

# **Yantai Changyu Pioneer Wine Company Limited**

## **2017 the First Quarter Report Text**

### **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.**

**All directors attended the meeting for deliberating this quarter report.**

**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 quarter report.**

## II、 Corporate Information

### 1. Key accounting data and financial indicators

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

Yes  No

Item	The report period	The same period of last year	More or less than last year (%)
Business income (CNY)	1,896,586,469	1,882,230,620	0.76%
Net profit attributed to the shareholders of the listed company (CNY)	516,634,494	542,806,719	-4.82%
Net profit attributed to the shareholders of the listed company after deducting the irregular profit and loss (CNY)	512,684,945	538,762,161	-4.84%
Net cash flows from the operating activities (CNY)	384,358,508	605,256,456	-36.50%
Basic earnings per share (CNY)	0.75	0.79	-5.06%
Diluted earnings per share (CNY)	0.75	0.79	-5.06%
Weighted average for earning rate of the net assets	6.10%	6.93%	-0.83%
	The end of the report period	The end of last year	More or less than last year (%)
Total assets (CNY)	11,857,812,108	11,528,077,971	2.86%
Net Assets attributed to the shareholders of the listed company (CNY)	8,727,017,524	8,209,010,989	6.31%

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	-21,933	
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)	3,725,036	
Other non-operating income and expenses	1,246,917	

Less: Income tax effect	1,000,471	
Total	3,949,549	--

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

Available  Not available

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

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

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

Unit: share

Total number of common shareholders at the end of report period	42,254	Total number of preferred shareholders with recovered voting power at the end of report period	0			
The top 10 common shareholders						
Name of Shareholders	Character of shareholders	Percentage (%)	Shares held	Number of restricted shares	Pledged or frozen	
					Share status	Amount
YANTAI CHANGYU GROUP COMPANY LIMITED	Domestic non-state-owned legal person	50.40%	345,473,856			
CHINA SECURITIES FINANCE CORP	State-owned legal person	2.32%	15,924,155			
GAOLING FUND,L.P.	Foreign legal person	3.11%	21,300,919			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	2.22%	15,241,826			
TIANAN PROPERTY INSURANCE CO., LTD—BAOYING NO.1	Domestic non-state-owned legal person	1.24%	8,519,160			
NORGES BANK	Foreign legal person	0.90%	6,147,993			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.76%	5,208,208			
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	0.69%	4,761,200			
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC	Foreign legal person	0.60%	4,115,481			

OPPORTUNITIES FUND					
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND MASTER FUND	Foreign legal person	0.55%	3,788,487		
The top 10 common shareholders with unrestricted shares					
Name of Shareholders	Number of unrestricted shares held	Type of share			
		Type of share	Amount		
YANTAI CHANGYU GROUP COMPANY LIMITED	345,473,856	A share	345,473,856		
CHINA SECURITIES FINANCE CORP	15,924,155	A share	15,924,155		
GAOLING FUND,L.P.	21,300,919	B share	21,300,919		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	15,241,826	B share	15,241,826		
TIANAN PROPERTY INSURANCE CO., LTD—BAOYING NO.1	8,519,160	A share	8,519,160		
NORGES BANK	6,147,993	B share	6,147,993		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,208,208	B share	5,208,208		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	4,761,200	A share	4,761,200		
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	4,115,481	B share	4,115,481		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND MASTER FUND	3,788,487	B share	3,788,487		
The explanation for the associated relationship and accordant action of the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.				
Explanation for the top 10 common shareholders who involved in financing activities and stock trading business(if any)	No				

Whether or not the Company's top 10 common shareholders and top 10 common shareholders with unrestricted shares promise to buy back trading during the report period

Yes  No

There are no top 10 common shareholders and top 10 common shareholders with unrestricted shares in the Company promise to buy back trading during the report period.

2) The total number of the preferred shareholders and top 10 preferred shareholders at the end of the report period

Available  Not available

### III Major Issue

#### 1. Great changes and reasons on main accountant data and financial index

Available     Not available

Compared the end of the report period with the beginning of the report period: notes receivable increases by 128.57%, mainly due to the growth on bank acceptances; accounts receivable increases by 14%, mainly due to the expansion of Company's direct-selling business and increase of clients' sales amount on credit; advance payment increases by 74.05%, mainly due to the growth of advances payment for raw material procurement; other current assets increases by 46.86%, mainly due to the growth of pending deduction of VAT input tax; inventory decreases by 17.09%, mainly due that the sales of products result in the reduce of inventory and materials; notes payable decreases by 69.15%, mainly due that the notes payable amount is paid during the report period; accounts payable decreases by 36.52%, mainly because accounts payable amount is paid during the report period; other accounts payable increases by 20.87%, mainly due to the growth of marketing expenses such as advertising fee payable.

Compared with the same period of last year: the net amount of other comprehensive income after-tax increases by 85.30%, the net amount of other comprehensive income after-tax attributable to owner of the parent company and other comprehensive income that will be reclassified into profit and loss later increase by 87.16%, mainly due to the growth of foreign currency financial statement converting balance of the Company's subordinate overseas enterprises; net amount of cash flows generated in operating activities decreases by 36.50%, mainly because of decline of received cash from production sales and rendering of service, as well as the growth of cash payment for various taxes; subtotal cash inflow in investment activities decreases by 51.13%, mainly due to the reduction of regaining of the fixed deposit whose duration is more than three-month; cash received from debts decreases by 86.98%, mainly due to the decline of bank loan; subtotal of cash outflow in capital-raising activities reduces by 76.37%, mainly due to the decrease in the cash paid for debt repayment; net amount of cash flow generated in capital-raising activities decreases by 90.95%, mainly due to the decline of bank loan; net increase of cash and cash equivalents reduces by 63.10%, mainly because of declines of received cash from production sales, rendering of service and bank loan.

#### 2. Analysis explanation of the major issue's process, its influence and the solution

Available     Not available

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

available     not available

Commitments	Commitment Party	Commitment Type	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	Solve horizontal competition	Non-horizontal competition	1997.05.18	Permanent	Has been performing
	Yantai Changyu Group Co., Ltd	Clear the purpose of brand royalty	According to "Trademark License Contract", the Company will pay trademark royalty for the "Changyu" products of Yantai Changyu Group Co., Ltd every year, Yantai Changyu Group Co., Ltd will use trademark to advertise Changyu trademarks and the Contract products.	1997.05.18	Permanent	Has been performing
Equity incentive commitments						
Commitments made to the minority shareholders of the Company	-		-		-	-
Commitment under timely implementation or not	Yes					
For commitments that exceed the time limit and are not completed, specific reasons of not completing the implementation and the next step						No

#### **4. Forecast on the operating performance in the period from January to June of 2017**

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.

Available  Not available

#### **5. The situation of security investment**

Available  Not available

There is no security investment during the report period.

#### **6. The situation of derivative investment**

Available  Not available

There is no derivative investment during the report period.

#### **7. The activities registration form of receptions, communication and interview etc. during the report period**

Available  Not available

There are no activities of receptions, communication and interview etc. during the report period.

#### **8. The situation of illegal external guarantee**

Available  Not available

There is no illegal external guarantee during the report period.

#### **9. The situation of non-operating fund occupation of controlling shareholders and related parties**

Available  Not available

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

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

**Board of Directors**

**28<sup>th</sup> April 2017**