	46,776,197	10,356,331	44,279,268	9,732,098
Unrealized profits from inter-company transactions	212,321,254	53,080,313	313,043,226	78,260,807
Deductible loss	305,592,163	75,332,385	268,074,301	65,844,999
Unpaid bonus	114,040,653	28,510,163	147,824,610	36,956,152
Dismission welfare	13,397,290	3,349,323	16,274,352	4,068,588
Deferred income	45,454,376	9,826,084	52,653,609	11,378,631
Others	4,097,837	1,024,460	4,097,837	958,125
Total	741,679,770	181,479,059	846,247,203	207,199,400

### 7.17.2 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	37,134,158	11,635,114	49,156,771	12,022,613
Others	953,124	238,281	953,124	238,281
Total	38,087,282	11,873,395	50,109,895	12,260,894

### 7.17.3 Details of unconfirmed deferred income tax assets

Unit: Yuan

Item	Ending balance	Beginning balance
Deductible temporary difference		
Deductible loss	221,743,602	187,130,828
Total	221,743,602	187,130,828

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

Unit: Yuan

Year	Ending sum	Beginning sum	Remark
2021	25,008,263	25,008,263	
2022	21,367,869	21,367,869	
2023	22,801,737	22,801,737	
2024	42,088,453	42,088,453	
2025	75,864,506	75,864,506	
2026	34,612,774		
Total	221,743,602	187,130,828	--

**7.18 Other non-current assets**

Unit: Yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Royalty	158,377,754		158,377,754	170,370,147		170,370,147
Total	158,377,754		158,377,754	170,370,147		170,370,147

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

Unit: Yuan

Item	Ending balance	Beginning balance
Pledge loan		
Mortgage loan	115,493,615	55,724,891
Guaranteed loan	22,112,812	14,215,916
Fiduciary loan	578,755,253	619,149,908
Total	716,361,680	689,090,715

As at June 30, 2021, EUR mortgaged loan was Hacienda y Viñedos Marques del Atrio, S.L.U (“Atrio”) factoring of accounts receivable from banks including Banco de Sabadell, S.A. of EUR 5,756,539 (equivalent of RMB 44,245,910 Yuan) (December 31, 2020: RMB 28,557,993 Yuan).

As at June 30, 2021, USD mortgaged loan was Chile Indomita Wine Group mortgaged USD 11,125,000 (equivalent of RMB 71,247,705 Yuan) of its fixed assets to Banco Scotiabank (December 31, 2020: RMB 26,162,960 Yuan).

On June 30, 2021, AUD guaranteed loan was Australia Kilikanoon Estate has borrowed from ANZ Bank AUD 4,556,712 (equivalent of RMB 22,112,812 Yuan) (December 31, 2020: RMB 14,215,916 Yuan), and it is guaranteed by this Company.

**7.20 Accounts payable**

**7.20.1 List of accounts payable**

Unit: Yuan

Item	Ending balance	Beginning balance
Accounts payable for materials, etc.	409,887,533	479,305,382
Total	409,887,533	479,305,382

**7.20.2 Explanation of significant accounts payable aged more than one year**

As at June 30, 2021, there were no significant accounts payable aged more than one year.

**7.21 Contract liabilities**

Unit: Yuan

Item	Ending balance	Beginning balance
Advances from customers	108,304,501	118,210,799
Withholding of goods with sales rebate		16,862,481
Total	108,304,501	135,073,280

**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	172,176,085	184,482,600	230,765,275	125,893,410
2. Post-employment welfare – defined contribution plan	329,474	22,026,390	22,258,334	97,530
3. Dismissal welfare	16,274,352	3,831,246	6,708,308	13,397,290
4. Other welfare due within one year				
Total	188,779,911	210,340,236	259,731,917	139,388,230

**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	170,277,311	159,884,889	206,177,612	123,984,588
2. Staff welfare	1,734,723	9,520,020	9,179,045	2,075,698
3. Social insurance charges	340,733	6,938,923	7,271,571	8,085
Including: Medical insurance	340,733	6,159,617	6,492,265	8,085
Injury insurance		772,799	772,799	
Maternity insurance		6,507	6,507	
4. Housing fund	27,497	6,547,794	6,541,143	34,148
5. Union fee and staff education fee	1,874,792	1,590,974	1,595,904	1,869,862
6. Short-term compensated absences				

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
7. Short-term profit-sharing plan				
Minus: Those divided into non-current liabilities	2,078,971			2,078,971
Total	172,176,085	184,482,600	230,765,275	125,893,410

### 7.22.3 List of defined contribution plan

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic endowment insurance	329,464	21,461,355	21,693,299	97,520
2. Unemployment insurance	10	565,035	565,035	10
3. Enterprise annuity payment				
Total	329,474	22,026,390	22,258,334	97,530

### 7.22.4 Dismissal welfare

Unit: Yuan

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for sever of labor relation				
2. Compensation for early retirement	16,274,352	3,831,246	6,708,308	13,397,290
Total	16,274,352	3,831,246	6,708,308	13,397,290

### 7.23 Taxes and dues payable

Unit: Yuan

Item	Ending balance	Beginning balance
Value added tax	13,683,762	25,853,102
Consumption tax	7,730,930	42,076,231
Corporate income tax	129,991,906	130,621,524
Individual income tax	329,670	614,344
Urban maintenance and construction tax	1,407,055	3,429,038
Education surcharges	1,043,473	2,498,374
Urban land use tax	2,271,394	2,327,666
Other	4,742,390	5,992,534
Total	161,200,580	213,412,813

### 7.24 Other payables

Unit: Yuan

Item	Ending balance	Beginning balance
Interest payable	2,289,564	553,471
Dividends payable	274,507,652	1,003,125
Other payables	406,265,258	384,548,930
Total	683,062,474	386,105,526

#### 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	2,289,564	553,471
Interest of preferred shares\ perpetual bonds divided into financial liabilities		
Other		
Total	2,289,564	553,471

### 7.24.2 Dividends payable

Unit: Yuan

Item	Ending balance	Beginning balance
Ordinary stock dividends	274,185,600	
Preferred stock dividends/sustainable debt dividends divided into equity instruments		
Other	322,052	1,003,125
Total	274,507,652	1,003,125

### 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	228,020,107	177,129,582
Equipment purchase and construction costs payable	41,353,043	51,381,563
Transportation charges payable	2,385,516	26,061,359
Advertisement expenses payable	54,224,614	50,444,091
Employee cash deposit	359,282	359,282
Supplier' s deposit payable	13,526,594	14,836,302
Contracting fees payable	4,280,818	9,656,066
Other	62,115,284	54,680,685
Total	406,265,258	384,548,930

### 7.25 Non-current liabilities due within one year

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term loans due within one year	94,001,441	111,311,890
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	9,278,250	8,185,246
Total	125,279,691	141,497,136

## 7.26 Other current liabilities

Item	Ending balance	Beginning balance
Unamortized VAT amount	14,000,154	14,820,653
Total	14,000,154	14,820,653

## 7.27 Long-term loans

### 7.27.1 Classification of long-term loans

Unit: Yuan

Item	Ending balance	Beginning balance
Pledged loan		
Mortgage loan		
Guaranteed loan	76,983,600	91,445,600
Fiduciary loan	219,759,687	220,219,258
Less: Long-term loans due within one year	94,001,441	111,311,890
Total	202,741,846	200,352,968

As at June 30, 2021, fiduciary loans (EUR) were EUR 28,591,461 borrowed by Atrio from Banco Sabadell, Bankia, Banco Santander, BBVA and Caja Rural de Navarr etc. (equivalent of RMB 219,759,687 Yuan) (December 31, 2020: RMB 220,219,258 Yuan). Guaranteed loans (RMB) were long-term borrowings of RMB 18,750,000 Yuan of the R&D and Manufacturing Company, a subsidiary of the Company (December 31, 2020: RMB 31,250,000 Yuan). Guaranteed loans (AUD) were Australia Kilikanoon Estate has borrowed AUD 12,000,000 (equivalent of RMB 58,233,600 Yuan) (December 31, 2020: RMB 60,195,600 Yuan) from ANZ Bank and it is guaranteed by this Company.

## 7.28 Lease Liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Building	45,722,898	36,248,053
Land	74,892,684	76,426,487
Less: Lease liabilities due within one year	9,278,250	8,185,246
Total	111,337,332	104,489,294

## 7.29 Long-term accounts payable

Unit: Yuan

Item	Ending balance	Beginning balance
Long-term accounts payable	64,000,000	86,000,000
Special accounts payable		
Total	64,000,000	86,000,000

**7.29.1 Long-term accounts payable listed by nature**

Unit: Yuan

Item	Ending balance	Beginning balance
Agricultural Development Fund of China (“CADF”)	86,000,000	108,000,000
Less: Long-term payables due within one year	22,000,000	22,000,000
Balance of long-term payables	64,000,000	86,000,000

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 2021, the Group gave back the principal of RMB 24,000,000 Yuan. Refer to Note 7.54 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	52,653,609		7,199,234	45,454,375	
Total	52,653,609		7,199,234	45,454,375	--

**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 support project	24,600,000			2,050,000			22,550,000	Related to assets
Xinjiang industrial revitalisation and technological transformation project	12,798,000			711,000			12,087,000	Related to assets
Fixed asset investment reward of Shihezi Chateau project	2,436,600			1,140,000			1,296,600	Related to assets
Shandong Peninsula Blue Economic Area construction funds	2,000,000			1,000,000			1,000,000	Related to assets
Special government grant for infrastructure	2,120,000			530,000			1,590,000	Related to assets
Raw wine fermentation	434,700			434,700				Related to assets

Item of liabilities	Beginning balance	Amount of subsidy newly increased in this period	Amount included in non-operating revenue in this period	Amount included in other income in this period	Amount offset the cost expenses	Other changes	Ending balance	Related to assets/income
project								
Wine fermentation capacity construction (Huanren) project	2,400,000			200,000			2,200,000	Related to assets
Engineering technology transformation of information system project	1,740,000			290,000			1,450,000	Related to assets
Liquor electronic tracking project	1,191,150			333,527			857,623	Related to assets
Special fund for efficient water-saving irrigation project	1,315,000			81,000			1,234,000	Related to assets
Subsidy for economic and energy-saving technological transformation projects	769,800			64,150			705,650	Related to assets
Wine industry development project	186,000			93,000			93,000	Related to assets
Subsidy for mechanic development of Penglai Daliuhang Base	238,858			13,270			225,588	Related to assets
Cross-border e-commerce project	201,801			126,887			74,914	Related to income
Subsidy for boiler reconstruction and demolition	70,000			5,000			65,000	Related to income
Prize for Yantai Mayor's Cup Industrial Design Competition	50,000			25,000			25,000	Related to income
Special fund for 2020 Yantai City Innovation Driven Development	101,700			101,700				Related to income
Total	52,653,609			7,199,234			45,454,375	

### 7.31 Other non-current liabilities

Unit: Yuan

Item	Ending balance	Beginning balance
Employee remunerations payable	2,078,971	2,078,971
Total	2,078,971	2,078,971

As at June 30, 2021, the employee remunerations payable referred to the job security deposit deducted from the year-end bonus of the employees higher than sales manager of the Group in proportion, which will be paid from 2021 to 2023 as predicted.

### 7.32 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

**7.33 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			519,052,172
Other capital reserves	5,916,588			5,916,588
Total	524,968,760			524,968,760

**7.34 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 law								
Changes in the fair value of other investments in equity instruments								
Changes in the fair value of the enterprise's own credit risk								
2. Other comprehensive income to be reclassified into profit and loss later	576,129	-24,776,238				-21,618,495	-3,157,743	-21,042,366
Including: Other								

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	
comprehensive income to be reclassified into profit and loss under equity law								
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	576,129	-24,776,238				-21,618,495	-3,157,743	-21,042,366
Total other comprehensive income	576,129	-24,776,238				-21,618,495	-3,157,743	-21,042,366

### 7.35 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

### 7.36 Undistributed profit

Unit: Yuan

Item	Ending balance	Beginning balance
Undistributed profit at the end of prior period before adjustment	8,714,091,755	8,735,513,044
Total Undistributed profit at the beginning of the period before adjustment	-10,632,422	

(increase listed with + , and decrease listed with -)		
Undistributed profit at the beginning of the period after adjustment	8,703,459,333	8,735,513,044
Plus: Net profit for owner of the parent company	371,821,819	470,860,587
Minus: Drawn legal surplus		
Drawn free surplus		
Drawn common risk provision		
Common dividend payable	274,185,600	492,281,876
Common dividend transferred to share capital		
Undistributed profit at the end of period	8,801,095,552	8,714,091,755

As a result of the implementation of the new lease standard by the Group in 2021, the undistributed profit at the beginning of 2021 was reduced by RMB 10,632,422 Yuan.

### 7.37 Operating income and operating cost

Unit: Yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	1,841,427,492	753,630,446	1,395,214,715	567,783,470
Other business	33,032,945	7,883,098	23,333,832	7,074,869
Total	1,874,460,437	761,513,544	1,418,548,547	574,858,339

#### 7.37.1 Details of operating income

Unit: Yuan

Item	Amount incurred in this period	
	Income	Cost
Main business	1,841,427,492	753,630,446
Other business	33,032,945	7,883,098
Total	1,874,460,437	761,513,544
Including: Income from contracts	1,873,414,304	760,879,897
Income from house rents	1,046,133	633,647

#### 7.37.2 Situation of income from contracts

Unit: Yuan

Contract classification	Amount incurred in this period
Type of merchandise	
Alcoholic beverage	1,841,427,492
Others	31,986,812
Classified by the time of merchandise transfer	
Revenue recognized at a point in time	1,873,414,304

### 7.38 Taxes and surcharges

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Consumption tax	58,366,205	49,392,779
Urban maintenance and construction tax	11,929,833	9,447,918
Education surcharges	8,695,431	6,850,290
Building tax	13,513,343	14,066,376
Land use tax	5,585,762	5,870,612
Stamp duty	1,806,604	2,293,353
Other	322,839	522,494
<b>Total</b>	<b>100,220,017</b>	<b>88,443,822</b>

### 7.39 Selling expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Salary and welfare expenses	129,002,823	99,508,170
Marketing expenses	108,808,265	56,163,925
Labor expenses	16,356,442	5,717,581
Depreciation expenses	29,724,959	26,350,204
Storage and lease expenses	13,455,458	18,435,218
Advertisement expenses	19,485,798	9,212,729
Trademark use fees	11,313,578	8,953,500
Travel expenses	9,275,034	8,368,347
Design & production expenses	9,396,703	1,595,262
Conference expenses	6,652,432	2,447,005
Water, electricity and gas charges	4,969,919	4,491,631
Other	29,944,199	11,668,632
<b>Total</b>	<b>388,385,610</b>	<b>252,912,204</b>

### 7.40 Management expenses

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Employee remunerations	32,695,621	27,711,146
Depreciation expenses	38,197,467	36,815,081
Contracting expenses	3,852,345	6,687,337
Repair expenses	6,025,536	4,750,072
Office expenses	6,964,669	5,617,017
Amortization expenses	9,827,020	10,475,529
Afforestation fees	6,759,616	6,910,323
Safe production costs	5,159,685	2,506,681
Rental expenses	2,789,523	4,659,247
Business entertainment expenses	1,938,253	1,480,213
Public security & clean-keeping expenses	3,339,145	2,957,475
Travel expenses	675,373	424,412
Other	5,160,376	2,075,336
<b>Total</b>	<b>123,384,629</b>	<b>113,069,869</b>

**7.41 R&D expenses**

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
R&D expenses	2,477,835	1,805,988
Total	2,477,835	1,805,988

**7.42 Financial expenses**

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest expenditure	14,239,535	14,891,310
Minus: Interest income	5,827,243	6,146,409
Plus: Commission charges	1,020,633	2,216,930
Exchange gain or loss	-69,893	975,571
Total	9,363,032	11,937,402

**7.43 Other income**

Unit: Yuan

Source of other income	Amount incurred in this period	Amount incurred in prior period
Supporting fund for industrial development	2,050,000	2,050,000
Reward for investment in fixed assets	1,140,000	1,140,000
Special fund for construction of peninsula blue economic zone	1,000,000	1,000,000
Other – related to assets	2,750,646	3,497,505
Special fund for supporting corporate development	14,283,100	38,279,579
Other – related to income	754,949	4,813,147
Total	21,978,695	50,780,231

**7.44 Investment income**

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Investment income from long-term equity by equity method	-1,621,780	-1,170,685
Investment income from disposal of long-term equity		
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	-1,621,780	-1,170,685

**7.45 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	-6,176,948	-533,145
Total	-6,176,948	-533,145

**7.46 Loss on impairment of assets**

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
1. Loss on bad debts		
2. Inventory falling price loss and loss on impairment of contract execution cost	3,680,018	4,242,813
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	3,680,018	4,242,813

**7.47 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		24,148
Total		24,148

**7.48 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 debt recombination			
Gains on exchange of non-monetary assets			
Grains on donations			
Governmental subsidy			
Gains on breakage and scrap of non-current assets	364		364
Others	2,488,414	6,686,519	2,488,414
Total	2,488,778	6,686,519	2,488,778

**7.49 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 debt recombination			
Loss on exchange of non-monetary assets			
Donation		500,000	
Loss on breakage and scrap of non-current assets	45,482		45,482
Fine, penalty and overdue fine paid due to violation of laws and administrative regulations	152,960	31,123	152,960
Others	371,279	495,351	371,279
<b>Total</b>	<b>569,721</b>	<b>1,026,474</b>	<b>569,721</b>

**7.50 Income tax expenses****7.50.1 List of income tax expenses**

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior
Current income tax expenses	111,247,007	63,239,625
Deferred income tax expenses	25,332,842	50,214,323
<b>Total</b>	<b>136,579,849</b>	<b>113,453,948</b>

**7.50.2 Adjustment process of accounting profit and income tax expenses**

Unit: Yuan

Item	Amount incurred in this period
Total profit	508,894,812
Income tax expenses calculated according to the legal/applicable tax rate	127,223,703
Influence of different tax rates applicable to subsidiary	-1,400,313
Influence of income tax in the term before adjustment	647,740
Influence of nontaxable income	
Influence of non-deductible costs, expenses and losses	1,662,644
Influence of deductible loss from use of unconfirmed deferred income tax assets in prior	-207,119
Influence of deductible temporary difference or deductible loss of unconfirmed deferred	8,653,194
<b>Income tax expense</b>	<b>136,579,849</b>

**7.51 Other comprehensive income**

Refer to Note 7.34 for details.

**7.52 Items of cash flow statement****7.52.1 Other cash received related to operating activities**

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Governmental subsidy income	14,779,461	40,851,851

Item	Amount incurred in this period	Amount incurred in prior period
Interest income	4,075,142	3,923,939
Net amercement income	71,929	269,694
Other	7,335,490	2,722,718
Total	26,262,022	47,768,202

### 7.52.2 Other cash paid related to operating activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Selling expenses	218,063,727	210,590,989
Administrative expenses	41,685,752	37,212,155
Other	6,620,058	4,024,128
Total	266,369,537	251,827,272

### 7.52.3 Other cash received related to financing activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Interest income from pledged time deposits by R&D Company	1,654,861	
Time deposits pledged by R&D Company for long-term loans	20,000,000	
Total	21,654,861	

### 7.52.4 Other cash paid related to financing activities

Unit: Yuan

Item	Amount incurred in this period	Amount incurred in prior period
Cash paid to repay the principal and interest of the lease liability	7,144,318	
Total	7,144,318	

## 7.53 Supplementary information to cash flow statement

### 7.53.1 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	372,314,963	321,070,382
Plus: Provision for impairment of assets	2,496,930	-3,709,668
Depreciation of fixed assets, oil-and-gas assets and productive biological assets	150,175,106	143,934,894
Depreciation of right-of-use assets	7,149,627	
Amortization of intangible assets	10,597,877	11,171,783
Amortization of long-term deferred expenses	10,256,376	7,822,994
Losses on disposal of fixed assets, intangible assets and other long-term assets (profit listed with “-”)		-39,641



Supplementary materials	Amount incurred in this period	Amount incurred in prior period
Losses on retirement of fixed assets (profit listed with “—”)	45,118	157,985
Losses on fair value change (profit listed with “—”)		
Financial costs (profit listed with “—”)	12,767,220	13,316,860
Investment losses (profit listed with “—”)	1,621,780	1,170,685
Decrease in deferred income tax assets (increase listed with “-”)	25,720,341	50,602,610
Increase of deferred income tax liabilities (decrease listed with “—”)	-387,499	-388,287
Decrease in inventories (increase listed with “-”)	28,288,254	-41,362,368
Decrease in operating receivables (increase listed with “-”)	9,205,099	196,861,272
Increase in operating payable (decrease listed with “-”)	-174,316,043	-717,128,253
Other		
Net cash flows from operating activities	455,935,149	-16,518,752
2. Significant investment and financing activities not involving cash deposit and withdrawal:	--	--
Debt transferred into assets		
Convertible corporate bond due within 1 year		
Fixed assets under financing lease		
3. Net changes of cash and cash equivalent:	--	--
Ending balance of cash	1,392,384,794	1,333,387,007
Minus: Beginning balance of cash	1,052,665,105	1,397,399,469
Plus: Ending balance of cash equivalent		
Minus: Beginning balance of cash equivalent		
Net increase amount of cash and cash equivalent	339,719,689	-64,012,462

### 7.53.2 Composition of cash and cash equivalents

Unit: Yuan

Item	Ending balance	Beginning balance
1. Cash	1,392,384,794	1,052,665,105
Including: Cash on hand	32,865	19,637
Bank deposits on demand	1,392,351,929	1,052,645,468
Other monetary capital on demand		
Due from central bank available for payment		
Due from the industry		
Inter-bank lending		
2. Cash equivalents		
Including: Bond investment due within three months		
3. Balance of cash and cash equivalents at the end of period	1,392,384,794	1,052,665,105
Including: Restricted use of parent company or subsidiaries in the group		

### 7.54 Assets with ownership or use right restrictions

Unit: Yuan

Item	Ending book value	Reason for restriction
Monetary capital	47,793,184	L/C deposit, frozen balance of Alipay, housing fund and guaranty money for deposit in unit card
Accounts receivable	44,245,910	Pledge of short-term loans
Fixed assets	323,761,779	Pledge of short-term loans, long-term loans and long-term accounts payable
Intangible assets	204,132,966	Pledge of long-term accounts payable
Total	619,933,839	--

## 7.55 Monetary items of foreign currency

### 7.55.1 Monetary items of foreign currency

Item	Ending balance at foreign currency	Converted exchange rate	Ending balance at RMB equivalent
Monetary capital	--	--	22,907,583
Including: USD	2,782,429	6.4601	17,974,767
EUR	641,776	7.6862	4,932,816
HKD			
Accounts receivable	--	--	42,053,884
Including: USD	4,881,079	6.4601	31,532,258
EUR	854,020	7.6862	6,564,169
CAD	42,789	5.2097	222,918
GBP	417,687	8.9410	3,734,539
Short-term borrowing	--	--	100,874,462
Including: USD	15,615,000	6.4601	100,874,462
EUR			
HKD			

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

## 8. Changes in scope of consolidation

Full name of investing unit	Equity acquisition mode	Foundation date	Nature of business	Registered capital	Actual contribution amount
Tianjin Changyu Yixin Digital Technology Co., Ltd.	Acquired by establishment or investment	January 22, 2021	Sales	RMB 10 Million Yuan	5,100,000
Shanghai Changyu Guoqu Digital Technology Co., Ltd.	Acquired by establishment or investment	March 30, 2021	Sales	RMB 6 Million Yuan	3,060,000
Yantai Christon Catering Co., Ltd.	Acquired by establishment or investment	March 23, 2021	Catering industry	RMB 1 Million Yuan	

## 9. Equity in other entities

### 9.1 Equity in the subsidiaries

#### 9.1.1 Constitution of enterprise group

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Xinjiang Tianzhu Wine Co., Ltd. (“Xinajing Tianzhu”)	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	60%		Acquired from a business combination under non-common control
Etablissements Roulet Fransac (“Roulet 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 Indomita, 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	97.50%		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”) (b)	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, China	Shanghai, China	Sales	100%		Acquired by establishment or

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
("Shanghai Sales")						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") (c)	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 Changyu")	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Sales		100%	Acquired by establishment or investment
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") (d)	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	51%		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
Yantai Changyu Fushan Trading Company ("Fushan 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 Changyu 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 Moser XV Co., Ltd. ("Chateau Ningxia")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	100%		Acquired by establishment or investment
Shaanxi Chateau Changyu Rena Co., Ltd. ("Chateau	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	100%		Acquired by establishment or

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
Chang'an")						investment
Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre") (e)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	85.32%		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 SAS ("Francs Champs")	Cognac, France	Cognac, France	Investment and trading	100%		Acquired by establishment 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
Changyu Cultural Tourism Company	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	100%		Acquired by establishment or investment
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

Name of subsidiary	Principal business location	Registration place	Business nature	Proportion of shareholding		Acquisition mode
				Direct	Indirect	
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") (a)	Tianjin, China	Tianjin, China	Sales	51%		Acquired by establishment or investment
Shanghai Changyu Guoqu Digital Technology Co., Ltd. ("Shanghai Guoqu") (a)	Shanghai, China	Shanghai, China	Sales	51%		Acquired by establishment or investment
Yantai Christon Catering Co., Ltd. ("Christon Catering") (a)	Yantai, Shandong, China	Yantai, Shandong, China	Catering		100%	Acquired by establishment or investment

(a) Companies above were newly established in 2021.

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

(b) 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. The agreement arrangement will be terminated on December 31, 2022.

(c) 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.

(d) Icewine Valley is a Sino-foreign joint venture established by the Group and a foreign investor, whose 51% of the shares are held by the Group. The Group exercises full control over the operation, investment and financing policies of Icewine Valley by contract arrangement. The contract arrangement will expire on December 31, 2021.

(e) The Research, Development & Manufacture Company is a joint venture established by the Group and Agricultural Development Fund, whose 85.32% of the shares were held by the Group on June 30, 2021. 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, 2021, the remaining investment of the Agricultural Development Fund accounted for 14.68% 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
Xinjiang Tianzhu	40%	-638,269			45,479,831
AFIP	8.47%				56,409,393
Icewine Valley	49%				33,319,062
Indomita Wine	15%	364,412	-2,566,658		53,807,100

Explanation for difference between the proportion of shareholding and proportion of voting power of the minority shareholders in the subsidiaries: See details in Note 9.1.1.

### 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
Xinjiang Tianzhu	23,275,992	44,658,909	67,934,901	-175,687	5,336,115	5,160,428	24,223,370	45,465,308	69,688,678	-17,583	5,336,115	5,318,532
AFIP	253,132,832	423,282,099	676,414,931	36,226,455	3,518,784	39,745,239	248,357,550	434,045,076	682,402,626	41,910,462		41,910,462
Icewine Valley	42,114,240	23,277,409	65,391,649	28,328,190		28,328,190	27,638,263	24,246,983	51,885,246	9,967,686		9,967,686
Indomita Wine	205,193,993	316,329,347	521,523,340	145,456,750	9,794,949	155,251,699	231,503,343	291,345,642	522,848,985	132,100,755	9,794,949	141,895,704

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
Xinjiang Tianzhu	18,349	-1,595,672	-1,595,672	-347,811		-3,171,133	-3,171,133	-756,855
AFIP	102,787,989	2,945,093	2,945,093	13,822,216	50,688,043	-2,919,024	-2,919,024	-1,954,062
Icewine Valley	9,007,185	-4,854,101	-4,854,101	2,755,011	7,365,586	-4,410,928	-4,410,928	733,935
Indomita Wine	91,401,584	2,429,411	-14,681,641	13,380,180	78,507,227	3,664,211	-3,634,807	29,108,449



## 9.2 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	40,893,992	42,019,654
Total of the following items calculated according to the shareholding ratio	--	--
-- Net profit	-1,125,662	-1,961,476
-- Other comprehensive income		
-- Total comprehensive income	-1,125,662	-1,961,476
Associates:	--	--
Total book value of investment	6,265,735	6,243,853
Total of the following items calculated according to the shareholding ratio	--	--
-- Net profit	-496,118	-256,147
-- Other comprehensive income		
-- Total comprehensive income	-496,118	-256,147

## 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, 2021, 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, 2021, 17.9% of the Group trade receivables are due from top five customers (December 31, 2020: 20.3%). 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, 2021, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Unit: Yuan

Item	June 30, 2021		December 31, 2020	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	1.5%-2.25%	73,553,062	1.5% - 2.75%	93,553,062
Financial liabilities				
- Short-term loans	0.35%-1.38%	-166,361,680	0.35% - 3.28%	-139,090,715
- Long-term loans (including the portion due within one year)	0.95%-3.28%	-219,759,687	1% - 3.28%	-280,414,858
- Long-term payables (including the portion due within one year)	1.20%	-86,000,000	1.20%	-108,000,000
Total		-398,568,305		-433,952,511

Variable rate instruments:

Unit: Yuan

Item	June 30, 2021		December 31, 2020	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	0.3%-1.75%	1,440,145,113	0.3% - 1.0%	1,100,642,230
Financial liabilities				

Item	June 30, 2021		December 31, 2020	
	Effective interest rate	Amounts	Effective interest rate	Amounts
- Short-term loans	1-year LPR	-550,000,000	1-year LPR	-550,000,000
- Long-term loans (including the portion due within one year)	90% of 5-year LPR	-76,983,600	90% of 5-year LPR	-31,250,000
Total		813,161,513		519,392,230

## (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, 2021, 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 2,351,189 Yuan (2020: RMB 2,179,688 Yuan), and net profit by RMB 2,351,189 Yuan (2020: RMB 2,179,688 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, 2021, 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, 2020		December 31, 2019	
	Balance at foreign currency	Balance at RMB equivalent	Balance at foreign currency	Balance at RMB equivalent
Monetary capital		22,907,583		14,053,435
- USD	2,782,429	17,974,767	1,492,923	9,744,604
- EUR	641,776	4,932,816	536,926	4,308,831
Accounts receivable		42,053,884		
- USD	4,881,079	31,532,258		
- EUR	854,020	6,564,169		
- CAD	42,789	222,918		
- GBP	417,687	3,734,539		
Short-term borrowings		100,874,462		81,524,728
- USD	15,615,000	100,874,462	12,490,000	81,524,728

## (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, 2021 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, 2021		
USD	4,144,985	4,144,985
EUR	-246,641	-246,641
CAD	-11,146	-11,146
GBP	-186,727	-186,727
Total	1,795,650	1,795,650
December 31, 2020		
USD	3,589,006	3,589,006
EUR	-215,442	-215,442
Total	3,373,564	3,373,564

A 5% weakening of the Renminbi against the US dollar and Euro dollar at June 30, 2021 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, 2021.

## 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 2021, 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 9.

### 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
Weimeisi Shanghai	Joint venture of the Group
Chengdu Yufeng	Joint venture 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”)	A company controlled by the same parent 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	35,161,524	35,624,517
Zhongya Medical	Purchasing goods	164,039	574,791
Weimeisi Shanghai	Purchasing goods	90,265	

## 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	1,456,492	1,349,021
God Horse Packing	Selling goods	6,538	1,915
Chengdu Yufeng	Selling goods	1,639,925	

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	746,275
Zhongya Medical	Office building	271,428	

The Group as a lessee:

Unit: Yuan

Name of the lessor	Type of leased assets	Rent recognized in this period	Rent recognized in prior period
Changyu Group	Office building and plant	7,254,692	3,595,583

**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	11,313,578	8,977,248

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	399,844	2,526	714,995	3,175
Accounts receivable	Wei Meisi Shanghai			1,553,316	6,898
Advance payment	God Horse Packing			126,818	
Other receivables	Changyu Group	2,929,000			
Other receivables	Zhongya Medical	285,000		522,936	
Other non-current assets	Changyu Group	158,377,754		170,370,147	

**12.6.2 Accounts payable**

Unit: Yuan

Item	Related parties	Ending book balance	Beginning book balance
Accounts payable	God Horse Packing	18,870,829	33,421,165
Accounts payable	Zhongya Medical	15,684	455,176
Accounts payable	Changyu Group	19,434,600	19,434,600
Accounts payable	Weimeisi Shanghai	101,800	
Liabilities of contracts	Chengdu Yufeng	611,004	
Other accounts payable	God Horse Packing		450,000
Liabilities of lease	Changyu Group	36,360,128	



### 13. Share-based payment

Nil

### 14. Commitment and contingency

#### 14.1 Significant commitment

Unit: Yuan

Item	Ending balance	Beginning balance
Making long-term asset commitments	169,379,500	249,379,500

#### 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

Nil

#### 15.2 Profit distribution

Unit: Yuan

Profits or dividends to be distributed	274,185,600
Allocated profits or dividends approved to declare upon discussion	274,185,600

#### 15.3 Other statement of events after the balance sheet date

According to the decision of the Shareholders' Meeting dated May 27, 2021, based on the issued capital stock of 685,464,000 shares in 2020, the Group allocated RMB 4 Yuan in cash (including tax) for every 10 shares to all shareholders with the total cash dividends of RMB 274,185,600 Yuan. Such cash dividends were distributed on July 13, 2021 and July 15, 2021 respectively.

### 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 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 bad debts is accrued on a combined basis	70,248	100%	443	0.63%	69,805					
Total	70,248	100%	443	0.63%	69,805					

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	70,248	443	0.63%
Total	70,248	443	--

Disclosed by age:

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	70,248
1-2 years	
2-3 years	
Over 3 years	
Total	70,248

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

Unit: Yuan

Type	Beginning balance	Changes in this period			Ending balance
		Accrued	Withdrawn or transferred back	Cancelled	
Accounts receivable for which provision for bad debts is accrued by credit risk features		443			443
Total		443			443

**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 name	Ending balance of accounts receivable	Proportion in total ending balance of accounts receivable	Ending balance of bad debt reserves
Zhongya Medicine and Health Care Wine Company	70,248	100%	443
Total	70,248	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		200,000,000
Other receivables	271,659,240	380,131,798
Total	271,659,240	580,131,798

**17.2.1 Dividends receivable**

Unit: Yuan

Item (or the invested unit)	Ending balance	Beginning balance
Dividends receivable from subsidiaries		200,000,000
Total		200,000,000

**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	270,047,970	379,375,427
Accounts receivable from related parties	1,017,250	522,936
Other	594,020	233,435
Total	271,659,240	380,131,798

**17.2.2.2 Disclosed by age**

Unit: Yuan

Age	Ending balance
Within 1 year (including 1 year)	271,639,240
1-2 years	
2-3 years	
More than 3 years	20,000
Total	271,659,240

**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.

**17.2.2.4 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 combination	Internal incomings and outgoings	229,035,379	Within 1 year	84.30%	
R&D combination	Internal incomings and outgoings	17,933,959	Within 1 year	6.60%	
Wine Sales	Internal incomings and outgoings	9,954,634	Within 1 year	3.70%	
Digital Marketing	Internal incomings and outgoings	6,649,870	Within 1 year	2.40%	
Laizhou Sales	Internal incomings and outgoings	895,993	Within 1 year	0.30%	
Total	--	264,469,835	--	97.3%	

**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
Investment in subsidiaries	7,593,535,027		7,593,535,027	7,593,535,027		7,593,535,027
Investment in associated enterprises and joint ventures	5,766,091		5,766,091	6,243,853		6,243,853
Total	7,599,301,118		7,599,301,118	7,599,778,880		7,599,778,880

**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					30,440,500	
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	

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		
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	
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	
<b>Total</b>	<b>7,593,535,027</b>					<b>7,593,535,027</b>	

### 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	2,743,890			2,193						2,746,083	
Yantai Santai Real Estate Development Co., Ltd.	3,499,963			-479,955						3,020,008	
<b>Total</b>	<b>6,243,853</b>			<b>-477,762</b>						<b>5,766,091</b>	

### 17.4 Operating income and operating cost

Unit: Yuan

Item	Amount incurred in this period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	189,490,544	153,868,830	132,995,774	125,288,367
Other business	16,810,022	15,143,341	19,954,741	17,952,827
Total	206,300,566	169,012,171	152,950,515	143,241,194

#### 17.4.1 Details of operating income

Unit: Yuan

Item	Amount incurred in this period	
	Income	Cost
Main business	189,490,544	153,868,830
Other business	16,810,022	15,143,341
Total	206,300,566	169,012,171
Including: Income from contracts	205,254,433	168,378,524
Income from house rents	1,046,133	633,647

#### 17.4.2 Situation of income from contracts

Unit: Yuan

Contract classification	Amount incurred in this period
Type of merchandise	
- Alcoholic beverage	189,490,544
- Others	15,763,889
Classified by the time of merchandise transfer	
- Revenue recognized at a point in time	205,254,433

#### 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	495,005,832	87,474,604
Income from long-term equity investment by equity method	-477,762	
Investment income from disposal of long-term equity investment		
Investment income of the financial assets measured at their fair values and the variation of which is recorded into the current profits and losses during the holding period		

Item	Amount incurred in this period	Amount incurred in prior 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	494,528,070	87,474,604

## 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		
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)	21,978,695	
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,		



Item	Amount	Remark
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	1,919,057	
Other profits/losses conforming to the definition of non-current profits/losses		
Minus: Influenced amount of income tax	5,737,342	
Influenced amount of minority shareholders' equity	14,633	
Total	18,145,777	--

## 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	3.57%	0.54	0.54
Net profit attributable to common shareholders of the Company deducting non-incident profits/losses	3.40%	0.52	0.52

## 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	371,821,819	318,640,075	10,333,217,946	10,257,200,222
Item & amount adjusted in accordance with the international accounting standard:				
In accordance with the international accounting standard	371,821,819	318,640,075	10,333,217,946	10,257,200,222