

Stock Code: 000869, 200869

Stock Abbreviation: Changyu A, Changyu B

Notice No.: Final 2020-04

Yantai Changyu Pioneer Wine Co., Ltd.

2020 Third Quarter Report Main Body

October 2020

I. Important Notice

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

All directors attended the meeting for deliberating this quarter report.

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

II. Corporate Information

1. Key accounting data and financial indicators

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

Yes No

The reason of makes retroactive adjustments or restates: business combination under the same control

	The end of this report period	The end of last year			More or less than last year (%)			
		Before adjustment		After adjustment	After adjustment			
Total assets (CNY)	13,049,517,856	13,647,932,568		13,767,237,838	-5.21%			
Net assets attributed to the shareholders of the listed company (CNY)	10,198,945,037	10,308,910,198		10,401,071,088	-1.94%			
	This report period	Same period of last year		More or less than last year (%)	From the beginning of the year to the end of this report period	Same period of last year		More or less than last year (%)
		Before adjustment	After adjustment	After adjustment		Before adjustment	After adjustment	After adjustment
Operating income (CNY)	774,191,143	968,100,175	980,743,772	-21.06%	2,192,739,690	3,526,374,960	3,553,926,816	-38.30%
Net profit attributed to the shareholders of the listed company (CNY)	85,120,851	125,557,834	130,147,686	-34.60%	403,760,926	728,961,623	740,898,517	-45.50%
Net profit attributed to the shareholders of the listed company after deducting the extraordinary gains and	73,406,867	119,702,422	119,702,422	-38.68%	340,173,716	672,193,117	672,193,117	-49.39%

losses (CNY)								
Net cash flow from operating activities (CNY)	268,955,826	145,855,707	150,903,125	78.23%	252,437,074	645,331,713	656,726,875	-61.56%
Basic earnings per share (CNY/share)	0.12	0.18	0.19	-36.84%	0.59	1.06	1.08	-45.37%
Diluted earnings per share (CNY/share)	0.12	0.18	0.19	-36.84%	0.59	1.06	1.08	-45.37%
Weighted average for earning rate of the net assets	0.92%	1.31%	1.37%	-0.45%	3.85%	7.38%	7.50%	-3.65%

Details of extraordinary profit and loss

 Available Not available

Unit: CNY

Item	Amount from the beginning of the year to the end of report period	Explanation
Disposal gains and losses for non-current assets, including the reversal of accrued impairment provision	-1,124,290	
Government grants credited in current 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)	65,451,990	
Current net profit and loss of subsidiary arising from business combination under the same control for the current period from the beginning of the period to the date of the merger	12,943,426	
Other non-operating income and expenses in addition to above items	4,701,227	
Less: Income tax effect	17,066,302	
Minority interests effect (after-tax)	1,318,841	
Total	63,587,210	--

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

 Available Not available

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

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

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

Unit: share

Total number of common shareholders at the end of report period	48,873	Total number of preferred shareholders with recovered voting power at the end of report period (if have)	0
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The top 10 common shareholders						
Name of Shareholders	Character of shareholders	Shareholding ratio (%)	Number of holding shares	Number of restricted shares	Pledged or frozen	
					Share status	Number
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state-owned legal person	50.40%	345,473,856	—		—
GAOLING FUND,L.P.	Foreign legal person	3.08%	21,090,219	—		—
CHINA SECURITIES FINANCE CORP	State-owned legal person	2.25%	15,440,794	—		—
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	2.02%	13,822,699	—		—
SHENWAN HONGYUAN SECURITIES(HONG KONG) LIMITED	Foreign legal person	1.20%	8,228,333	—		—
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	Foreign legal person	0.93%	6,350,762	—		—
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.76%	5,215,446	—		—
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	0.69%	4,761,200	—		—
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED-ACCOUNT CLIENT	Foreign legal person	0.68%	4,687,187	—		—
FIDELITY CHINA SPECIAL SITUATIONS PLC	Foreign legal person	0.55%	3,779,202	—		—
The shareholding of top 10 shareholders with unrestricted shares						
Name of Shareholders	Number of unrestricted shares held	Type of share				
		Type of share	Number			
YANTAI CHANGYU GROUP CO., LTD.	345,473,856	A share	345,473,856			
GAOLING FUND,L.P.	21,090,219	B share	21,090,219			
CHINA SECURITIES FINANCE CORP	15,440,794	A share	15,440,794			
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	13,822,699	B share	13,822,699			
SHENWAN HONGYUAN SECURITIES(HONG KONG) LIMITED	8,228,333	B share	8,228,333			
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	6,350,762	B share	6,350,762			

GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,215,446	B share	5,215,446
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	4,761,200	A share	4,761,200
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED-ACCOUNT CLIENT	4,687,187	B share	4,687,187
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	Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.		
Explanation for the top 10 shareholders who involved in financing activities and stock trading business(if any)	No		

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

Yes No

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

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

Available Not available

III. Major Issue

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

Available Not available

Unit: CNY

Item	Ending balance	Initial balance	Increase rate	Reason for change
Accounts receivable	163,837,210	265,693,603	-38.34%	Mainly due to decrease in trade receivables
Account prepaid	22,130,403	67,840,190	-67.38%	Mainly due to decrease in advance payment for raw materials
Other receivables	65,496,611	24,380,907	168.64%	Mainly due to receivables from disposal of fixed assets
Interest receivable	634,668	148,927	326.16%	Mainly due to increase in interest receivable of fixed deposit
Advance receipts		131,429,639	-100.00%	Mainly due to being included in contract liability in accordance with new <i>Revenue Standards</i> in 2020
Long-term borrowing	203,994,136	128,892,501	58.27%	Mainly due to increase in long-term borrowing from the bank
Item	Amount in current period	Amount in last period	Increase rate	Reason for change
Operating income	2,192,739,690	3,553,926,816	-38.30%	Mainly due to decrease in product sales volume affected by COVID-19
Selling expenses	421,620,422	932,125,012	-54.77%	Mainly due to reduce in marketing activities affected by COVID-19
Loss of credit impairment (loss is listed with "-")	3,125,029	-2,183,171	Not applicable	Mainly due to the turn back of provision for bad debts
Loss for impairment of assets	5,083,785.00	1,691,320	200.58%	Mainly due to the turn back of preparation for assets

(loss is listed with "-")				impairment
Net profits attributed to the owner of parent company	403,760,926	740,898,517	-45.50%	Mainly due to decrease in sales revenue affected by COVID-19
Cash received from sales of goods and rendering of services	2,310,331,855	3,404,022,629	-32.13%	Mainly due to decrease in sales revenue affected by COVID-19
Sub-total of cash inflows of operating activities	2,413,325,169	3,519,431,675	-31.43%	Mainly due to decrease in sales revenue affected by COVID-19
Net cash flow from operating activities	252,437,074	656,726,875	-61.56%	Mainly due to decrease in sales revenue affected by COVID-19
Sub-total of cash inflows of investment activities	82,752,204	175,995,217	-52.98%	Mainly due to decrease in cash received from return of fixed deposit
Cash paid to acquire fixed assets, intangible asset and other long-term assets	100,318,579	201,434,544	-50.20%	Mainly due to decrease in cash invested in new project and continued project
Cash paid to acquire fixed deposit	58,200,000	113,718,193	-48.82%	Mainly due to decrease in fixed deposit

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

Available Not available

Implementation progress of share repurchases

Available Not available

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

Available Not available

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

Available Not available

Commitments	Commitment Party	Commitment Type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at 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 fulfilling the commitment
	Yantai Changyu Group Co., Ltd.	Define the use of trademark use fee	According to <i>Trademark License Contract</i> , the annual trademark use fee of trademarks including “张裕” (Changyu) paid by the Company to Yantai Changyu Group Co., Ltd. should be mainly used by Yantai Changyu Group Co., Ltd. to publicize trademarks including “张裕” (Changyu) and contractual products.	1997.05.18	1997.05.18 to 2019.04.04	According to <i>Trademark License Contract</i> , the annual trademark use fee charged by Yantai Changyu Group Co., Ltd. should be mainly used to publicize trademarks including “张裕” (Changyu) and contractual products. Except the period from 2013 to 2017 when Yantai Changyu Group Co., Ltd. Didn't

						strictly fulfill the commitment, Yantai Changyu Group Co., Ltd. has been fulfilling the commitment.
Equity incentive commitments						
Commitments made to the minority shareholders of the Company	Yantai Changyu Group Co., Ltd.	Compensating unfulfilled commitment	The CNY231,768,615 that was not used for publicity of trademarks and contract products as promised will be offset by the four-year trademark use fee from 2019 to 2022. If insufficient, the shortfall would be filled in one time in 2023. If there is any excess, the excess portion of the trademark use fee would be collected from the year with excess occurrence.	2019.04.04	2019.04.04 to 2023.12.31	Has been fulfilling the commitment
Commitment under timely implementation or not	No					
For commitments that exceed the time limit and are not completed, specific reasons of not completing the implementation and the next step	According to <i>Trademark License Contract</i> (hereafter referred to as “this Contract”), Changyu Group promised that the annual trademark use fee paid by the Company to Changyu Group would be mainly used by Changyu Group to publicize these trademarks and contractual products. However, the above-mentioned “mainly” is not a specific number. During the implementation process, due to inconsistent understanding, it is easy to cause divergence and leads to problems.					

From 2013 to 2017, Changyu Group collected a total of CNY420,883,902 trademark use fee, of which 51% was used to publicize trademarks including Changyu and contract products with amount of CNY214,650,790. The amount has been used to publicize trademarks including Changyu and contract products is CNY50,025,181, with a balance of CNY164,625,609.

In 2018 and 2019, the trademark use fee collected of 2017 and 2018 is CNY155,623,907, of which 51% is used to publicize trademarks including Changyu and contract products with amount of CNY79,368,193. The amount has been used to publicize trademarks including Changyu and contract products is CNY12,225,187, with a balance of CNY67,143,006.

Since 2013, the accumulated balance of Changyu Group using to publicize trademarks including Changyu and contract products is CNY231,768,615.

If Changyu Group is not able to implement the above-mentioned commitment owing to various reasons, the Company will timely supervise and urge Changyu Group to fulfill its commitment and request Changyu Group to raise funds through bank loaning, assets sales and equity sales etc. in order to implement the commitment.

For detailed information, please refer to *Announcement of Commitment Issues of Yantai Changyu Group Co., Ltd.* disclosed on April 4th, 2019.

4. Financial assets investment

1) The situation of security investment

Available Not available

There is no security investment during the report period.

2) The situation of derivative investment

Available Not available

There is no derivative investment during the report period.

5. Progress of fund-raising investment project

Available Not available

6. Prediction for 2020 annual business performance

Warning and cause explanation for the prediction that the cumulative net profit from the beginning of the year to the end of the next report period might be a loss or might occur a significant change compared with the same period of last year

Available Not available

7. Major contracts during daily operations

Available Not available

8. Entrusted financial management

Available Not available

There is no entrusted financial management during the report period.

9. The situation of illegal external guarantee

Available Not available

There is no illegal external guarantee during the report period.

10. 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.

11. The activity registration form of receptions, communication and interview etc. during the report period

Available Not available

There is no reception, communication or interview etc. during the report period.

Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
October 24th, 2020