

Stock Code: 000869, 200869

Stock Abbreviation: Changyu A, Changyu B

Announcement No.: 2021-Final 01

Yantai Changyu Pioneer Wine Co., Ltd.**2020 Annual Report Abstract****1. Important Notice**

This Annual Report Abstract comes from the whole contents of annual report. If investors desire to comprehensively understand the Company's operating results, financial situation and future development plan, please read the Annual Report on the media specified by the China Securities Regulatory Commission.

All directors have personally attended the meeting for deliberating the annual report.

Non-standard audit opinion notice

Available Not available

The preliminary scheme of the report period's ordinary share profit distribution or increasing equity with reserve deliberated by the board of the directors

Available Not available

Whether to increase equity with reserve

Yes No

The Company's preliminary scheme of profit distribution deliberated and passed by the board of directors this time is shown as following: Based on the Company's total 685,464,000 shares, we plan to pay CNY4 (including tax) in cash as dividends for every 10 shares to all shareholders and send 0 bonus share (including tax). Capital reserve will not be transferred to equity.

The draft plan of preferred share profit distribution during the report period deliberated and passed by the board of directors

Available Not available

2. Basic information of the Company**(1) Brief introduction of the Company**

Abbreviation of Shares:	Changyu A, Changyu B	Code number of the Shares	000869, 200869
Place of listing of Shares	Shenzhen Stock Exchange		

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

(2) Main businesses during the report period or brief introduction of products

During the report period, the Company's main businesses are production and operation of wine and brandy, thus providing domestic and foreign consumers with healthy and fashionable alcoholic drinks. Compared with earlier stage, there are no significant changes happened to the Company's main businesses.

The wine industry that the Company involved in is still in growth stage. Although being affected by many factors for the short-term, the competition in the market is fierce and the wine consumption temporarily declines. However, seen from the long term, the whole domestic wine market is on the rising trend. The Company is at the forefront in the domestic wine market.

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

(3) Key accounting data and financial indicators

① Key accounting data and financial indicators in recent three years

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

Yes No

Reason for retrospectively adjusting or restating the accounting data

Amalgamation of enterprise under the same control

Unit: CNY

	2020	2019		More or less than Last year (%) After adjustment	2018	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating revenue	3,395,402,001	5,031,011,489	5,074,025,899	-33.08%	5,142,244,740	5,142,244,740
Net profit attributed to	470,860,587	1,129,735,749	1,141,367,296	-58.75%	1,042,632,929	1,042,632,929

shareholders of the listed company						
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses	397,655,187	892,075,931	892,496,644	-55.44%	965,426,238	965,426,238
Net cash flows from operating activities	505,146,673	837,838,024	848,852,360	-40.49%	975,978,746	975,978,746
Basic earnings per share	0.69	1.65	1.67	-58.68%	1.52	1.52
Diluted earnings per share	0.69	1.65	1.67	-58.68%	1.52	1.52
Weighted average for earning rate of net assets	4.57%	11.30%	11.40%	-6.83%	11.23%	11.23%
	December 31 st , 2020	December 31 st , 2019		More or less than Last year (%)	December 31 st , 2018	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets	13,102,481,541	13,647,932,568	13,764,855,252	-4.81%	13,117,729,052	13,117,729,052
Net Assets attributed to shareholders of the listed company	10,267,832,644	10,308,910,198	10,402,248,821	-1.29%	9,606,099,365	9,606,099,365

②Key accounting data by quarter

Unit: CNY

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Operating revenue	805,715,048	612,833,499	774,191,143	1,202,662,311
Net profit attributed to shareholders of the listed company	234,499,910	84,140,165	85,120,851	67,099,661
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses	225,980,141	40,786,708	73,406,867	57,481,471
Net cash flows from operating activities	-118,493,699	101,974,947	268,955,826	252,709,599

Whether there are significant differences between above-mentioned financial indicators or their sum and the related financial indicators in the quarterly report and semi-annual report disclosed by the Company.

Yes No

(4) Capital stock and shareholders' situation**① Number of ordinary shareholder and preferred shareholder recovering voting power, and situation of shares held by top ten shareholders**

Unit: share

Total shareholders in the report period	49,043	Total number of shareholders by the end of last month before the disclosure day of the annual report	53,529	Total number of preferred shareholder recovering voting power by the end of report period	0	Total number of preferred shareholder recovering voting power by the end of last month before the disclosure day of the annual report	0
Shareholders holding more than 5% or the top 10 shareholders holding situation							
Name of Shareholders	Character of shareholders	Percentage (%)	Amount of holding shares	Number of restricted shares	Pledged or frozen		
					Share status	Amount	
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state legal person	50.40%	345,473,856	0	-	-	
GAOLING FUND, L.P.	Foreign legal person	3.08%	21,090,219	0	-	-	
CHINA SECURITIES FINANCE CORP	State legal person	2.08%	14,275,705	0	-	-	
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	1.77%	12,160,726	0	-	-	
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	1.20%	8,231,733	0	-	-	
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	Foreign legal person	0.93%	6,350,762	0	-	-	
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	0.80%	5,481,945	0	-	-	
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.69%	4,741,787	0	-	-	
CENTRAL HUIJIN ASSET MANAGEMENT LIMITED	State legal person	0.69%	4,761,200	0	-	-	
VANGUARD EMERGING MARKETS STOCK	Foreign legal person	0.56%	3,808,449	0	-	-	

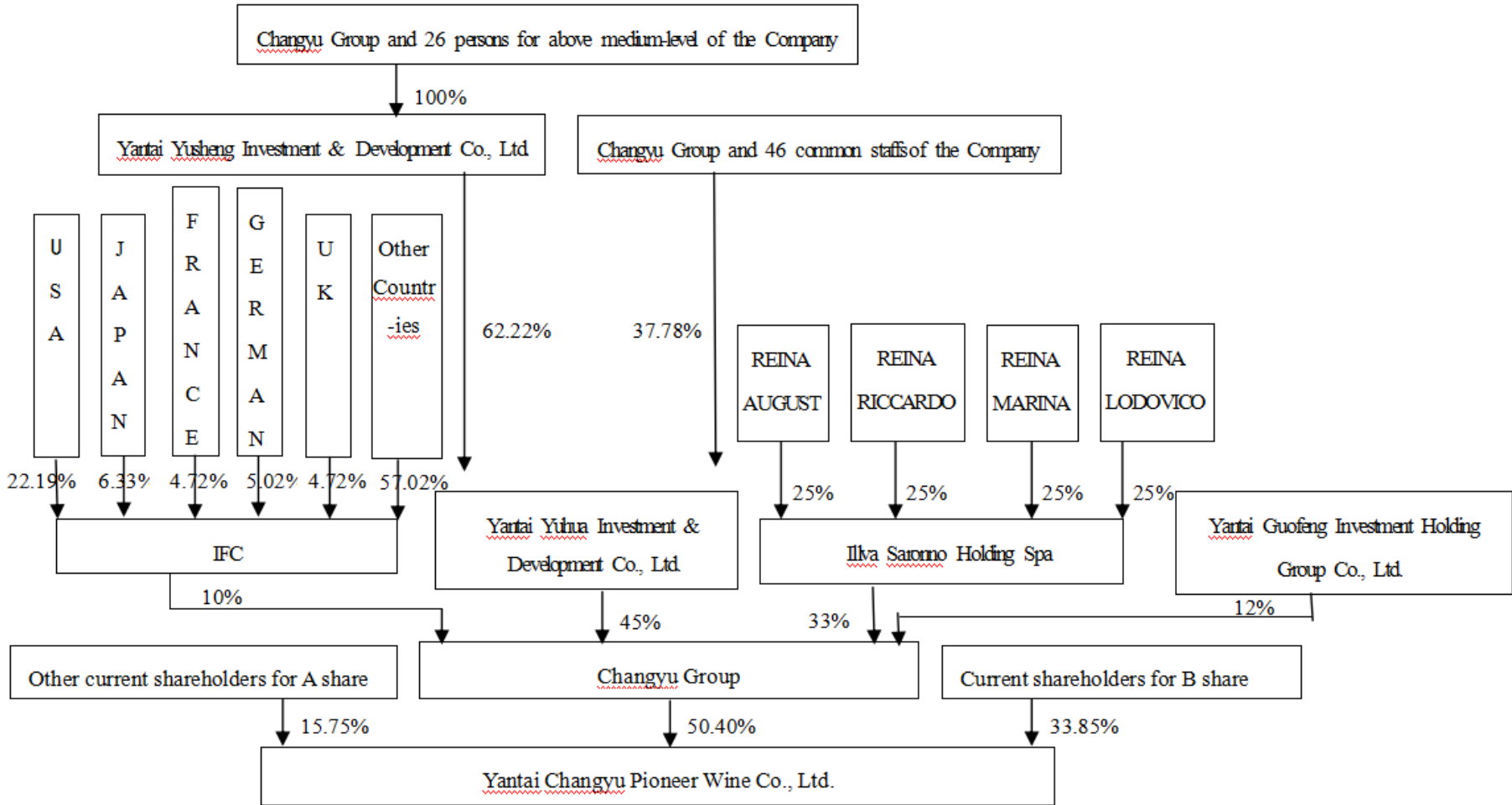
INDEX FUND						
The explanation for the associated relationship and accordant action		Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, while the relationship among the other shareholders is unknown.				
Explanation for the top 10 shareholders who involved in financing activities and stock trading business (if have)		The top 10 shareholders do not involve in financing activities and stock trade business.				

② Number of preferred shareholder and situation of preferred shares held by top ten preferred shareholders

Available Not available

There are no shares held by preferred shareholders during the report period.

③ Introduction for property right and control relations between the Company and its actual controllers



(5) Company Bonds

Whether or not the Company has the corporation bonds issued in public, listed in the stock exchange, not due on the annual report's authorized issue date or failed to pay in full on the due date.

No.

3. Management Discussion and Analysis

(1) Brief introduction of operation situation during the report period

In 2020, influenced by many factors, such as the slowdown of domestic economic growth and the COVID-19 epidemic, the competition in domestic wine market was very strong. The sales volumes of both imported wine and domestic wine continued the decreasing trend. Most wine production enterprises got into trouble and the Profitability had a significant decrease. The domestic wine industry was generally on the verge of loss. Facing quite a lot of external disadvantages, the Company persisted in taking the market as the center, adhered to the development strategy of "Focus on middle-and-high level, Focus on high quality, Focus on big product" and the marketing philosophy of "obtaining growth from the terminal and nurturing consumers", and made the most of advantages including long history, strong capital strength, high brand awareness, widespread marketing network and abundant products and on to strive to promote product sales, bearing the severe market test, maintaining the industry leadership, further widening the gap with major domestic competitors and realizing operating revenue of CNY3,395.4million with a year-on-year decrease of 33.08% and net profit of CNY470.86million belonging to the parent company's shareholders with a year-on-year decrease of 58.75%.

① Production and inventory

Sector	Project	Unit	2020	2019	Year-on-year increase or decrease (%)
Alcohol and alcoholic beverage industry	Sales volume	Ton	93,501	127,129	-26.45%
	Yield	Ton	93,990	129,104	-27.20%
	Inventory	Ton	24,925	21,007	18.65%

② Composition of operating revenue

Unit: CNY

	2020		2019		Year-on-year increase or decrease (%)
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	3,395,402,001	100%	5,074,025,899	100%	-33.08%
Sector-classified					
Sector of liquor and	3,395,402,001	100%	5,074,025,899	100%	-33.08%

alcoholic beverage					
Product-classified					
Wine	2,424,359,348	71.40%	3,855,645,607	75.99%	-37.12%
Brandy	877,428,035	25.84%	1,073,184,805	21.15%	-18.24%
Tourism	69,589,233	2.05%	109,037,225	2.15%	-36.18%
Others	24,025,385	0.71%	36,158,262	0.71%	-33.55%

③ Composition of operating costs

Classification of sector and product

Unit: CNY

Sector	Project	2020		2019		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Liquor and alcoholic beverage	Blending liquor	731,348,214	49.42%	933,730,318	50.75%	-1.33%
	Packing material	457,572,889	30.92%	626,670,556	34.06%	-3.14%
	Wages	56,969,384	3.85%	65,607,418	3.57%	0.28%
	Manufacturing expenses	234,032,840	15.81%	213,977,095	11.62%	4.19%

Unit: CNY

Sector	Project	2020		2019		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	540,591,702	49.07%	703,625,279	50.77%	-1.70%
	Packing material	326,909,741	29.67%	459,299,602	33.14%	-3.47%
	Wages	48,585,743	4.41%	56,725,667	4.09%	0.32%
	Manufacturing expenses	185,657,867	16.85%	166,276,568	12.00%	4.85%
Brandy	Blending liquor	190,756,512	52.20%	230,056,797	52.66%	-0.46%
	Packing material	130,663,148	35.76%	167,488,596	38.34%	-2.58%
	Wages	8,383,641	2.29%	8,881,752	2.03%	0.26%
	Manufacturing cost	35,597,765	9.75%	30,467,170	6.97%	2.78%

④ Review and summary of the process of the Company's early-disclosed development strategy and business plan during the report period

During the report period, the domestic wine industry was hit hard, the wine consumption market was small and disorderly, offline channel suffered serious setbacks, and online channel was not optimistic. The Company realized the operating revenue of CNY3,395.4million with an decrease of 33.08% compared with last year, lower than the target fixed at the beginning of the year of realizing operating revenue no less than CNY3.7billion, and realized the net profit of CNY470.86million belonging to the parent company's shareholders with an decrease of 58.75% compared with last year. The main works during the report period were shown as followed:

Firstly, the Company coordinated epidemic prevention work and operation work. After the outbreak of COVID-19 epidemic in China, the Company took the prevention and control of the epidemic as a very important task, quickly established a team for epidemic prevention and control, linked up and down and organized multiple meetings to improve and implement the prevention and control work plan. After the domestic epidemic got relieved, in accordance with the requirements of relevant government departments, the Company actively organized the production resumption, insisted the normalized epidemic management work, successfully achieved "zero infection" and "zero accidents" and better balanced epidemic prevention and control work and operation work.

Secondly, the Company actively adjusted market strategies. The Company vigorously consolidated the sales system divided based on different alcoholic products varieties and continued promoting the system construction for domestic wine, brandy and imported wine. For domestic wine, at the beginning of the year, the Company actively coped the challenge of the epidemic, successively launched many activities, including carrying out non-contact distribution, recruiting community partners, holding "Cloud Drinking" tasting activity and encouraging all employees to conduct short video marketing activity and so on. The Company especially adopted a quota system to Noble Dragon in order to further regulate the market. For Brandy, the Company fully implemented the "Three Focuses" strategy, steadily improving the product structure and further increasing the proportion of mid-to-high-end products, focused on the marketing and promotion work, such as tasting activities and chateau experience etc, and constantly improved the format of tasting activities. For imported wine, the Company adhered to the positioning of Yantai Changyu Pioneer International Wine Co., Ltd. as a "brand operating company", which further increased the proportion of overseas acquired brands. Besides these, the Company improved the brand manager system to further clarify the rights and responsibilities of brand managers, improved the assessment method to sales personnel to strive to eliminate system defects and increase the enthusiasm of sales personnel, promoted the integration of regional logistics transshipment centers and reformed the distribution system to improve distribution efficiency and reduce logistics costs. The Company also accelerated the pace of digital transformation, completed the code for each bottle of new product, launched "Changyu Member Applet", "Changyu Smart Retail Mall" and blockchain digital certification and so on, intensified online sales and strengthened cooperation with big online enterprises to achieve a new breakthrough in online sales.

Thirdly, The Company insisted improving product quality. The Company further intensified the brand winemaker system, strengthened the responsibility of brand winemakers for internal quality of corresponding brand products, and enhanced product competitiveness. Great progress was made in the development of new products. Xinjiang Chateau passed the organic chateau certification. Ningxia Chateau, Beijing Chateau, Xinjiang Chateau and Yantai Chateau completed product

upgrades. J.LORMIN and Vermouth launched new products. Regionally customized products of Castel, Noble Dragon, low-end wines and brandy and so on were launched. The quality of the Company's domestic chateau wines were recognized by international authorities. This year, it won 99 medals in influential international competitions, including 5 grand gold medals and 35 gold medals. The new red and white Vermouth won the gold medal in 2020 ISGC. Noble Dragon won the champion in the "The World's Best Selling Wine Brands Blind Tasting". Golden Ice Valley icewine scored 93 points in the "Blind Tasting The World's Best Icewines". AFIP chateau wine ranked Top 3 in Blind-tasting The Stars of The Wine World. Moser chateau wine got 93 scores in www.erobertparker.com. In addition, overseas acquired chateau products also received many awards. For example, Kilikanoon wine won 13 gold medals in Mundus Vini, was awarded the "Australian Winery of the Year" seven times, and was awarded the "Australian Best Producer" for the fourth consecutive year; IWCC obtained China's organic certification and achieved the "Grand Slam" of organic certification in six major countries containing United States, European Union, Japan, Switzerland, UK and China, whose customized wine was selected as the celebration gift at the Celebrations on the 50th anniversary of the establishment of diplomatic ties between China and Chile held on December 11th.

Fourthly, the Company strengthened financial management and audit supervision. The Company made full use of the centralized capital management and control mechanism, which improved the efficiency of capital use and reduced capital occupation and financing costs. Utilizing the favorable factors of exchange rate changes, relevant departments collaborated as a whole and reasonably grasp the timing of import and foreign exchange purchasing, which saved the expenditure of foreign exchange purchasing. The Company also strengthened the audit in the authenticity of financial revenues and expenditures, and conducted a comprehensive audit in the profit authenticity of main operating subsidiaries, in the economic responsibilities of outgoing middle-and-high-level personnel and in the major technological transformation projects.

(2) Whether there are significant changes in the main business during the reporting period

Yes No

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

Available Not available

Unit: CNY

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease (%) of operating revenue	Year-on-year increase or decrease (%) of operating cost	Year-on-year increase or decrease (%) of gross profit rate
Sector-classified						
Sector of liquor and alcoholic beverage	3,395,402,001	1,503,877,407	55.71%	-33.08%	-19.91%	-7.29%

Product-classified						
Wine	2,424,359,348	1,101,745,053	54.56%	-37.12%	-20.50%	-9.50%
Brandy	877,428,035	365,401,066	58.36%	-18.24%	-16.36%	-0.93%
Tourism	69,589,233	23,954,081	65.58%	-36.18%	-36.42%	0.13%
Others	24,025,385	12,777,207	46.82%	-33.55%	-25.56%	-5.71%
Area-classified						
Domestic	2,889,121,152	1,223,020,007	57.67%	-36.16%	-19.20%	-8.88%
Abroad	506,280,849	280,857,400	44.53%	-7.71%	-22.84%	10.87%

(4) Whether there is seasonality or periodicity operating features required special attention

Yes No

(5) Explanation for significant changes in operation revenue, operating cost, total net profit or constitution attributable to the ordinary shareholders of the listed company compared with last report period

Available Not available

Compared with 2019, the operating income, operating costs and net profit attributable to shareholders of listed company decreased by 33.08%, 19.91% and 58.75% respectively, mainly due to the decline in sales affected by the epidemic.

(6) Condition of facing delisting situation

Available Not available

(7) Items related to financial report**① Compared with the last year's financial report, explanation for the changes of accounting policy, accounting estimation and accounting method**

Available Not available

On July 5th, 2017, the Ministry of Finance issued the Notice on Amendment and Issuance of Accounting Standard for Business Enterprises No.14-Revenue (Caikuai [2017] No.22), which required enterprises simultaneously listing both in domestic and overseas and enterprises that listed at abroad and adopted International Financial Reporting Standards or Enterprise Accounting Standards to prepare financial statements shall implement this new accounting policy from January 1st, 2018; other enterprises listing in domestic shall implement this new accounting policy from January 1st, 2020; non-listed enterprises implementing enterprise accounting standards shall implement this new accounting policy from January 1st, 2021. Due to the revision of above accounting standards, the company needs to adjust the relevant accounting policies originally adopted accordingly.

According to above-mentioned regulation of relevant standards and notice of Ministry of Finance, this company will implement the new revenue standard from January 1st, 2020.

This change of accounting policy is carried out by the Company in accordance with the relevant regulations and requirements issued by the Ministry of Finance. The accounting policy after change could objectively and fairly reflect the Company's financial situation and operating results, in compliance with relevant laws and regulations and the Company's actual situation. This change of accounting policy will not have a significant impact on the Company's financial status, operating results and cash flow, nor will there be any damage to the Company and shareholders' interests.

②The situation explanation for the correction of major accounting errors which need to be retrospect and restated during the report period

Available Not available

There is no situation for the correction of major accounting errors which need to be retrospect and restated.

③Compared with the last year's financial report, explanation for the changes of the consolidated statements scope

Available Not available

For detailed information about the changes in the scope of consolidated financial statements in this year, please refer to Note 6: "Change in consolidation scope" in *2020 Annual Report* of this Company.

**Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
April 28th, 2021**