

Yantai Changyu Pioneer Wine Co., Ltd.

2021 First Quarter Report Main Body

I. Important Notice

The Company's board of directors, board of supervisors, directors, supervisors and senior executives guarantee the truthfulness, accuracy and completeness of contents contained in this quarter report as well as no unfaithful facts, misleading statements or significant omissions and undertake individual and collective legal liabilities.

All directors attended the board 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 Ms. Guo Cuimei (person in charge of accounting institution and person in charge of accounting) declare to assure the truthfulness, accuracy and completeness of the financial statement in this quarter report.

II、Corporate Information

1. Key accounting data and financial indicators

Whether the Company needs to make retroactive adjustments or restate the accounting data of previous fiscal years.

Yes No

	This report period	The same period of last year	More or less than the same period of last year (%)
Operating revenue (CNY)	1,134,006,251	805,715,048	40.75%
Net profit attributed to the shareholders of the listed company (CNY)	286,745,340	234,499,910	22.28%
Net profit attributed to the shareholders of the listed company after deducting the irregular profit and loss (CNY)	280,760,222	225,980,141	24.24%
Net cash flows from the operating activities (CNY)	314,895,523	-118,493,699	not available
Basic earnings per share (CNY)	0.42	0.34	23.53%
Diluted earnings per share (CNY)	0.42	0.34	23.53%
Weighted average for earning rate of the net assets	2.75%	2.23%	0.52%
	The end of this report period	The end of last year	More or less than the end of last year (%)
Total assets (CNY)	13,456,572,813	13,102,481,541	2.70%
Net Assets attributed to the shareholders of the listed company (CNY)	10,539,609,394	10,267,832,644	2.65%

Details of non-recurring gains and losses

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)	-6,232	

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)	6,454,025	
Other non-operating income and expenses	1,395,626	
Less: Income tax effect	1,839,989	
Minority interests effect (after-tax)	18,312	
Total	5,985,118	--

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

Available Not available

There is no situation that non-recurring profit and loss is defined and specified as recurrent profit and loss in accordance with the *Explanatory Announcement on Public Company's Information Disclosure No.1 - Non-recurring Profit and Loss* during the report period.

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	53,529	Total number of preferred shareholders with recovered voting power at the end of report period (if have)	0			
Shareholding of top 10 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	0	—	—
GAOLING FUND, L.P.	Foreign legal person	3.08%	21,090,219	0	—	—
CHINA SECURITIES FINANCE CORP	State-owned legal person	1.75%	11,966,365	0	—	—
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	1.61%	11,015,226	0	—	—
SHENWAN HONGYUAN SECURITIES (HONGKONG) LIMITED	Foreign legal person	1.06%	7,284,152	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	0.78%	5,335,545	0	—	—
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.70%	4,789,387	0	—	—
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	0.69%	4,761,200	0	—	—
China Merchants Securities (HK) Co., Ltd.	Foreign legal person	0.63%	4,284,707	0	—	—
Shareholding of top 10 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
GAOLING FUND, L.P.	21,090,219	B share	21,090,219
CHINA SECURITIES FINANCE CORP	11,966,365	A share	11,966,365
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	11,015,226	B share	11,015,226
SHENWAN HONGYUAN SECURITIES(HONGKONG) LIMITED	7,284,152	B share	7,284,152
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	6,350,762	B share	6,350,762
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,335,545	B share	5,335,545
Haitong International Securities Company Limited-Account Client	4,789,387	B share	4,789,387
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	4,761,200	A share	4,761,200
China Merchants Securities (HK) Co., Ltd.	4,284,707	B share	4,284,707
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 table of the total number of the preferred shareholders and the shareholding status of the top 10 preferred shareholders

Available Not available

III 、 Major Issue

1. Situation and reason of change in major financial data and financial index during the report period

Available Not available

Compared with the beginning of the report period, at the end of the report period, in the consolidated balance sheet, monetary fund increased by 19.58%, mainly due to the receipt of monetary funds for sales of products during the report period; receivables financing increased by 21.55%, mainly due to the receipt of notes receivables from sales of products during the report period; accounts prepaid decreased by 66.89%, mainly due to the completion of procedure and settlement for the amount prepaid for raw materials at the beginning of the report period; non-current liabilities due within one year decreased by 33.67%, mainly due to the repayment of due long-term bank loan during the report period.

Compared with the same period of last year, in the consolidated profit statement during the report period: operating income increased by 40.75%, operating costs increased by 51.55%, taxes and surcharges increased by 45.50%, net profit increased by 21.70%, mainly due to the increase in product sales during the report period; selling expenses increased by 79.84%, mainly due to the Company's increased marketing investment; financial expenses increased by 58.18%, mainly due to the implementation of the new lease standards in 2021 that the amortization of financing expenses was included in financial expenses.

Compared with the same period of last year, in the consolidated cash flow statement during the report period: cash received from sales of goods and rendering of services increased by 44.02%, mainly due to the increase in monetary funds received from sales of products during the report period; other cash paid related to operating activities increased by 49.85%, mainly due to the increase in cash paid for marketing investment; cash received from acquiring loans decreased by 97.29%, mainly due to a decrease in obtained bank loan; cash paid to repay debt decreased by 80.79%, mainly due to the decrease in the cash used for the repayment of bank loan; the cash and cash equivalents increased significantly (from negative to positive), mainly due to the increase in cash received from sales of products during the report period.

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

Available Not available

Implementation progress of share repurchase

Available Not available

Implementation progress of reducing or repurchasing shares by the way of centralized 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 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 Trademark License Contract, 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	1997.05.18	1997.05.18 to 2019.04.04	According to Trademark License Contract, 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

			裕” (Changyu) and contractual products.			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 unredeemed 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	<p>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.</p> <p>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</p>					

CNY67,143,006. From 2013 to 2018, the accumulated balance of Changyu Group using to publicize trademarks including Changyu and contract products is CNY231,768,615. The above balance 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.

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. Investment in financial assets

1) Situation of security investment

Available Not available

There is no security investment during the report period.

2) Situation of derivative investment

Available Not available

There is no derivative investment during the report period.

5. Progress of investment projects with raised funds

Available Not available

6. Forecast of business performance from January to June of 2021

A warning and reason explanation for predicting that the cumulative net profit from the beginning of the year to the end of the next report period may be a loss or there will be a significant change compared with the same period of previous year

Available Not available

7. Major contracts during daily operations

Available Not available

8. Entrusted Investment

Available Not available

There is no entrusted investment during the report period.

9. Situation of illegal external guarantee

Available Not available

There is no illegal external guarantee during the report period.

10. 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 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.

Yantai Changyu Pioneer Wine Co., Ltd.
Board of Directors
April 29th, 2021