



Yantai Changyu Pioneer Wine Co. Ltd.

2014First Quarter Report

2014-Final 02

April 2014

I. Important Notice

The board of directors, the board of supervisors, directors, supervisors & senior managers of the Company collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report and confirm that to the best of their knowledge and belief there are no unfaithful facts, significant omissions or misleading statements.

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

Absent directors	Directors' post	Absent reason	Authorized person
Mr. Augusto Reina	Director	Due to working	Mr. Aldino Marzorati
Mr. Jean Paul Pinard	Director	Due to working	Mr. Sun Liqiang

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

II、 Key financial data and shareholders changing

1. Key financial data

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

Yes No

Item	The report period	The same period of last year	More or less than last year(%)
Business income (CNY)	1,508,515,994.00	1,848,564,099.00	-18.4%
Net profit attributed to the shareholders of the listed company (CNY)	457,522,651.00	570,638,033.00	-19.82%
Net profit attributed to the shareholders of the listed company after deducting the irregular profit and loss (CNY)	454,655,351.00	568,038,508.00	-19.96%
Net cash flows from the operating activities (CNY)	706,507,223.00	523,571,540.00	34.94%
Basic earnings per share (CNY)	0.67	0.83	-19.28%
Diluted earnings per share (CNY)	0.67	0.83	-19.28%
Weighted average for earning rate of the net assets	6.64%	8.99%	-2.35%
	The end of the report period	The end of last year	More or less than last year(%)
Total assets (CNY)	8,527,529,718.00	8,001,532,444.00	6.57%
Net Assets attributed to the shareholders of the listed company (CNY)	6,665,802,356.00	6,208,279,705.00	7.37%

Details of irregular profit and loss

 Yes No

Unit: CNY

Item	From beginning of year to end of report period	Explanation
Gain on disposal of non-current assets, including the reversal of accrued impairment provision	-2,963.00	
Government grants credited in profit and loss (except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper basis of calculation)	3,228,950.00	
Other non-operating income and expenses	184,193.00	
Less: Income tax effect	542,880.00	
Total	2,867,300.00	--

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

 Available Not available

2.The total number of the shareholders and top 10 shareholders with unrestricted shares at the end of the report period

Unit: share

Total number of shareholders		Total 51,856 36695 Shareholders of A shares 15161 Shareholders of B shares				
The top 10 shareholders with unrestricted shares						
Name of Shareholders	Character of shareholders	Percentage (%)	Shares held	Number of restricted shares	Pledged or frozen	
					Share status	Amount
YANTAI CHANGYU GROUP CO. LTD.	Domestic non-state-owned legal person	50.4%	345,473,856	0		0
GAOLING FUND,L.P.	Foreign shareholder	3.53%	24,176,997	0		0
GIC PRIVATE LIMITED	Foreign shareholder	2.88%	19,721,200	0		0
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign shareholder	2.35%	16,106,326	0		0
GSIC A/C MONETARY AUTHORITY OF SINGAPORE	Foreign shareholder	0.91%	6,242,128	0		0
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign shareholder	0.67%	4,585,066	0		0
BBH S/A FIDELITY FUNDS SICAV-HEALTH CARE	Foreign shareholder	0.67%	4,579,982	0		0
VALUEPARTNERSHIGH-DIVIDENDSTOCKS FUNDS	Foreign shareholder	0.62%	4,280,146	0		0
UBS (LUXEMBOURG) S.A.	Foreign shareholder	0.57%	3,908,889	0		0
FIDELITY CHINA SPECIAL SITUATIONS PLC	Foreign shareholder	0.55%	3,779,202	0		0
The top 10 shareholders with unrestricted shares						
Name of Shareholders	Number of unrestricted shares held	Type of share				
		Type of share	Amount			
YANTAI CHANGYU GROUP CO. LTD.	345,473,856	A share	345,473,856			
GAOLING FUND,L.P.	24,176,997	B share	24,176,997			
GIC PRIVATE LIMITED	19,721,200	B share	19,721,200			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	16,106,326	B share	16,106,326			
GSIC A/C MONETARY AUTHORITY OF SINGAPORE	6,242,128	B share	6,242,128			
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,585,066	B share	4,585,066			
BBH S/A FIDELITY FUNDS SICAV-HEALTH CARE	4,579,982	B share	4,579,982			
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUNDS	4,280,146	B share	4,280,146			
UBS (LUXEMBOURG) S.A.	3,908,889	B share	3,908,889			

FIDELITY CHINA SPECIAL SITUATIONS PLC	3,779,202	B share	3,779,202
The explanation for the associated relationship and accordant action of the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the shareholders who involved in financing activities and stock trading business(if any)	No		

Whether or not the Company's shareholders promise to buy back trading during the report period

Yes No

III Major Issue

1. The Great Change and Reasons on Main Accountant Data and Financial Index

Item	At 31st March 2014	At 31st December 2013	Changes %	Reasons for changes
Monetary fund	1,872,746,726	1,367,818,182	36.91%	Mainly due to receiving the cash from distributed products.
Notes receivable	284,073,362	79,702,753	256.42%	Mainly due to the growth of distributed products on bank acceptances from the clients.
Notes payable	7,635,694	5,765,694	32.43%	Mainly due to the growth of payable bank acceptances.
Interest payable	3,209,852	2,152,059	49.15%	Mainly due to the growth of payable on bank loan interest.
Item	The report period amount	Last period amount	Changes %	Reasons for changes
Operating revenue	1,508,515,994	1,848,564,099	-18.40%	Mainly due to decline of sales volume.
Operating cost	469,058,043	517,458,892	-9.35%	Mainly due to decline of sales volume.
Sales expense	298,441,169	431,460,151	-30.83%	Mainly due to reduction of advertising expense and transport cost.
Management expense	58,147,083	67,841,905	-14.29%	Mainly due to decrease of landscaping expense.
Financial expense	-11,647,090	-10,456,523	-11.39%	Mainly due to increase of deposit interests income.
Net profit of parent company's owners	457,522,651	570,638,033	-19.82%	Mainly due to decline of sales income.
Cash paid for goods and services	213,166,230	324,388,078	-34.29%	Mainly due to decline cash payment for purchasing raw materials etc.
Other cash paid related to operating activities	217,033,835	344,504,698	-37.00%	Mainly due to decline of cash payment for sales expenses.
Subtotal for cash outflows of operating activities	430,200,065	668,892,776	-35.68%	Mainly due to decline of cash payment for purchasing commodities and payment for expenses.
Cash paid to acquire fixed assets, intangible assets and other long-term assets	207,206,059	151,585,839	36.69%	Mainly due to increase of cash investment of investment projects.
Fixed deposit with	21,097,760	317,116,506	-93.35%	Mainly due to decrease of fixed

the term of over 3 months				deposit.
Subtotal for cash outflow of investment activities	228,303,819	468,702,345	-51.29%	Mainly due to decrease of fixed deposit and increase of cash paid for investment projects.
Net Increase in cash and cash equivalents	623,140,298	220,190,303	183.00%	Mainly due to receiving cash from distributed products.

2. The commitments of the Company or shareholders of the Company holding more than 5% in the report period or until the report period

Commitments	Commitment party	Commitment content	Commitment time	Commitment period	Implementation
Commitments at share reform	—	—	—	—	—
Commitments made in acquisition report or equity changes report	—	—	—	—	—
Commitments at asset restructuring	—	—	—	—	—
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co. Ltd.	According to "Trademark License Contract", the Company will pay trademark royalty for the "Changyu" products of Yantai Changyu Group Co., Ltd every year, Yantai Changyu Group Co., Ltd will use trademark to advertise Changyu trademarks and the Contract products.	18th May 1997	Forever	In-process performed
Commitments made to the minority shareholders of the Company	Yantai Changyu Group Co. Ltd.	Intra-industry competition	18th May 1997	Forever	Has been performing
	Yes				
Commitments at middle and small shareholders of the	—				

Company	
Commitment under timely implementation or not	Yes
Whether or not to have specific reasons of the unimplemented commitment and next steps(if any)	NO
Commitments	Commitment party
Commitments at share reform	—

3. Forecast on the operating performance from January to June in 2014

Warning and explanation for the estimation on the possible loss of cumulative net profit in the period from the beginning of this year to the end of the next report period or the great change comparing with same period of last year.

Yes No

Yantai Changyu Pioneer Wine Co. Ltd.

Board of Directors

25th April 2014