

Yantai Changyu Pioneer Wine Co., Ltd.

2024 Annual Report

Final 2025-01



April 18, 2025

Contents

I、 Important Notice, Contents and Definition.....	3
II、 Brief Introduction for the Company and Main Financial Indicators	6
III、 Management Discussion and Analysis	11
IV、 Corporate Governance	35
V、 Environmental and Social Responsibility	63
VI、 Major issues	66
VII、 Changes in Shares and Shareholders' Situation	75
VIII、 Related Situation of Preferred Shares	85
IX、 Related Situation of Bonds	85
X、 Financial Report	85

I. Important Notice, Contents and Definition

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 report with no false records, misleading statements or significant omissions, and undertake individual and joint legal liabilities.

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

Whether some of the directors did not attend the board meeting to review the annual report in person

☒Yes ☐No

Except for the following directors, other directors attended this board meeting for reviewing this annual report in person.

Name of director not attending the meeting personally	Position of director not attending the meeting personally	Reason of not attending the meeting personally	Name of entrustee
Xunzhang LIU	Director	On a business trip	Hongjiang ZHOU
Enrico Sivieri	Director	On a business trip	Marco Giovanni Ferrari
Stefano Battioni	Director	On a business trip	Jianxun JIANG
Huirong LIU	Independent director	On a business trip	Qinglin LIU

Forward-looking statements such as future plans and development strategies covered in this report do not constitute a substantial commitment of the Company to investors. Investors are advised to pay attention to investment risks.

About significant risks that may be faced in production and operation process, please refer to “(5) Potential Risks” of “11. Expectation for the Company’s Future Development” in the “III. Management Discussion and Analysis” of this report. Investors are advised to read carefully and pay attention to investment risks.

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 671,823,900 shares, the Company plans 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.

Reference Documents

- (1) The original of Annual Report autographed by the Chairman.
- (2) The Financial Statements autographed and signed by the Chairman, Chief Accountant and Accountant in charge.
- (3) The *Prospectus* and *Public Offering Announcement* for Stock B issued in 1997; The *Prospectus of Intent* and *The Shares' Change & A Share's Public Offering Announcement* for Stock A issued by the capital increase in 2000.
- (4) The originals of all documents and announcements that the Company made public during the report period in the newspapers designated by China Securities Regulatory Commission.

Definition

Definition Item	Refers to	Definition Content
Company/The Company	Refers to	Yantai Changyu Pioneer Wine Co., Ltd.
Changyu Group/Controlling Shareholder	Refers to	Yantai Changyu Group Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shenzhen Stock Exchange
KPMG Huazhen	Refers to	KPMG Huazhen LLP (Limited Liability Partnership)
CNY	Refers to	Chinese Yuan

II. Brief Introduction for the Company and Main Financial Indicators

1. Company's information

Stock Abbreviation	Changyu A, Changyu B	Stock Code	000869, 200869
Stock Abbreviation after Alteration	—		
Place of Stock Listing	Shenzhen Stock Exchange		
Legal Name in Chinese	烟台张裕葡萄酿酒股份有限公司		
Abbreviation of Chinese Name	张裕		
Legal Name in English	YANTAI CHANGYU PIONEER WINE COMPANY LIMITED		
Abbreviation of English Name	CHANGYU		
Legal Representative	Hongjiang ZHOU		
Registered Address	56 Dama Road, Yantai, Shandong, China		
Postal Code of Registered Address	264000		
Historical Change in Registered Address	—		
Office Address	56 Dama Road, Yantai, Shandong, China		
Postal Code of Office Address	264000		
Website	http://www.changyu.com.cn		
E-mail	webmaster@changyu.com.cn		

2. Contact person and information

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

3. Information disclosure and filing location

Stock exchange website for disclosing annual report	Shenzhen Stock Exchange (http://www.szse.cn)
Media name and website for disclosing annual report	<i>China Securities Newspaper</i> , <i>Securities Times</i> , <i>Hong Kong Commercial Daily</i> and CNINFO website (http://www.cninfo.com.cn)
Filing location of the Company's annual report	Board of Directors' Office of the Company, 56 Dama Road, Yantai, Shandong

4. Registration changes

Unified Social Credit Code	913700002671000358
Changes for the main businesses of the Company since it was listed (if have)	The business scope determined by the Company when it was established on September 18, 1997 is production, processing and sales of wine, distilled liquor, healthy liquor, fruit liquor, non-alcohol beverage, fruit jam, packing material and winemaking machine. On April 17, 2008, approved by the 2007 Annual Shareholders' Meeting, the Company's business scope was changed to production, processing and sales of wine, distilled liquor, medicinal liquor, fruit liqueur, non-alcohol beverage, fruit jam, packing material and winemaking machines; licensed import and export. On May 12, 2010, approved by the 2009 Annual Shareholders' Meeting, the Company's business scope was changed to production, processing and sales of wine, distilled liquor, medicinal liquor, fruit liqueur, non-alcohol beverage, fruit jam, packing material and its products and winemaking machinery; licensed import and export; external investment subject to national policy. On September 23, 2016, approved by The 1 st Interim Shareholders' Meeting in 2016, the Company's business scope was changed to production of wine and fruit wine (bulk wine, processing and filling); production of blending liquor and other blending liquors (grape liqueur); production of other liquors (other distilled liquors); production, processing and sales of packing material and winemaking machines; grape plantation and procurement; tourism resources development (excluding tourism); packaging design; activity of building rental; licensed import and export; warehouse business; external investment subject to national policy.
Changes for all previous controlling shareholders (if have)	No

5. Other relevant information

The accounting firm appointed by the Company

Name	KPMG Huazhen LLP
Address	Level 8, No.2 East Wing of Dongfang Square, No.1 East Chang'an Street, Beijing
Name of signatory accountants	Jia WANG, Hui JIANG

The sponsor institution appointed by the Company to perform the duty of continuous supervision during the report period

☐ Applicable ☒ Inapplicable

The financial adviser appointed by the Company to perform the duty of continuous supervision during the report period

☐ Applicable ☒ Inapplicable

6. Key accounting data and financial indicators

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

☐ Yes ☒ No

	2024	2023	Increase/decrease compared with last year (%)	2022
Operating revenue (CNY)	3,277,278,347	4,384,764,335	-25.26%	3,918,941,160
Net profit attributed to shareholders of the listed company (CNY)	305,210,999	532,438,907	-42.68%	428,681,411
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses (CNY)	131,065,357	464,073,693	-71.76%	413,831,359
Net cash flows from operating activities (CNY)	397,741,067	1,173,091,743	-66.09%	868,876,647
Basic earnings per share (CNY)	0.45	0.78	-42.31%	0.63
Diluted earnings per share (CNY)	0.45	0.78	-42.31%	0.63
Weighted average for earning rate of net assets	2.83%	4.98%	-2.15%	4.09%
	December 31, 2024	December 31, 2023	Increase/decrease compared with last year-end (%)	December 31, 2022
Total assets (CNY)	12,520,474,218	13,336,267,204	-6.12%	13,171,506,378
Net assets attributed to shareholders of the listed company (CNY)	10,619,208,419	10,841,500,988	-2.05%	10,579,053,733

The lower of the net profits before non-recurring gains and losses and after non-recurring gains and losses in recent three fiscal years is negative and the audit report in recent one year indicates there is uncertainty in the Company's sustainable operation ability

☐ Yes ☒ No

The lower of the net profits before non-recurring gains and losses and after non-recurring gains and losses is negative

☐ Yes ☒ No

7. Differences in accounting data under PRC accounting standards and international accounting standards

(1) Differences for net profit and net assets in the financial report disclosed according to both international accounting standards and PRC accounting standards

☐ Applicable ☒ Inapplicable

There are no differences for net profit and net assets in the financial report disclosed according to both international accounting standards and PRC accounting standards during the report period.

(2) Differences for net profit and net assets in the financial report disclosed according to both foreign accounting standards and PRC accounting standards

☐Applicable ☒Inapplicable

There are no differences for net profit and net assets in the financial report disclosed according to both foreign accounting standards and PRC accounting standards during the report period.

8. Key financial indicators by quarter

Unit: CNY

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Operating revenue	810,827,748	711,481,688	674,991,354	1,079,977,557
Net profit attributed to shareholders of the listed company	158,946,802	62,230,580	2,776,750	81,256,867
Net profit attributed to shareholders of the listed company after deducting non-recurring profits and losses	154,033,406	40,850,475	-2,876,947	-60,941,577
Net cash flows from operating activities	-65,346,151	269,226,515	-21,606,340	215,467,043

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

☐Yes ☒No

9. Item and amount of non-recurring profit and loss

☒Applicable ☐Inapplicable

Unit: CNY

Item	2024	2023	2022	Explanation
Profits and losses on disposal of non-current assets (including the provision for asset impairment write-off part)	132,116,926	23,852,237	-18,902,024	
Government grants recorded into the current profits and losses(except for those government grants that are closely related to the enterprise's normal operation, in line with national policy provisions and in accordance with certain standard quota or ration continued to enjoy)	52,613,910	51,523,799	33,145,440	
Other non-operating revenues and expenditures in addition to the aforementioned items	1,244,856	9,137,420	4,750,614	
Less: Income tax effect	6,873,074	13,643,745	4,695,173	
Minority shareholders' equity effect (after taxes)	4,956,976	2,504,497	-551,195	
Total	174,145,642	68,365,214	14,850,052	--

Specific situation of other profit and loss items conforming to the definition of non-recurring profit and loss

☐Applicable ☒Inapplicable

There does not exist specific situation of other profit and loss items conforming to the definition of non-recurring profit and loss.

Explanation for regarding the non-recurring profit and loss specified in the *Explanatory Announcement on Public Company's Information Disclosure No.1 –Non-recurring Profit and Loss* as recurrent profit and loss

☐Applicable ☒Inapplicable

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

III. Management Discussion and Analysis

1. Situation of industry in which the Company operates during the report period

In 2024, in the face of increasingly competitive business environment, 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 large single product” and the marketing philosophy of “obtaining growth from the terminal and nurturing consumers”, increased the performance assessment of marketing personnel, concentrated on the development of key markets, and maintained the leading position in the industry, but failed to achieve isolation and bucking the trend. In 2024, the Company realized the operating revenue of CNY3,277.28million with a year-on-year decrease of 25.26% and the net profit attributable to the parent company’s shareholders of CNY305.21million with a year-on-year decrease of 42.68%.

2. Main businesses during the report period

The Company need to comply with the disclosure requirements of Food and Liquor Manufacturing Related Businesses in *Shenzhen Stock Exchange Industry Information Disclosure Guideline No. 3 - Industry Information Disclosure*.

(1) Situation of the industry in which the Company operates

During the report period, the Company’s main business was production and operation of wine and brandy, thus providing domestic and foreign consumers with healthy and fashionable alcoholic drinks. Compared with earlier stage, there were no significant changes happened to the Company’s main business. The wine industry that the Company involved in was still in growth stage. Being affected by many factors in recent years, the competition in domestic wine market was fierce. However, the Company still stands by the previous judgment and believes that the existing consumption concept might change with the increase of people’s income level and their pursuit of a relaxed, romantic and healthy lifestyle. More domestic wine would be drunk by people, and wine would enter more and more household consumption. The situation of current low average consumption of domestic wine would gradually improve. The Company was at the forefront in the domestic wine market and was significantly ahead of major domestic competitors.

The Company’s products were divided into two series: wine and brandy. For wine, main brands included Changyu, Noble Dragon, AFIP, Longyu, Golden Icewine Valley, Zenithwirl, Vermouth, Rena, Baron Balboa, Donelly, Atrio, Kilikanoon and IWCC and so on. For Brandy, main brands included Koya, Liquan, Mminni, Pageese, Roullet Fransac and so on.

(2) The production licenses of main products obtained by the Company in China

Producer name	Food	Obtaining time	Obtaining method	Food production license
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	category			number
Yantai Changyu Pioneer Wine Co., Ltd.	Alcohol	2021.06.01	Approval from government authority	SC11537060100050
Beijing Chateau Changyu AFIP Global Co., Ltd.	Alcohol	2022.08.22	Approval from government authority	SC11511280920745
Liaoning Changyu Golden Icewine Valley Co., Ltd.	Alcohol	2021.03.25	Approval from government authority	SC11521052200370
Ningxia Chateau Changyu Moser XV Co., Ltd.	Alcohol	2018.01.25	Approval from government authority	SC11564010500657
Xinjiang Chateau Changyu Baron Balboa Co., Ltd.	Alcohol	2017.08.25	Approval from government authority	SC11565900100392
Yantai Chateau Changyu-Castel Co., Ltd.	Alcohol	2021.06.08	Approval from government authority	SC11537063600172
Shaanxi Chateau Changyu Rena Co., Ltd.	Alcohol	2020.10.19	Approval from government authority	SC11561040400532
Yantai Chateau Koya Brandy Co., Ltd.	Alcohol	2021.01.11	Approval from government authority	SC11537063601165

(3) Explanation for other major events

During the report period, there did not exist the trademark ownership dispute, food quality issue or food safety incident etc. that had a significant impact on the Company.

Major sales mode

The Company's main sales mode was the distribution mode, and main sales channel was offline sales, that is, the Company's products were distributed to sales terminals through approximately 5,000 distributors at home and abroad and ultimately provided to consumers.

Distribution mode

☒Applicable ☐Inapplicable

(1) Situation of change in the number of distributors

Region	Number at the beginning of 2024	Increased number during this report period	Number at the end of 2024
Eastern China	2065	135	2200

South China	593	-17	576
Central China	416	-19	397
North China	352	-18	334
Northwest China	161	-8	153
Southwest China	463	-30	433
Northeast China	302	-14	288
HongKong, Macao,Taiwan and overseas	707	92	799
Total	5059	121	5180

(2) The Company and distributors took cash spot settlement, and mainly adopted buyout distribution mode.

Sales model	2024			2023		
	Operating income (CNY)	Operating cost (CNY)	Gross margin	Operating income (CNY)	Operating cost (CNY)	Gross margin
Distribution	2,773,310,799	1,173,187,606	57.70%	3,725,067,921	1,499,834,836	59.74%
Direct sales	503,967,548	219,414,793	56.46%	659,696,414	287,148,821	56.47%
Total	3,277,278,347	1,392,602,399	57.51%	4,384,764,335	1,786,983,657	59.25%

The ratio of sales in self-owned exclusive shop exceeds 10%

☐Applicable ☒Inapplicable

Sales of online direct selling

☒Applicable ☐Inapplicable

Sales model	2024			2023		
	Operating income (CNY)	Operating cost (CNY)	Gross margin	Operating income (CNY)	Operating cost (CNY)	Gross margin
Distribution	2,773,310,799	1,173,187,606	57.70%	3,725,067,921	1,499,834,836	59.74%
Direct sales	503,967,548	219,414,793	56.46%	659,696,414	287,148,821	56.47%
Total	3,277,278,347	1,392,602,399	57.51%	4,384,764,335	1,786,983,657	59.25%

The change in sales prices of major products accounting for more than 10% of total operating income in current report period exceeds 30% compared with those in last report period

☐Applicable ☒Inapplicable

Procurement mode and procurement content

Unit: CNY

Procurement mode	Procurement content	The amount of the main procurement content
Price determined by quality comparison with standard price items	Raw materials such as grapes/ bulk wine	730,133,696
Tender/Price determined by quality comparison with standard price items	Packaging materials	412,056,172
Tender/Price determined by quality comparison with standard price items	Brewing materials	22,078,462
Tender/Price determined by quality comparison with standard price items	Vineyard supplies	5,266,152
Contract	Fuel and power	39,583,895
Price determined by quality comparison with standard price items	Other wines and derivatives	13,403,691

Amount of purchasing raw materials from cooperatives or farmers exceeds 30% of total procedure amount

☐Applicable ☒Inapplicable

The year-on-year change in the price of major outsourced raw materials exceeds 30%

☐Applicable ☒Inapplicable

Major production mode

The production mode of the Company is self-produce.

Manufacturing consignment

☐Applicable ☒Inapplicable

Major components of operating costs

Please refer to '4. Analysis in main business' in this chapter.

Yield and inventory

Please refer to '4. Analysis in main business' in this chapter.

3. Analysis of core competitiveness

Compared with the participants in the arena of the Chinese wine competition sector, the Company owns following advantages:

Firstly, the Company has a large brand influence. Main brands used have a long history. "Changyu", "Noble Dragon" and "AFIP" are all "China famous brands" that have strong influence and good reputation.

Secondly, the Company has set up a nationwide marketing network. The Company has formed a "three-level" marketing network system mainly composed of the Company's salesmen and

distributors and the online sales platform has had a certain scale and strong influence, owing strong marketing ability and market exploitation ability.

Thirdly, the Company has strong scientific prowess and a product R&D system. Relying on the country's "State-level Wine R&D Center", the Company has owned powerful winemaker team, mastered advanced winemaking technology and production processes and had strong product innovation capacity and perfect quality control system.

Fourthly, the Company is in possession of a lot of grape-growing bases that are compatible with its development requirements. The Company has developed a great deal of vineyards in the most suitable areas for wine grape growing such as Shandong, Ningxia and Xinjiang, and its subsidiary overseas enterprises also own matching grape bases in local area, making the overall scale and structure generally meet the Company's needs for future development.

Fifthly, products in high, medium and low-grade as well as varieties and categories are all complete. Over 100 varieties of series products such as wine, brandy and sparkling wine covers various grades, including high, medium and low-grade, which can meet different consumer groups' demands. The Company has taken the dominant status in the domestic wine industry after many years' development and has comparative advantages in the future competition.

Sixthly, the Company has a relatively perfect motivation system. Most of Company's employees indirectly hold the Company's equity through controlling shareholders. There are high consistency between employee benefits and shareholders benefits, in favor of motivating employees to create value for shareholders.

Seventhly, the Company has set up flexible and efficient decision-making mechanism. The Company's core management team always maintains a working style of unity and pragmatic and flexible and efficient decision-making mechanism, which makes the Company can deal with market changes more calmly.

Eighthly, the global production capacity layout has been basically completed. The Company has completed production capacity layout in China, France, Chile, Spain, Australia and other major wine producing countries in the world, enabling making better use of global high-quality raw material resources, capital, talents and advanced production processes and technologies to provide consumers with diversified quality products and better serve consumers.

Based on the above reasons, the Company has formed relatively strong core competence and will maintain a relatively dominant position in the future predictable market competition.

4. Analysis in main business

(1) Summarization

Description	Increase or decrease during this period over	Cause of significant changes
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	last year	
Operating revenue	-25.26%	Mainly due to the decrease in sales volume
Operating cost	-22.07%	Mainly due to the decrease in sales volume
Sales expense	-18.29%	Mainly due to the decreased marketing expense resulting from decreased market investment
Management expense	3.26%	No significant changes
R&D expense	12.20%	Mainly due to the increase in the cost of testing and consumable materials resulting from the increased Company's R&D efforts.
Financial expense	15.81%	Mainly due to higher exchange losses.
Net amount of cash flow generated in operating activities	-66.09%	Mainly due to the decrease in operating income during the year.
Net amount of cash flow generated in investment activities	inapplicable	Mainly due to the increase in recovery of investment.
Net amount of cash flow generated in financing activities	-53.49%	Mainly due to the decrease in cash received from investment absorption and the increase in cash expenditure for B shares bought back during the year.

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 company adhered to the purpose of "Securing Survival, Strengthening Foundations, Pursuing Innovations", took a series of active measures, vigorously promoted all aspects of innovation, seeking to reverse the situation through the development of new products and new customers. Although it laid a better foundation for the Company's better and faster development in future, the results were unsatisfactory, failing to realize the business objectives determined at the beginning of the year. The Company realized the annual operating income of CNY3,277.28million with a year-on-year decrease of 25.26% and the net profit attributable to shareholders of the parent company of CNY305.21million with a year-on-year decrease of 42.68%. The major work done in 2024 were as follows.

First, the Company kept innovating in products and marketing, striving to reverse the decline through innovation. The Company's "Liquan" series of brandy products were launched in the markets of Guangdong and Shandong. In the marketing and promotion in local markets such as Linyi, Shandong, it achieved a breakthrough for the first time, laying a foundation for the development and breakthrough of brandy. A dedicated operation system for Grappie was established to explore new scenarios with a new team, striving to create the first bottle of wine for young people. The Company systematically sorted out its sweet wine products and established the positioning of "a bit sweet" for Chateau Rena, making the development plan clearer. The new Noble Dragon N188 product was launched to help upgrade the brand. The new Koya XXO especially for the Year of the Snake was globally launched in Kuala Lumpur, Malaysia, showcasing the charm of Changyu's national brand and enhancing the brand's stickiness with consumers. The

Company newly obtained 3 national invention patents, including “A screening method for Northeast Mongolian oak for aging high-quality brandy”. The project “Research and industrialization of technology for aging wine and brandy with domestic oak” was approved as a major scientific and technological innovation project in Shandong Province. The research “Construction of the characteristic flavor expression system and innovation of the aging process of Changyu Koya Brandy” won the first-class award of the China Alcoholic Drinks Association's 2023 Annual Science and Technology Award, contributing to Yantai being awarded the title of “China’s Brandy Capital” by the China National Light Industry Council. Changyu Industrial Park was opened for free tourism, attracting more tourists to visit the Company, which was widely praised by tourists, greatly enhancing the company’s and brand’s reputation. The Company also carried out the repurchase and cancellation of partial B shares in an orderly manner, striving to improve the return on assets.

Second, the Company continuously improved the system construction of the sales business divisions. The Longyu Business Division adhered to the brand positioning and strived to break through in specific customer circles to shapes the image of a high-end Chinese wine brand; The Chateau Wine Business Division further unified the ideological understanding, focused on the brands of AFIP and Castel, accelerated the construction of the circle-based distributor system, and actively conducted circle marketing activities centered on the prescribed marketing actions; The Noble Dragon Business Division adhered to banquet promotion, focused on 6 core products, and established and improved the operation and guarantee system for core products; The Imported Wine Business Division had a clearer positioning of overseas chateaus in the Chinese market, improved the sales systems for different brands, and actively explored the market; The Brandy Business Division firmly adhered to the focused strategy, steadily promoted digital construction, improved and promoted the construction of the Koya Experience Hall, strengthened marketing promotion, and enhanced brand influence; The Online Business Division increased the sales efforts for products such as Grappie to strive to cultivate new growth points; the Tourism Business Division effectively empowered the brand while generating revenue. The wine culture museum was successively rated as one of the top ten innovative venues for cultural and tourism integration in the country and a national first-class museum, and successfully completed the on-site observation activity of the Shandong Industrial Tourism Promotion Conference.

Third, the Company adhered to the bottom-line of safe production, continuously improved product quality, and resolutely refrained from crossing the red line. The Company ensured safe production, continuously promoted the work of investigating and rectifying potential major accident hazards, increased the intensity of safety inspections and assessments, strengthened emergency knowledge training, and improved emergency response capabilities. As a result, it was once again rated as a “Golden Shield Enterprise” for safe production in the light industry of Shandong Province and was recognized as an excellent organizing unit for the “Safe Production Month” activity by the Work Safety Committee of the Shandong Provincial Government. The Company established a quality management model centered on “standard guidance, full-process traceability, and digital empowerment”. It continuously improved internal control standards, strengthened process management, further clarified the division of responsibilities, strictly imposed penalties and held

people accountable, and continuously enhanced product quality. Throughout the year, the Company won 78 awards at or above the gold award level.

Fourth, the Company strengthened financial management and enhanced audit supervision. The Company completed the audit of the authenticity of profits, the integrity and effectiveness of assets in the production and sales systems for the year 2023. It also completed the departure audits of 22 unit managers in the sales system and special audits such as those on advertising expenses, and held the responsible persons accountable. The Company strengthened fund management and strived to save financing costs. It increased interest income through methods such as structured deposits and negotiated deposits. Moreover, the Company strengthened financial supervision over overseas enterprises, tried its best to help them solve financing difficulties, improved their performance appraisal methods, and ensured the healthy operation of overseas enterprises.

(2) Revenue and cost

① Composition of operating revenue

Unit: CNY

	2024		2023		Year-on-year increase or decrease (%)
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	3,277,278,347	100%	4,384,764,335	100%	-25.26%
Sector-classified					
Sector of liquor and alcoholic beverage	3,277,278,347	100%	4,384,764,335	100%	-25.26%
Product-classified					
Wine	2,438,454,334	74.40%	3,139,234,808	71.59%	-22.32%
Brandy	740,131,229	22.58%	1,152,841,194	26.29%	-35.80%
Tourism	80,672,837	2.46%	82,987,641	1.89%	-2.79%
Others	18,019,947	0.55%	9,700,692	0.22%	85.76%
Area-classified					
Domestic	2,685,914,511	81.96%	3,761,534,793	85.79%	-28.60%
Overseas	591,363,836	18.04%	623,229,542	14.21%	-5.11%
Sales model- classified					
Distribution	2,773,310,799	84.62%	3,725,067,921	84.95%	-25.55%
Direct sales	503,967,548	15.38%	659,696,414	15.05%	-23.61%

② The industry, product, region and sales model that account for over 10% of the Company's operating revenue or operating profit

☒ Applicable ☐ Inapplicable

Unit: CNY

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or	Year-on-year increase or	Year-on-year increase or
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				decrease (%) of operating revenue	decrease (%) of operating cost	decrease (%) of gross profit rate
Industry-classified						
Industry of liquor and alcoholic beverage	3,277,278,347	1,392,602,399	57.51%	-25.26%	-22.07%	-2.93%
Product-classified						
Wine	2,438,454,334	1,040,715,873	57.32%	-22.32%	-19.06%	-2.91%
Brandy	740,131,229	308,940,869	58.26%	-35.80%	-32.91%	-2.99%
Tourism	80,672,837	33,691,823	58.24%	-2.79%	-4.86%	1.59%
Others	18,019,947	9,253,834	48.65%	85.76%	75.58%	6.52%
Area-classified						
Domestic	2,685,914,511	1,031,980,984	61.58%	-28.60%	-25.13%	-2.81%
Overseas	591,363,836	360,621,415	39.02%	-5.11%	-11.76%	13.36%
Sales model- classified						
Distribution	2,773,310,799	1,173,187,606	57.70%	-25.55%	-21.78%	-3.41%
Direct sales	503,967,548	219,414,793	56.46%	-23.61%	-23.59%	-0.02%

Under the condition that the statistical caliber of the Company's main business data is adjusted during the report period, the Company's main business data adjusted on the basis of caliber at the end of report period in recent one year.

☐Applicable ☒Inapplicable

③Whether the Company's sales revenue for material object is more than labor service revenue

☒Yes ☐No

Sector	Item	Unit	2024	2023	Year-on-year increase or decrease (%)
Alcohol and alcoholic beverage industry	Sales volume	Ton	78,102	95,557	-18.27%
	Yield	Ton	78,147	90,897	-14.03%
	Inventory	Ton	26,687	25,996	2.66%
Wine	Sales volume	Ton	57,652	65,677	-12.22%
	Yield	Ton	56,339	62,772	-10.25%
	Inventory	Ton	16,370	17,037	-3.92%
Brandy	Sales volume	Ton	20,450	29,880	-31.56%
	Yield	Ton	21,808	28,125	-22.46%
	Inventory	Ton	10,317	8,959	15.16%

Explanation on the causes of over 30% year-on-year changes of the related comparison data

☒Applicable ☐Inapplicable

Due to the decline in market demand, the sales volume of brandy during the reporting period decreased by 31.56% year-on-year.

④The fulfillment of significant sales contract and purchase contract signed by the Company up to the report period

☐Applicable ☒Inapplicable

⑤Composition of operating costs

Industry categories

Unit: CNY

Product category	Item	2024		2023		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Alcohol and alcoholic beverage industry	Blending liquor	663,779,410	48.81%	879,821,814	50%	-24.56%
	Packing material	338,038,009	24.86%	465,069,105	26.43%	-27.31%
	Wages	47,241,313	3.47%	53,675,496	3.05%	-11.99%
	Manufacturing cost	200,654,650	14.75%	234,667,006	13.33%	-14.49%
	Contract performance costs	110,286,688	8.11%	126,559,536	7.19%	-12.86%

Product categories

Unit: CNY

Product category	Item	2024		2023		Year-on-year increase or decrease (%)
		Amount	Proportion in the operating cost (%)	Amount	Proportion in the operating cost (%)	
Wine	Blending liquor	519,678,925	49.93%	656,311,928	51.04%	-20.82%
	Packing material	262,997,298	25.27%	318,464,336	24.77%	-17.42%
	Wages	38,055,803	3.66%	43,873,400	3.41%	-13.26%
	Manufacturing cost	139,210,471	13.38%	174,460,788	13.57%	-20.21%
	Contract performance costs	80,773,376	7.76%	92,683,688	7.21%	-12.85%
Brandy	Blending liquor	139,052,184	45.01%	216,764,039	47.07%	-35.85%
	Packing material	72,469,801	23.46%	143,038,952	31.06%	-49.34%
	Wages	8,826,222	2.86%	9,390,550	2.04%	-6.01%
	Manufacturing cost	59,918,123	19.39%	58,406,958	12.68%	2.59%
	Contract performance costs	28,674,539	9.28%	32,905,479	7.15%	-12.86%

Explanation

No

⑥ Whether there are changes of consolidation scope during the report period☒Yes ☐No

During the reporting period, the Company's subsidiary, Liaoning Changyu Golden Icewine Valley Co., Ltd., absorbed and merged another subsidiary of the Company, Changyu (Huanren) Grape Wine Co., Ltd., in December 2024, resulting in a corresponding change in the scope of the consolidation.

⑦ Major changes or adjustments of the Company's businesses, products or service during the report period☐Applicable ☒Inapplicable**⑧ Information of major sales customers and major suppliers**

The Company's major sales customers

The total sales amount of the top five customers (CNY)	167,901,948
The proportion that total sales amount of the top five customers accounting for the annual total sales amount (%)	5.12%
The proportion that sales amount of the related party in the total sales amount of the top five customers accounting for the annual total sales amount (%)	0%

Information of the Company's 5 biggest sales customers

No.	Customer name	Sales amount (CNY)	Proportion in total sales for the year (%)
1	Rank 1 st	68,286,518	2.08%
2	Rank 2 nd	32,575,136	0.99%
3	Rank 3 rd	23,186,668	0.71%
4	Rank 4 th	22,507,894	0.69%
5	Rank 5 th	21,345,732	0.65%
Total	--	167,901,948	5.12%

Other situation explanations of major customers

☐Applicable ☒Inapplicable

Information on the Company's main suppliers

The total purchase amount of the top 5 suppliers (CNY)	351,406,130
The proportion of the total purchase amount of the top 5 suppliers in the annual purchase amount	28.74%
The proportion of the related party purchase amount in the top 5 supplier purchase amount in annual purchase amount	5.49%

Information on the Company's top 5 biggest suppliers

No.	Supplier name	Purchase amount(CNY)	Proportion in total purchase for the year (%)
1	Rank 1 st	125,550,551	10.27%
2	Rank 2 nd	77,496,763	6.34%
3	Rank 3 rd	67,118,462	5.49%
4	Rank 4 th	48,772,094	3.99%
5	Rank 5 th	32,468,260	2.66%
Total	--	351,406,130	28.74%

Other situation explanations of main suppliers

☐Applicable ☒Inapplicable

(3) Expense

Unit: CNY

	2024	2023	Year-on-year increase or decrease (%)	Explanation of significant changes
Sales expense	1,012,980,420	1,239,782,776	-18.29%	Mainly because of decreased marketing expense resulting from decreased market investment
Management expense	313,911,881	303,990,858	3.26%	No significant change
Financial expense	12,836,073	11,083,459	15.81%	Mainly due to the increase in exchange losses.
Research and Development expense	19,538,243	17,413,534	12.20%	Mainly due to the increased in the cost of testing and consumable materials resulting from the increased Company's increased R&D efforts.

The Company needs to comply with the disclosure requirements of the food and wine manufacturing industry as set out in the *Guidance on Self-Regulation of Listed Companies of Shenzhen Stock Exchange No.3- Industry Information Disclosure*.

(4) Research and development investment

☒Applicable ☐Inapplicable

Name of main research and development project	Project purpose	Project progress	Target	Predicted influence in the Company's future development
—	—	—	—	—

The Company's research and development personnel

	2024	2023	Percentage of changes (%)
Number of R&D personnel (person)	139	139	0%

The proportion of the number of R&D personnel	6.44%	6.35%	0.09%
Educational structure of R&D personnel			
Bachelor	48	48	0%
Postgraduate	25	25	0%
Doctor	1	1	0%
Below Bachelor	65	65	0%
Age structure of R&D personnel			
Under 30-year-old	34	34	0%
30-to 40-year-old	41	41	0%
Above 40-year-old	64	64	0%

The investment of the Company's R&D

	2024	2023	Percentage of changes (%)
R&D investment amount (CNY)	19,538,243	17,413,534	12.20%
R&D investment as a percentage of operating income	0.60%	0.40%	0.20%
Amount of R&D investment capitalized (CNY)	0	0	0%
Capitalized R&D investment as a percentage of R&D investment	0%	0%	0%

Reasons and effects of major changes in the composition of the company's R&D personnel

☐Applicable ☒Inapplicable

Reasons for the significant change in the proportion of total R&D investment in operating income compared with the previous year

☐Applicable ☒Inapplicable

Reasons for the substantial changes in the capitalization rate of R&D investment and its rationality explanation

☐Applicable ☒Inapplicable

(5) Cash flow

Unit: CNY

Item	2024	2023	Year-on-year increase or decrease (%)
Subtotal of cash inflow in operating activities	3,673,427,471	4,619,240,588	-20.48%
Subtotal of cash outflow in operating activities	3,275,686,404	3,446,148,845	-4.95%
Net amount of cash flow generated in operating activities	397,741,067	1,173,091,743	-66.09%
Subtotal of cash inflow in investment activities	511,439,930	272,891,533	87.42%
Subtotal of cash outflow in investment activities	384,211,357	596,232,219	-35.56%
Net amount of cash flow generated in investment activities	127,228,573	-323,340,686	Inapplicable
Subtotal of cash inflow in financing activities	507,959,260	677,271,426	-25%

Subtotal of cash outflow in financing activities	1,274,904,376	1,176,936,494	8.32%
Net amount of cash flow generated in financing activities	-766,945,116	-499,665,068	-53.49%
Net increase of cash and cash equivalents	-245,428,201	350,402,152	-170.04%

Explanation of main influence factors contributing to great changes in related data on year-on-year basis

☒Applicable ☐Inapplicable

During the reporting period, the subtotal of cash inflows from operating activities and the net cash flows generated from operating activities decreased year-on-year, mainly due to the decrease in cash received from the sale of goods and services as a result of the decrease in sales during the reporting period compared with the same period last year. The subtotal cash inflow from investment activities increased, the subtotal cash outflow from investment activities decreased, and the net cash flow from investment activities increased mainly due to the recovery of time deposits. The year-on-year decrease in net cash flow from financing activities was mainly due that the Company bought back and cancelled B shares. The year-on-year decrease in the net increase in cash and cash equivalents was primarily due to the year-on-year decrease in net cash flows from operating activities and net cash flows from financing activities.

Explanation on the causes of major differences between the net cash flow generated by the Company's operating activities and net profit of this year during the report period.

☐Applicable ☒Inapplicable

5. Analysis to non-main business

☐Applicable ☒Inapplicable

6. Assets and liabilities

(1) Significant changes of assets composition

Unit: CNY

	At the end of 2024		At the beginning of 2024		Proportion increase or decrease (%)	Explanation on significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Monetary funds	1,797,848,130	14.36%	2,217,693,647	16.63%	-2.27%	No significant changes
Receivables	270,829,601	2.16%	382,132,334	2.87%	-0.71%	No significant changes
Contract assets		0%		0%	0%	No significant changes
Inventory	2,904,070,556	23.19%	2,765,390,587	20.74%	2.45%	No significant changes
Investment real estate	21,960,451	0.18%	24,482,831	0.18%	0%	No significant changes
Long-term equity investments	34,864,748	0.28%	38,285,620	0.29%	-0.01%	No significant changes
Fixed assets	5,551,671,795	44.34%	5,795,082,569	43.45%	0.89%	No significant changes
Construction in progress	10,177,372	0.08%	3,323,241	0.02%	0.06%	No significant changes
Right-of-use asset	71,761,262	0.57%	121,745,910	0.91%	-0.34%	No significant changes
Short-term borrowings	216,140,346	1.73%	364,981,445	2.74%	-1.01%	No significant changes
Contract liability	128,090,353	1.02%	175,278,849	1.31%	-0.29%	No significant changes
Long-term borrowings	50,637,203	0.40%	66,616,443	0.50%	-0.10%	No significant changes
Lease liability	27,542,829	0.22%	85,038,335	0.64%	-0.42%	No significant changes

Foreign asset has a high proportion

☒Applicable ☐Inapplicable

Details of assets	Formation reasons	Assets scale	Location	Operation mode	Control measures for safeguarding of asset security	Earning condition	Proportion of overseas assets in the Company's net assets	Whether there are significant impairment risks
Hacienda Y Vinedos Marques Del Atrio. SL	Acquisition of equity	567,568,347	Spain	Independent operation	The Company participates in making important decisions through board of directors and appoints CFO on financial management.	10,936,633	4.53%	No
Indomita Wine Company Chile, S.p.A.	Establishment of joint venture	543,903,309	Chile	Independent operation	The Company participates in making important decisions through board of directors.	11,847,093	4.34%	No
Kilikanoon Estate Pty., Ltd.	Acquisition of equity	153,082,748	Australia	Independent operation	The Company participates in making important decisions through board of directors.	4,936,141	1.22%	No
Francs Champs Participations SAS	Sole proprietorship establishment	211,889,682	France	Independent operation	The Company participates in making important decisions through directly appointing senior executive.	-5,480,189	1.69%	No
Other explanation	None							

(2) Assets and liabilities measured at fair value

☐ Applicable ☒ Inapplicable

(3) Limitations of assets rights up to the end of the report period

Please refer to the '52. Assets with restrictive ownership title or right of use' of the 'Notes to the financial statements' in this report's financial report.

7. Investment condition analysis

(1) Overall situation☒Applicable ☐Inapplicable

Investment amount during the report period (CNY)	Investment amount of the same period of last year (CNY)	Variation
27,738,600	46,150,000	-39.89%

(2) Cases of acquired significant equity investments during the report period☐Applicable ☒Inapplicable**(3) Cases of significant ongoing non-equity investments during the report period**☒Applicable ☐Inapplicable

Unit: CNY

Project name	Investment mode	Whether belongs to fixed assets investment	Involved sectors of investment projects	Investment amount during the report period	Accumulated actual investment amount up to the end of the report period	Capital source	Project progress	Estimated earnings	Accumulated realized earnings up to the end of the report period	Reasons for unreached planning schedule and estimated earnings	Disclosure date (if have)	Disclosure index (if have)
Yantai Changyu International Wine City Blending and Cooling Center	Self-constructed	Yes	Liquor and alcoholic beverage sector	0	1,705,784,100	Owned fund	100%	0	0	—	2017.04.22	Please refer to <i>Resolution Announcement of Seventh Session Board of Directors 4th Meeting</i> , <i>Resolution Announcement of Seventh Session Board</i>
Yantai Changyu International Wine City Bottling Center	Self-constructed	Yes		0	1,136,520,000	Owned fund	100%	0	0	—	2017.04.22	

Oak Barrel Procurement Project	Self-constructed	Yes		19,160,000	227,014,200	Owned fund	97%	0	0	—	2021.04.28	<i>of Directors 8th Meeting, Seventh Session Board</i>
Intellectualized Upgrade and Renovation Project of Changyu Wine Culture Museum	Self-constructed	Yes		3,696,400	63,809,400	Owned fund	100%	0	0	—	2022.04.27	<i>of Directors 10th Meeting, Resolution Announcement of Eighth Session Board of Directors 4th Meeting,</i>
The new fermentation workshop project of Ningxia Chateau	Self-constructed	Yes		4,882,200	4,882,200	Owned fund	90%	0	0	—	2024.04.10	<i>Resolution Announcement of Eighth Session Board of Directors 11th Meeting,</i>
Infrastructure improvement project of Changyu Industrial Park	Self-constructed	Yes		0	0	Owned fund	0%	0	0	—	2022.04.27	<i>Resolution Announcement of Ninth Session Board of Directors 5th Meeting and Resolution Announcement of Ninth Session Board of Directors 9th Meeting disclosed on China Securities Journal, Securities Times and CNINFO (http://www.cninfo.com.cn/)</i>
Total	--	--	--	27,738,600	3,138,009,900	--	--	0	0	--	--	--

(4) Financial assets investment**① Security investment situation**

☐ Applicable ☒ Inapplicable

There are no security investments for the Company during the report period.

② Derivatives investment

☐ Applicable ☒ Inapplicable

There are no derivatives investments for the Company during the report period.

(5) The usage situation of raised capital

☐ Applicable ☒ Inapplicable

There are no usage situations of raised capital for the Company during the report period.

8. Sale of significant assets and equities**(1) Sale of significant assets**

☒ Applicable ☐ Inapplicable

Counterparty	Sold asset	Sale date	Transaction price (CNY'000 0)	The asset contributed to the net profit of the listed company from the beginning of the current period to the date of sale (CNY'0000)	The impact of the sale on the company	The proportion of the net profit contributed by asset sale to the total net profit of the listed company	Asset sale pricing principles	Whether it is a related transaction	The associated relationship with the counterparty	Whether the property rights of the assets involved have been fully transferred	Whether all the claims and debts involved have been transferred	Whether it is implemented as planned; If it is not implemented as planned, explain the reasons and the measures taken by the company	Disclosure date	Disclosure index
Government of Zhuqiao	The Company's	2024.12.27	20,166	12,740	This transaction will not	41.74%	Negotiated pricing	No	Inapplicable	No	No	The transaction is progressing in an orderly manner,	2024.12.27	<i>The Announcement on Proposal on</i>

Town in Laizhou and the Government of Yidao Town in Laizhou	Zhuqiao grape base				adversely affect the normal production and operation of the company; Certain asset transfer income can be obtained.		on the basis of appraisal					and the transaction price of CNY101million has been received so far, and the remaining portion is expected to be fully paid in 2025.		<i>Disposal of Partial Grape Bases (2024-Interim 67) disclosed on China Securities Journal, Securities Times and CNINFO (http://www.cninfo.com.cn/)</i>
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(2)Sale of significant equities

☐Applicable ☒Inapplicable

9. Analysis of main holding and joint stock companies

☒Applicable ☐Inapplicable

Situation of main subsidiaries and joint stock companies affecting over 10% of the Company’s net profit

Unit: CNY

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Yantai Changyu Pioneer Wine Sales Co., Ltd.	Subsidiary	Sales	CNY8million	662,045,272	39,870,386	2,043,047,363	167,864,025	130,754,345
Yantai Changyu Wine Sales Co., Ltd.	Subsidiary	Sales	CNY5million	309,169,361	289,951,349	826,639,081	142,171,514	106,646,807
Changyu Trading Co., Ltd. in Development Zone of Yantai	Subsidiary	Sales	CNY5million	90,297,729	15,239,443	136,809,363	46,208,465	34,476,172
Laizhou Changyu Wine Sales Co., Ltd.	Subsidiary	Sales	CNY1million	81,313,432	1,080,297	274,842,640	33,182,419	24,904,800

Acquisition and disposal of subsidiaries during the report period

☐Applicable ☒Inapplicable

Explanation on main holding and joint stock companies

No.

10. Situation of the structured subjects controlled by the Company

☐Applicable ☒Inapplicable

11. Expectation for the Company's future development

On the basis of our limited experience and professional skills, the Company makes the following judgments on the wine industry and future development:

(1) The sector competition pattern and development trend

In 2025, the Company expects that the competition in the wine market will remain very fierce, but there are also many favorable factors for the development of the wine industry. The local governments of each wine-producing region are actively responding to support the development of the wine industry; There are many high-net-worth individuals in China, bringing a large base of high-end demand, and the atmosphere of wine consumption and the perception of the fact that wine is healthy are gradually forming; Young and trendy drinkers are on the rise, beginning to influence the future development trend of wine consumption; With the rise of the national tide, the consumption of domestic goods has gradually become a fashion; In the long run, the huge development potential of domestic wines has not changed and the industry will continue to focus on core brands. In such a case of long-term coexistence of opportunities and challenges, as always, the Company believes that those enterprises that possess strong brand influence and marketing ability, catch the opportunities, actively take adjustments, make full use of newly emerging and traditional sales channels, make efforts to guide and cultivate wine consuming groups.

(2) The Company's development strategy

The Company will adhere to the development strategy of "Focus on middle-and-high level, Focus on high quality, Focus on large single product" and the marketing philosophy of "obtaining growth from the terminal and nurturing consumers", follow the work guideline of "Staying committed to the goals without wavering, remaining steadfast in the development direction, maintaining rigorous management without slackening, and persisting in innovation without pause", give full play to own advantages, and strive to achieve various operating targets.

(3) Management plan for the new year

In 2025, the Company will try its best to realize operating revenue of not less than CNY3.4billion and control the main operating costs and three period expenses below CNY3billion.

(4) Measures to be adopted by the Company

In the new year, the Company will lead and unite all employees to continue to vigorously promote the spirit of service, ingenuity and fairness, face difficulties with courage and never retreat, maintain firm faith, uplift morale, and strive to achieve various business indicators. The Company will focus on the following key tasks:

Firstly, the Company will adhere to promote the development of wine, brandy and other alcoholic products taking grapes as raw materials; keep improving the sales division system and being more

focused on products, markets and marketing actions; strive to achieve win-win situation with partners (distributors), manage the price system, and create a good distribution environment.

Secondly, the Company will reinforce the innovation. The Company will mainly do a good job in product innovation, carry out the layout of white wine, sweet wine, sparkling wine and alcohol-free wine, and systematically make innovation from the product, sales system, brand marketing and other aspects; do a good job in digital innovation, continue to work hard in the “last mile” of interaction with consumers, and break through the blocking point; do a good job in channel innovation, actively expand community stores, convenience stores and new retail and other terminal channels, continue to expand online private domain, live streaming and other new e-commerce; vigorously promote the innovation of the tourism system to promote more tourism products (especially alcohol products) to the local tourist attractions.

Thirdly, the Company will continuously enhance and energize the management team to boost corporate vitality. The Company will intensify performance evaluations at all levels, actively attract top talent, strengthen the “catfish effect”, optimize the talent structure, and consistently improve team morale, cohesion and combat effectiveness.

Fourthly, the Company will strengthen market management to ensure steady improvement in production safety and product quality. The Company will intensify efforts to regulate advertising and tasting wines, cracking down on counterfeit products and unauthorized distribution; firmly establish the principle of prioritizing safety in production, and implement responsibilities and systems at all levels to ensure safe operations; adhere to the quality positioning of “Chinese terroir, Changyu style, world-class quality”, continue to uphold the “four strictest standards” to prevent any quality or safety incidents; refine quality control and management across all stages, including grape cultivation, bulk wine transportation and raw material procurement, ensuring “traceable quality and accountable responsibility”.

Fifthly, the Company will strengthen financial management and audit supervision to prevent major operational risks. The Company will further enhance profit and gross margin assessments, reinforce capital management to ensure the security of receivables and funds, and intensify audit efforts on marketing activities and advertising expenditures, including unannounced audits. Additionally, the Company will strengthen internal control effectiveness and financial compliance audits for joint ventures to avoid potential losses.

(5) Potential risks

① Risk in price fluctuation of raw materials

Grapes are the Company’s main raw materials. The grape’s yield and quality are affected to a certain extent by the natural factors such as drought, wind, rain, frost and snow. These force majeure factors greatly influence the quantity and price of the grapes in this Company orders and add the uncertainty to the Company’s production and operation. Therefore, the Company will lower the risks that are likely to affect grape quality and result in price fluctuation by means of expanding the self-run vineyards, strengthening the vineyard management and optimizing the layout of vineyards.

② Risk in uncertainty of market input and output

To cope with the cutthroat market competition and to meet the needs for market development, the Company has input more and more capital in the market and the sales expense has taken up a higher percentage point in the business revenue. The input-output ratio will affect the Company's operating results to a great extent and the risk that some investments may not reach the expectations is likely to occur. Therefore, the Company will strengthen market research and analysis, enhance market forecast accuracy and continue to perfect the input-output evaluation system to ensure the investments in market to be satisfactory as expected.

③ Risk in product transport

The Company's products are fragile and sent to different places all over the world, mostly by sea, railway and expressway. The peak season of sales is usually in cold winter and close to the spring festival when market has a great demand. At that time, the natural and human factors such as serious shortage of transport capacity resulting from busy flow of people and goods, wind, snow, freezing as well as traffic accidents make the transport departments difficult to send products to markets in time and safely. As a result, it makes this Company have to face the risks of missing the peak season of sales. Therefore, the Company will adopt all methods possible like making precise sales prediction and well designed connection of production and sales, reasonably arranging production and transport means and making use of more available warehouses in different places to lower these kinds of risks.

④ Risk in investment faults

The Company invested many projects in the previous periods and the investment amounts were relatively large. For individual project, owing to the influence of various factors, it led to have the risks of facing with the investment amount out of budget or hardly taking back the expected investment earnings. The Company will take an adequate argument and scientific decision-making for investment projects, try hard to reduce and avoid investment risks.

⑤ Risk in exchange rate

The Company's overseas subsidiaries export products to many different countries and the export amount is relatively large. There may be exchange losses or gains due to exchange rate fluctuation.

⑥ Other risks

During the production and sales of the Company's products, it may be affected by force majeure such as wars, typhoons, earthquakes, etc..

12. Activity registration form for receptions of research, communication, visit and other activities during the report period

☒Applicable ☐Inapplicable

Reception time	Reception place	Reception pattern	Type of reception object	Reception object	Main discussed contents and provided data	Basic situation index of reception
2024.03.11	The meeting room of the Company	Field research	Institutions and individuals	Yi WEI from Citic Securities, Xiangwei ZHANG from Guosen Securities and shareholders who participated in the on-site meeting of the Company's First Interim Shareholders' Meeting in 2024.	The recent production and operation situation of the Company	<i>The Record of Investor-relationships Activity</i> disclosed on Shenzhen Stock Exchange
2024.05.15	The	Network	Institutions	The majority of domestic and	The recent	<i>The Record of</i>

	meeting room of the Company	platform online communication	and individuals	foreign investment institutions and individuals	production and operation situation of the Company	<i>Investor-relations Activity</i> disclosed on Shenzhen Stock Exchange
2024.05.17	The meeting room of the Company	Field research	Institutions and individuals	Yi WEI from Citic Securities, Jiadong HU from Guosen Securities, Huifeng REN and Ruoshi LIU from Taikang Asset Management Co., Ltd., Shuhui CHEN and Ke YI from China Merchants Securities, Lu ZHENG and Mo ZHANG from Rosefinch Fund, Jiaqi LI from Everbright Securities, Yu FU from Elephant Capital, Shengxiong LI from Qingdao Wentai Private Equity Fund Management Co. Ltd. and shareholders who participated in the on-site meeting of the Company's 2023 Annual Shareholders' Meeting.	The recent production and operation situation of the Company	<i>The Record of Investor-relations Activity</i> disclosed on Shenzhen Stock Exchange

13. Market value management system and valuation enhancement plan formulation and implementation

Whether the company has established a market value management system

☐Yes ☒No

Whether the company has disclosed a valuation enhancement plan

☐Yes ☒No

14. Implementation of the “The Improvement Both on Quality and Return” action plan

Whether the company disclosed the “The Improvement Both on Quality and Return” action plan

☐Yes ☒No

IV. Corporate Governance

1. Current Corporate Governance Situation of the Company

(1) About shareholders and shareholders' meeting

The Company has set up the *Deliberation Rules of Shareholders' Meeting*, and convened the shareholders' meetings in strict accordance with requirements of standard opinions of shareholders' meeting, made the great effort to provide convenient conditions for more shareholders to participate the shareholders' meeting, and ensured all shareholders to enjoy same equity and well exercised their rights. The Company drew great attention to the communication and exchange with shareholders, actively responded the shareholders' inquiry and questions, and widely listened to the suggestions and comments from shareholders.

(2) About the Company and holding shareholder

The Company has independent business and self-management capacity, which is independent from the controlling shareholders in business, staffs, assets, institutions and finance. The Board of Directors, Board of Supervisors, management teams and also internal institutions are able to operate independently in the Company. The controlling shareholders of the Company could regulate their behaviors without directly or indirectly interfering in the Company's decision-making and business activities beyond the shareholder's meeting; meanwhile, there is no case of encroaching on the Company's assets and damaging the interest of the Company and minority shareholders.

(3) About the director and board of directors

The Company strictly appoints all directors in light of *Corporation Act* and *Articles of Associations*. The qualifications of all directors are in line with the requirements of laws and regulations. In accordance with the requirements of *Corporate Governance Guidelines*, the Company has carried out the cumulative voting system in the director selection. At present, the Company has five independent directors accounting for above one third of all directors, and the number and personnel composition of board of directors was basically in accord with requirements of regulations as well as *Articles of Associations*. All directors of the Company were able to carry out work in accordance with the *Rules of Board of Directors' Procedure* and *Working Rules for Independent Directors*, punctually attended the board of directors' and shareholders' meetings, actively took part in relevant knowledge training, were familiar with the laws and regulations concerned, had a deep knowledge and long experience of practitioners, and performed their duties according to the law and regulations. The Board of Directors convened the meetings complies with relevant laws and regulations.

(4) About supervisor and board of supervisors

The Company strictly elected all supervisors in light of the procedures stipulated in the *Corporation Act* and *Articles of Associations*. At present, board of supervisors has three people among which one supervisor is representative for staff. The number and composition of board of supervisor meet the requirements of regulations and laws. All supervisors of the Company could follow the requirement of *Rules of Board of Supervisors' Procedure*, insist the principle of responsibility to all shareholders, seriously perform their duties, effectively supervise and present their independent opinions on important issues, interrelated deals, financial status, appointment of an accounting firm and the duty performance of directors and managers of the Company.

(5) About performance evaluation and incentive system

The appointment of managers was open and transparent, and accorded with laws and regulations. The Company has established and gradually improved the performance evaluation standard and formed efficient incentive system, so as to ensure the salary of staff to be linked with work performance.

(6) About interested parties

The Company could fully respect and safeguard the legal rights of the party with relevant benefit, cooperate actively with the interested parties, jointly drive the Company to develop continually and stably, pay great attention to the issues such as local environmental protection and public utilities etc., and fully assume the due social responsibility.

(7) About the information disclosure and transparency

The Company has appointed the board secretary to be responsible as the head of investor relation management including information disclosure, investor relations management and reception of shareholders' visit and consultation. The Company has also assigned *China Securities Newspaper*, *Securities Times*, *Honkong Commercial Daily* and web site <http://www.cninfo.com.cn/> to disclose information, punctually, accurately and truly disclosed any information in the light of requirement of relevant laws and rules, and also ensured all shareholders to have same opportunity to acquire any information.

In order to further perfect the Company's governance system, during the report period, the Company formulated *Opinions on Strengthening the Management of Food Safety at Production Sites* and *Provisions on Implementing the Supervision and Management of Food Safety Main Body Responsibility*, revised and improved several rules and regulations such as *Measures for the Administration of Labor Contracts*.

Whether or not there is significant variance between the Company's actual situation of corporate governance and laws, administrative regulations and the regulations about listed company governance issued by China Securities Regulatory Commission.

☐ Yes ☒ No

There is no significant variance between the Company's actual situation of corporate governance and laws, administrative regulations and the regulations about listed company governance issued by China Securities Regulatory Commission.

2. Relative to the controlling shareholder and actual controller, independence of the Company on ensuring the company's assets, personnel, finance, organization, business, etc.

(1) Personnel Arrangement

The Company's general manager, deputy general managers and other senior officers, all of whom were paid by the Company and did not hold any concurrent administrative ranks in the controlling units. The Company was entirely independent in personnel arrangement, conclusion and adjustment of labor contracts thanks to its sound and independent system for labor, personal and salary management.

(2) Assets

Tangible assets and Intangible assets including trademark, industrial property right and non-patent technologies were all clearly divided between the Company and the controlling shareholders, and all legal formalities were completed. As an independent legal entity, the Company operates independently in accordance with the law, and does not provide any form of guarantee with its assets for shareholders' or individuals' liabilities or other legal or natural persons. Due to the historical issues, the ownership of trademarks such as “张裕” (Changyu) that the Company is permitted to use that are still remained with the controlling shareholder. Except for a very small number of trademarks such as “张裕” (Changyu), the Company has ownership rights of the vast majority of trademarks being used by the Company, which ensures the independence and completeness of the Company's assets.

(3) Finance

The Company is equipped with independent finance department, financial administrator and financial and accounting staff, as well as a complete, independent and standardized financial accounting system. The Company also opened its own bank accounts, independent and legally paying taxes and workers insurance fund. All financial individuals do not hold any concurrent posts in associated companies and are able to make financial decisions independently. The Company has its own audit department, which is especially responsible for the internal audit work of the Company.

(4) Independent Institutions

The Company has set up a sound organizational framework, in which the Board of Directors and Board of Supervisors operate independently, no superior and subordinate relationship exists between the functional departments of the controlling shareholder. The Company has its own independent production & business offices, and all functional departments are independent to exercise their powers and carry out the production and business activities independently.

(5) Operations

The operations of the Company are independent of the controlling shareholders. The Company owns itself completely independent systems covering research and development, financial accounting, labor and human resource, quality control, raw materials purchase, production and sales, has the independent management ability, and does not have the problem that entrusts the controlling shareholders to buy and sell on commission, nor exist the horizontal competition with controlling shareholders.

3. Situation for Horizontal Competition

☐Applicable ☒Inapplicable

4. Information for the shareholders' meeting and interim shareholders' meeting held during the report period

(1) Information for the shareholders' meeting during the report period

Session	Meeting type	Participation ratio of investors	Convening date	Disclosure date	Meeting Resolution
The First Interim Shareholders' Meeting in 2024	Interim Shareholders' Meeting	53.89%	2024.03.11	2024.03.12	According to the voting results, the meeting deliberated and approved <i>Plan on Buy-Back of Partial B Shares of Yantai Changyu Pioneer Wine Co., Ltd., Proposal on Replacement and Election of Directors</i> and <i>Proposal on Authorization to Buy Back Shares</i> by disclosed ballot.
2023 Annual Shareholders' Meeting	Annual Shareholders' Meeting	53.58%	2024.05.17	2024.05.18	According to the voting results, the meeting deliberated and approved <i>2023 Annual Board of Directors' Work Report, 2023 Annual Board of Supervisors' Work Report, 2023 Annual Report, Proposal on 2023 Annual Profit Distribution, Proposal on 2024 Annual Financial Budget</i> and <i>Proposal on Appointment of Certified Public Accounting Firm</i> by disclosed ballot.
The Second Interim Shareholders' Meeting in 2024	Interim Shareholders' Meeting	52.23%	2024.06.25	2024.06.26	According to the voting results, the meeting deliberated and approved <i>Proposal on Amendment of the Company's "Articles of Association", Proposal on Amendment of the Company's "Rules of Rrocedure for Shareholders' Meeting", Proposal on Amendment of the Company's "Rules of Rrocedure for Board of Directors", Proposal on Amendment of the Company's "Rules of Rrocedure for Board of Supervisors"</i> and <i>Proposal on Formulation of "Working System of Independent Directors"</i> by disclosed ballot.
The Third Interim Shareholders' Meeting in 2024	Interim Shareholders' Meeting	52.59%	2024.08.08	2024.08.09	According to the voting results, the meeting deliberated and approved <i>Proposal on Buying Back and Cancelling Some Restricted Shares of the Company's 2023 Restricted Share Incentive Plan and Adjusting the Buy-back Price</i> and <i>Proposal on Changing the Registered Capital and Amending the "Articles of Association"</i> by disclosed ballot.
The Fourth Interim Shareholders' Meeting in 2024	Interim Shareholders' Meeting	53.08%	2024.09.30	2024.10.01	According to the voting results, the meeting deliberated and approved <i>Proposal on Appointment of Director</i> by disclosed ballot.

(2) Request for convening interim shareholders' meeting by preferred shareholders owing recovered voting right

☐Applicable ☒Inapplicable

5. Situation for Directors, Supervisors, Senior Executives and Staff**(1) Changes in shareholdings of directors, supervisors and senior executives**

Name	Gender	Age	Post	Status	Beginning date of tenure	Ending date of tenure	Shares held at the beginning of the period	Increased shares during the period	Decreased shares during the period	Other changes of shares held	Shares held at the end of the period	Reasons of the increase and decrease change of shares held
Hongjiang ZHOU	M	60	Chairman	Incumbent	2002.05.20	2025.05.28	279,600				279,600	
Jian SUN	M	58	Director	Incumbent	2019.05.17	2025.05.28	330,000	30,000			360,000	Purchased the Company's B shares
Jiming LI	M	58	Director	Incumbent	2019.05.17	2025.05.28	160,000				160,000	
Dianxin CHEN	F	58	Director	Outgoing	2019.05.17	2024.02.22						
Xunzhang LIU	M	51	Director	Incumbent	2024.03.11	2025.05.28						
Aldino Marzorati	M	72	Director	Outgoing	2006.12.07	2024.09.02						
Marco Giovanni Ferrari	M	51	Director	Incumbent	2024.10.01	2025.05.28						
Jianxun JIANG	M	58	Director	Incumbent	2022.05.27	2025.05.28	160,000				160,000	
Stefano Battioni	M	66	Director	Incumbent	2022.05.27	2025.05.28						
Enrico Sivieri	M	56	Director	Incumbent	2019.05.17	2025.05.28						
Yun CHIANG	F	57	Director	Incumbent	2020.06.19	2025.05.28						
Changqing DUAN	M	60	Independent director	Incumbent	2019.05.17	2025.05.28						
Huirong	F	61	Independent	Incumbent	2019.05.17	2025.05.28						

LIU			director									
Qinglin LIU	M	61	Independent director	Incumbent	2019.07.02	2025.05.28						
Renzhu YU	M	46	Independent director	Incumbent	2020.05.27	2025.05.28						
Zhuquan WANG	M	59	Independent director	Incumbent	2020.05.27	2025.05.28						
Bin LENG	M	62	Chairman of the Board of Supervisors	Incumbent	2020.05.27	2025.05.28						
Zhijun LIU	M	44	Supervisor	Incumbent	2016.05.26	2025.05.28						
Wenping ZHENG	F	56	Supervisor	Outgoing	2022.05.27	2024.05.05				0		
Jinfeng YU	F	34	Supervisor	Incumbent	2024.05.05	2025.05.28						
Jian SUN	M	58	General manager	Incumbent	2018.01.10	2025.06.10						
Jiming LI	M	58	Deputy general manager	Incumbent	2019.05.28	2025.06.10						
Hua JIANG	M	61	Deputy general manager	Incumbent	2001.09.14	2025.06.10	170,000				170,000	
Bin PENG	M	58	Deputy general manager	Incumbent	2018.01.10	2025.06.10	160,000				160,000	
Jianxun JIANG	M	58	Deputy general manager and Board secretary	Incumbent	2019.05.28	2025.06.10						
Jianfu PAN	M	49	General manager assistant	Incumbent	2018.04.19	2025.06.10	100,000			30,000	70,000	Was bought back the granted restricted shares
Qingkun KONG	M	52	General manager assistant	Incumbent	2022.06.09	2025.06.10	100,000		25,000		75,000	Sold the granted restricted shares

Shilu LIU	M	50	General manager assistant	Incumbent	2018.04.19	2025.06.10	100,000			30,000	70,000	Was bought back the granted restricted shares
Zhenbo XIAO	M	48	General manager assistant	Incumbent	2018.04.19	2025.06.10	100,000		25,000		75,000	Sold the granted restricted shares
Total	--	--	--	--	--	--	1,659,600	30,000	50,000	60,000	1,579,600	--

Is there any resignation of directors and supervisors and dismissal of senior management personnel during their term of office during the reporting period

☒Yes ☒No

During the reporting period, directors Ms. Dianxin Chen and Mr. Aldino Marzorati resigned as directors of the Company; The supervisor Ms. Wenping Zheng no longer served as the supervisor of the Company due to retirement.

Changes of directors, supervisors and senior managers of the company

☒Applicable ☐Inapplicable

Name	Post	Status	Date	Reason
Dianxin CHEN	Director	Outgoing	2024.02.22	Job transfer
Aldino Marzorati	Director	Outgoing	2024.09.02	Retired
Wenping ZHENG	Supervisor	Outgoing	2024.05.05	Retired
Xunzhang LIU	Director	Be elected	2024.03.11	Job transfer
Marco Giovanni Ferrari	Director	Be elected	2024.10.01	Job transfer
Jinfeng YU	Supervisor	Be elected	2024.05.05	Job transfer

(2) Situation for work experience

The professional background, main work experiences and present positions of the Company's directors, supervisors and senior executives

① Members of Board of Directors

Mr. Hongjiang Zhou, male, 60 years old, Chinese, with doctoral degree, senior engineer, used to be the General Manager of Yantai Changyu Pioneer Wine Sales Co., Ltd., the Deputy General Manager, the General Manager and the Deputy Chairman of Yantai Changyu Pioneer Wine Co., Ltd.. He is incumbent as the Chairman of Yantai Changyu Group Co., Ltd. and the board director and the Chairman of the Company now.

Mr. Jian Sun, male, 58 years old, Chinese, MBA, used to be the Deputy General Manager of the Company. He is incumbent as the board director and the General Manager of the Company, and with an additional post of the board director of Yantai Changyu Group Co., Ltd..

Mr. Jiming Li, male, 58 years old, Chinese, with doctoral degree, application researcher, used to be the Chief Engineer of the Company. He is incumbent as the board director and the Deputy General Manager of the Company, and with an additional post of the board director of Yantai Changyu Group Co., Ltd..

Mr. Jianxun Jiang, male, 58 years old, Chinese, MBA and accountant, served as the Financial Manager of the Company from May 20, 2002 to January 10, 2018. He now serves as the board director, Deputy General Manager and Board Secretary of the Company.

Mr. Xunzhang Liu, male, 51 years old, Chinese, with bachelor degree, from January 1993 to January 2022, successively served as a Secretary of Political Consultative Conference, the Deputy Secretary and the Secretary of Youth League Committee of Dachenjia Town, Longkou City; he Secretary of Youth League Committee and the Deputy Town Chief of Beima Town, Longkou City; the Deputy Director of Bureau for Letters and Calls of Longkou Municipal Committee and Municipal Government; the Director of Longkou Seismological Bureau; the Deputy Secretary of the Party Committee and the Town Chief of Zhuyouguan Town, Longkou City; the Deputy Secretary of the Party Working Committee of Longkou Economic Development Zone and the Secretary of the Party Working Committee of Longgang Street; the Secretary of the Party Committee of Langao Town, Longkou City; the Secretary of Party Group and the Director of Longkou Environmental Protection Bureau; the Secretary of Party Group and the Director of Longkou Comprehensive Law Enforcement Bureau; the Secretary of Party Committee and the Director of Longkou Finance Bureau; the Manager of the Management Committee, the Secretary of the Party Working Committee, the Secretary of the Party Working Group of the Finance Bureau and the Director of the Financial Services Center of Longkou Economic Development Zone; a member of Longkou Government Party Group and the Deputy Mayor of Longkou City. From January 2022 to November 2023, he served as the full-time Deputy Secretary of the Party Committee of Yantai Guofeng Investment Holding Group Co., Ltd.. From September 2022 to November 2023, he concurrently served as the Chairman of the Labor Union of Yantai Guofeng Investment Holding Group Co., Ltd.. Now he serves as the Deputy Secretary of the Party Committee and the General Manager of Yantai Guofeng Investment Holding Group Co., Ltd. and the board director of Changyu Group Co., Ltd. and the Company.

Mr. Marco Giovanni Ferrari, male, 51 years old, Italian, laurea degree. He has successively served as marketing assistant of Bacardi-Martini Italy and Martini & Rossi S.p.A. (Torino, Italy), brand manager of Bacardi-Martini UK (Southampton, UK), marketing manager of Bacardi-Martini

Italy (Torino, Italy), global marketing manager Bacardi Rum of Bacardi Limited (London, UK), director of strategic development, marketing and trade marketing of Branca International (Milano, Italy), global chief marketing officer and regional director North America of Stoli Group (part of SPI Group S.A.R.L.) (Luxembourg), and CEO and executive board member of Gruppo Montenegro (Bologna, Italy). He currently serves as CEO and executive board member of Illva Saornno Holding (Saronno, Italy), member of the Board of Federvini (Italian Federation of Spirits and Wine Manufacturers), member of the Board of Governors and vice-chair of British School of Milan, and director of Yantai Changyu Group Co., Ltd. and the Company.

Mr. Stefano Battioni, male, 66 years old, Italian, graduated with a bachelor's degree. He has served as a Senior Product Manager of Colgate Palmolive in Italy, the Marketing Director of Barilla Holding, the International Marketing Director and the Spirits Business Unit Director-General Manager of Illva Saronno S.p.A. (a spirit company as a wholly-owned subsidiary of Illva Saronno Holding S.p.A.). He is currently the CEO of Illva Saronno S.p.A. and the board director of Changyu Group Co., Ltd. and the Company.

Mr. Enrico Sivieri, male, 56 years old, Italian, with bachelor degree, served successively as the financial controller of ARNEG S.p.a., the commercial analyst of SPILLERS FOODS ITALIA S.p.a., the trade controller of Nestle' Purina Petcare Europe, European marketing & sales controller of Nestle' Purina Petcare Europe, the European supply chain controller of Nestle' Purina Petcare Europe, the Southern Europe regional controller of Nestle' Purina Petcare Europe and the Director of group financial controlling of Illva Saronno Holding S.p.A., and currently serving as a member of the board of directors for Royal Oak Distillery Ltd. and the General Manager of Illva Saronno Holding S.p.A., and the board director of Changyu Group Co., Ltd. and the Company.

Ms. Yun Chiang, female, 57 years old, successively obtained Bachelor of Science degree Magna Cum Laude from Virginia Tech, Virginia, EMBA of The Kellogg School of Management at North Western University, USA and EMBA of The Graduate School of Management, Hong Kong University of Science and Technology, Hong Kong, China. She used to acted as Director at American International Group (AIG) direct investment team, the Managing Partner of Pacific Alliance Group (PAG). She currently serves as the INED, member of Audit Committee and Nomination Committee and Chairlady of ESG Committee in Las Vegas Sands China, the INED, member of Audit Committee and Remunerations Committee and Chairlady of Nomination Committee and ESG Committee in Goodbaby International Holding Ltd., the INED, member of Audit Committee and Nomination Committee and Chairlady of Remunerations Committee in Pacific Century Premium Developments Ltd., the CEO and Founding Partner of Prospere Capital, and the board director of the Group Company and the Company.

Mr. Qinglin Liu, male, 61 years old, doctoral degree of Management, Chinese, no overseas permanent residence. He is currently a professor and doctoral supervisor of Economics Faculty of Shandong University, the Director of Institute for World Economy Studies of Shandong University, the Executive Deputy President of Shandong Institute of Development of Shandong University, a member of a council of China Society of World Economics, an executive member of a council of The Association for Canadian Studies in China and Shandong Youth Scholars Association, a member of a council of Shandong Association for Business Economics and Shandong Price Association. He currently serves as an independent director of Shandong Xinneng Taishan Power Generation Co., Ltd., an independent director of Weihai Huadong Automation Co., Ltd., and an independent director of the Company.

Mr. Changqing Duan, male, 60 years old, Chinese, with doctoral degree, professor, doctoral and master's supervisor, and the national senior winemaker and senior wine taster. He currently serves as the chief scientist of national grape industry technology system and the Director of Wine Processing Key Laboratory of Ministry of Agriculture and Rural Affairs. Meanwhile, he holds concurrent posts of the Director of China Wine Technology Committee, the Director of China Wine and Fruit Wine Expert Committee, the Executive President and the Secretary General of Grape and Wine Branch of Chinese Horticultural Society and the Vice President of China Agricultural Society Grape Branch. His major research fields are the basic theoretical research and related high and new technology research and development as well as application promotion work in the direction of suitability between ecology in producing area and grape variety and liquor variety, evolution mechanism and directional brewing of wine flavor formation, grape fruit flavor metabolism regulation and product flavor quality evaluation and so on. He is a current independent director of the Company.

Ms. Huirong Liu, female, 61 years old, Chinese, with doctoral degree, the former Deputy Dean and Dean of the Institute of Political Science and Law of Ocean University of China. She used to serve as an independent director of Sailun Group Co., Ltd., Longda Meat and Sacred Sun Co., Ltd. and Shandong Sacred Sun Power Sources Co., Ltd.. Currently, she is a second-level professor and doctoral supervisor of Ocean University of China and with additional post as a researcher of the "Belt and Road Initiative" Judicial Research Center of the Supreme People's Court, an expert at the Supreme People's Court for foreign-related commercial and maritime action expert database, the Deputy Chairman of the sixth Shandong Law Society and the Deputy Director of the Academic Committee, and the Chairman of the Qingdao Law-based Government Research Institute. Her research fields are International Law and Legislative Science. She has won the title of *Shandong Top Ten Outstanding Young and Middle-aged Jurists*, the third prize of *Excellent Social Science Achievement of the Ministry of Education*, the third prize of *Shandong Excellent Social Science Achievement*, the second prize of *Shandong Excellent Philosophy and Social Science Achievement*, the first prize of *Excellent Achievement of Shandong Education Department* and the *Top Talent in Qingdao City*. She is a current independent director of the Company.

Mr. Renzhu Yu, male, 46 years old, Chinese, doctor of management, high-level talents of Jinan, used to act as the Deputy Director of Huanglong National Scenic Area Administration in Aba prefecture of Sichuan province as a member of the 18th doctoral team of the Central Organization Department and the Communist Youth League of China and also ever acted as managing director of Shandong Agricultural Economy Society. Currently, he serves as a professor and a master supervisor in School of Business Administration in Shandong University of Finance and Economics, the managing director of Chinese Marketing Association of Universities and an independent director of the Company.

Mr. Zhuquan Wang, male, 59 years old, Chinese, doctor of management (accountancy), national high-level talent, first batch of national accounting academic leading personals of the Ministry of Finance, the accountant master of the Ministry of Finance, national outstanding teacher, Government Special Allowance expert under the State Council. He used to serve as independent director of this Company from May 13, 2010 to May 12, 2013 and from May 23, 2014 to May 17, 2019. Now he is the professor and the doctoral supervisors of the Ocean University of China and also holds a concurrent post of independent director of the Company and Qingdao Zhongcheng Group Co., Ltd..

② Members of board of supervisors

Mr. Bin Leng, male, 62 years old, Chinese, with master degree, senior accountant, used to be the Deputy Section Chief and the Section Chief of Yantai Audit Bureau, the board director and the Chief Accountant of Yantai Changyu Group Co., Ltd. and the board director and the Deputy General Manager of the Company. He is incumbent as the board director and the General Manager of Yantai Changyu Group Co., Ltd. and the Chairman of Board of Supervisor of the Company, with an additional post of the Chairman and General Manager of Yantai Zhongya Zhibao Pharmaceutical Co., Ltd..

Mr. Zhijun Liu, male, 44 years old, Chinese, bachelor degree; from July 2003 to February 2019, he used to serve as the staff of worked in foreign fund department of Economy and Trade Bureau in Longkou Economic Development Zone, a news section member of propaganda department in Longkou Municipal Committee, a member of propaganda and mass work section, a member of planning section, the Deputy Director Member of programming development and enterprise distribution section, the Deputy Director Member and the Deputy Chief of programming development section, the supervisor (section chief rank) of the Dongfang Electronics Corporation Co., Ltd., Shandong Laidong Engine Co., Ltd. and Yantai Public Transportation Group Co., Ltd., and a section chief rank of Yantai Municipal Audit Bureau; from March 2019 to June 2020, he served as the had of the equity management department of Yantai Guofeng Investment Holdings Group Co., Ltd.; from June 2020 to present, he serves as a member of the Party Committee and the deputy general manager of Yantai Guofeng Investment Holdings Group Co., Ltd. He now is a supervisor of the Company.

Ms. Jinfeng Yu, female, borned in 1990, Chinese, bachelor degree. She has been working in the Legal Affairs Department of the Company since 2013.

③ Other senior executives

Mr. Hua Jiang, male, 61 years old, Chinese, master degree, senior engineer, has been serving as the Deputy General Manager of the Company since September 14, 2001.

Mr. Bin Peng, male, 58 years old, MBA, senior engineer, ever successively served as the Department Chief of Technical Transformation Department and the Minister of Investment and Development Department of the Company, as well as the General Manager Assistant of Yantai Changyu Group Co., Ltd.. He currently serves as the Deputy General Manager of the Company.

Mr. Jianfu Pan, male, 49 years old, Chinese, MBA and senior economist, used to serve as the General Manager of the Jiangxi Branch of the Company, the General Manager of the Shanghai marketing management company and the General Manager of Beijing marketing management center. Currently, he is a General Manager Assistant of the Company and the General Manager of Beijing marketing management center and Beijing Chateau AFIP.

Mr. Qingkun Kong, male, 52 years old, Chinese, MBA and economist, used to serve as a section member of production department in the healthy liquor branch office, a clerk and the Deputy Director and the Director of general manager office, and the chairman of the Company's Board of Supervisor. Currently, he serves as a General Manager Assistant of the Company.

Mr. Shilu Liu, male, 50 years old, Chinese, master degree, used to be the Manager of Tianjin branch of the Company, the Competence Manager of North China market, the General Manger of Beijing marketing management company, the General Manager of Guangdong marketing management center and the General Manager of e-commerce branch of the Company. Currently, he serves as the General Manager Assistance of the Company and the General Manager of Yantai Changyu Pioneer Wine Sales Co., Ltd..

Mr. Zhenbo Xiao, male, 48 years old, Chinese, MBA, served as the Deputy Manager of the Company's market strategy development center, the General Manager of Shandong marketing management company and Yantai Changyu liquor company. He currently serves as the General Manager Assistant of the Company.

Post in the shareholder's company

☒Applicable ☐Inapplicable

Name	Shareholder's Company	Post	Beginning date of the post	Ending date of the post	Paid by shareholder's company or not
Hongjiang ZHOU	Yantai Changyu Group Co., Ltd.	Chairman	2018.01.10	2026.01.11	No
Bin LENG	Yantai Changyu Group Co., Ltd.	Director & General manager	2018.01.10	2026.01.11	Yes
Jian SUN	Yantai Changyu Group Co., Ltd.	Director	2018.01.10	2026.01.11	No
Jiming LI	Yantai Changyu Group Co., Ltd.	Director	2018.01.10	2026.01.11	No
Xunzhang LIU	Yantai Changyu Group Co., Ltd.	Director	2023.12.11	2026.01.11	No
Marco Giovanni Ferrari	Yantai Changyu Group Co., Ltd.	Director	2024.09.02	2026.01.11	No
Enrico Sivieri	Yantai Changyu Group Co., Ltd.	Director	2018.01.10	2026.01.11	No
Stefano Battioni	Yantai Changyu Group Co., Ltd.	Director	2020.04.09	2026.01.11	No
Yun CHIANG	Yantai Changyu Group Co., Ltd.	Director	2020.05.12	2026.01.11	No
Explanation for the post in the shareholder's company	Mr. Bin Leng also holds concurrent post as the Chairman and General Manager of Yantai Zhongya Zhibao Pharmaceutical Co., Ltd..				

Post at other companies

☐Applicable ☒Inapplicable

Disciplinary actions taken by securities regulators in recent 3 years to the Company's directors, supervisors and senior management both on the job and left during the report period

☐Applicable ☒Inapplicable

(3) Salary of directors, supervisors and senior executives

The situation of decision-making process, the basis of determination and the actual payment of remuneration for directors, supervisors and senior executives

The salary for the independent directors is paid according to the resolution of shareholders' meeting. The salary for the chairman, directors with administration duty, managers and other senior management should be paid on basis of the evaluation result according to the *Yantai Changyu Pioneer Wine Co., Ltd. Executive Compensation and Performance Design*, which was passed during the Board of Directors' meeting.

Salary of directors, supervisors and senior executives during the report period

Unit: CNY'0000

Name	Gender	Age	Post	Status	Total reward from the Company before tax	Whether get reward from related parties of the Company
Hongjiang ZHOU	M	60	Chairman	Incumbent	141.85	No
Jian SUN	M	58	Director and General Manager	Incumbent	131.14	No
Jiming LI	M	58	Director and Deputy General Manager	Incumbent	98.85	No
Xunzhang LIU	M	51	Director	Incumbent	0	Yes
Marco Giovanni Ferrari	M	51	Director	Incumbent	0	Yes
Jianxun JIANG	M	58	Director, Deputy General Manager and Board secretary	Incumbent	99.72	No
Stefano Battioni	M	66	Director	Incumbent	0	Yes
Enrico Sivieri	M	56	Director	Incumbent	0	Yes
Yun CHIANG	F	57	Director	Incumbent	0	No
Changqing DUAN	M	60	Independent Director	Incumbent	10	No
Huirong LIU	F	61	Independent Director	Incumbent	10	No
Qinglin LIU	M	61	Independent Director	Incumbent	10	No
Renzhu YU	M	46	Independent Director	Incumbent	10	No
Zhuquan WANG	M	59	Independent Director	Incumbent	10	No
Bin LENG	M	62	Chairman of the Board of Supervisor	Incumbent	0	Yes
Zhijun LIU	M	44	Supervisor	Incumbent	0	Yes
Jinfeng YU	F	34	Supervisor	Incumbent	14.53	No
Hua JIANG	M	61	Deputy General Manager	Incumbent	104.14	No
Bin PENG	M	58	Deputy General Manager	Incumbent	113.81	No
Jianfu PAN	M	49	General Manager Assistant	Incumbent	70.13	No
Qingkun KONG	M	52	General Manager Assistant	Incumbent	69.9	No
Shilu LIU	M	50	General Manager Assistant	Incumbent	65.43	No
Zhenbo XIAO	M	48	General Manager Assistant	Incumbent	70.31	No
Total	--	--	--	--	1,029.81	--

Other information note

☐Applicable ☒Inapplicable

6. Performance of directors during the report period

(1) The situation of the board of directors' meetings during this reporting period

The session of meetings	Holding date	Disclosure date	Meeting resolution
The First Interim Board of Directors Meeting in 2024	2024.02.22	2024.02.23	The meeting deliberated and approved <i>Plan on Buy-Back of Partial B Shares of Yantai Changyu Pioneer Wine Co., Ltd., Proposal on Change in Directors, Proposal on Authorization to Buy Back Shares and Proposal on Convening 2024 Annual First Interim Shareholders' Meeting</i> by disclosed ballot.
The Ninth Session Board of Directors 9 th Meeting	2024.04.10	2024.04.12	The meeting deliberated and approved <i>2023 Annual Board of Directors' Work Report, 2023 Annual General Manager's Work Report, 2023 Annual Report, Draft Proposal on 2023 Annual Profit Distribution, Proposal on 2023 Annual Performance Assessment Results of the Company's Senior Management, 2023 Annual Self Assessment Report on Internal Control, 2023 Annual Social Responsibility Report, Proposal on Relevant Issues of Convening 2023 Annual Shareholders' Meeting, Proposal on Appointment of Certified Public Accounting Firm, Proposal on 2024 Annual Capital Expenditure Plan, Proposal on 2024 Annual Routine Related Transaction and Proposal on 2024 Annual Financial Budget</i> by disclosed ballot.
The Second Interim Board of Directors' Meeting in 2024	2024.04.24	2024.04.26	The meeting deliberated and approved <i>Proposal on 2024 First Quarter Report</i> by disclosed ballot.
The Third Interim Board of Directors' Meeting in 2024	2024.06.07	2024.06.08	The meeting deliberated and approved <i>Proposal on Amendment of the Company's "Articles of Association", Proposal on Amendment of the Company's "Rules of Rrocedure for Shareholders' Meeting", Proposal on Amendment of the Company's "Rules of Rrocedure for Board of Directors", Proposal on Amendment of the Company's "Rules of Rrocedure for Board of Supervisors", Proposal on Amendment of the Company's "Rules of Rrocedure for Board of Directors' Auditing Committee", Proposal on Amendment of the Company's "Rules of Rrocedure for Board of Directors' Emolument Committee", Proposal on Formulation of "Working System of Independent Directors" and Proposal on Convening Second Interim Shareholders' Meeting in 2024</i> by disclosed

			ballot.
The Fourth Interim Board of Directors' Meeting in 2024	2024.07.22	2024.07.24	The meeting deliberated and approved <i>Proposal on the Achievement for Lifting Restrictions in the First Period of Lifting Restriction Regarding the Company's 2023 Restricted Share Incentive Plan, Proposal on Buying Back and Cancelling Some Restricted Shares of the Company's 2023 Restricted Share Incentive Plan and Adjusting the Buy-back Price, Proposal on Changing the Registered Capital and Amending the "Articles of Association" and Proposal on Convening Third Interim Shareholders' Meeting in 2024</i> by disclosed ballot.
The Ninth Session Board of Directors 10 th Meeting	2024.08.20	2024.08.22	The meeting deliberated and approved <i>2024 Semi-annual Report, Proposal on 2024 Semi-Annual Profit Distribution, Proposal on Providing Guarantee for Kilikanoon Estate Pty Ltd in Australia and Proposal on Modifying Registered Capital and Amending "Articles of Association"</i> by disclosed ballot.
The Fifth Interim Board of Directors Meeting in 2024	2024.09.11	2024.09.12	The meeting deliberated and approved <i>Proposal on Appointment of Director and Proposal on Convening Fourth Interim Shareholders' Meeting in 2024</i> by disclosed ballot.
The Sixth Interim Board of Directors Meeting in 2024	2024.10.25	2024.10.28	The meeting deliberated and approved <i>2024 Third Quarter Report</i> by disclosed ballot.
The Seventh Interim Board of Directors Meeting in 2024	2024.12.26	2024.12.27	The meeting deliberated and approved <i>Proposal on Disposal of Partial Grape Bases</i> by disclosed ballot.

(2) Attendance of directors for the board of directors' and the shareholders' meetings

Attendance of directors for the board of directors							
Name	Required attendance time	On-site attendance	Communication attendance	Authorized attendance	Absence	Whether or not to attend the meetings personally for successive twice	Attendance time for the shareholders' meeting
Hongjiang ZHOU	9	2	7	0	0	No	3

Jian SUN	9	2	7	0	0	No	1
Jiming LI	9	2	7	0	0	No	0
Jianxun JIANG	9	2	7	0	0	No	5
Dianxin CHEN	1	0	1	0	0	No	0
Xunzhang LIU	8	2	6	0	0	No	0
Marco Giovanni Ferrari	2	0	2	0	0	No	0
Aldino Marzorati	6	2	4	0	0	No	0
Stefano Battioni	9	2	7	0	0	No	0
Enrico Sivieri	9	2	7	0	0	No	0
Yun CHIANG	9	2	7	0	0	No	0
Changqing DUAN	9	1	7	1	0	No	0
Huirong LIU	9	1	7	1	0	No	0
Qinglin LIU	9	2	7	0	0	No	0
Renzhu YU	9	1	7	1	0	No	0
Zhuquan WANG	9	1	7	1	0	No	0

Explanation for failed to personally attend the Board of Directors' meetings for successive two times

No

(3) Any objections for the Company's projects from the directors

Whether or not the directors raised any objection for the Company's projects

☐Yes ☒No

During the report period, the directors did not raise any objections for the Company's projects.

(4) Other explanations on directors' performance

Whether or not the directors' propositions are accepted by the Company

☒Yes ☐No

The explanation on the directors' propositions are accepted or are not accepted by the Company

The proposal of the Chairman of the Company to buy back partial B shares was accepted, and the Company bought back B shares during the reporting period.

7. Performance of the special committees under the Board of Directors during the report period

Committees name	Members	Numbers of meeting held	Held date	Meeting contents	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if have)
The First Auditing Committee Meeting in 2024	Xunzhang LIU, Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Enrico Sivieri	1	2024.04.10	The meeting deliberated and approved the <i>2023 Annual Report, Draft Proposal on 2023 Annual Profit Distribution, Proposal on Appointing Certified Public Accountants Firm, 2023 Annual Self Assessment Report on Internal Control and 2024 Annual Internal Audit Plan.</i>	Strengthen the company's internal audit work to prevent the occurrence of major business risks.	No	No
The Second Auditing Committee Meeting in 2024	Xunzhang LIU, Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Enrico Sivieri	1	2024.04.24	The meeting deliberated and approved the <i>2024 First Quarter Report.</i>	No		
The Third Auditing Committee Meeting in 2024	Xunzhang LIU, Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Enrico Sivieri	1	2024.08.20	The meeting deliberated and approved the <i>2024 Semi-Annual Report and Proposal on 2024 Semi-Annual Profit Distribution.</i>	No		
The Fourth Auditing Committee Meeting in 2024	Xunzhang LIU, Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Enrico Sivieri	1	2024.10.25	The meeting deliberated and approved the <i>2024 Third Quarter Report.</i>	No		

The First Emolument Committee Meeting in 2024	Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Yun CHIANG, Jianxun JIANG, Aldino Marzorati	1	2024.04.10	The meeting deliberated and approved the <i>Proposal on 2023 Annual Performance Assessment Results of the Company's Senior Executives</i> .	No		
The Second Emolument Committee Meeting in 2024	Changqing DUAN, Huirong LIU, Qinglin LIU, Renzhu YU, Zhuquan WANG, Yun CHIANG, Jianxun JIANG, Aldino Marzorati	1	2024.07.22	The meeting deliberated and approved the <i>The Proposal on Achievement for Lifting Restrictions in the First Restriction-lifted Period involved in the Company's Restricted Share Incentive Plan in 2023, Proposal on the 2023 Annual Performance Assessment Results of the Incentive Objects of Company's 2023 Restricted Share Incentive Plan and Proposal on Buy-back and Cancel Some Restricted Shares of the Company's 2023 Restricted Share Incentive Plan and to Adjust the Buy-back Price</i> .	No	No	No

8. The work of the Board of Supervisors

Whether or not the Board of Supervisors found any existence risk to the Company in oversight activities during the report period

☐ Yes ☒ No

The Board of Supervisors has no objections to supervision matters during the report period.

9. Staff of the Company

(1) Staff number, specialty constitution and education degree

Incumbent staff number of parent company at the end of reporting period(people)	648
Incumbent staff number of major subsidiary companies at the end of reporting period (people)	1,310
Total incumbent staff at the end of reporting period (people)	2,158
Total staff getting paid in current period (people)	2,158
Retired staff number whose expenses are undertaken by parent company or subsidiary companies (people)	0
Specialty constitution	
Category	Number of people (people)
Production staff	616
Sales staff	1,072
Technical staff	127
Financial staff	100
Administrative staff	243
Total	2,158
Education degree	
Category	Number (People)
Postgraduate and above	100
Bachelor	850
Junior College	675
Technical secondary school or Senior high school	384
Junior high school and below	149
Total	2,158

(2) Remuneration policy

The Company has established and improved the remuneration and welfare system, including salary system, incentive mechanism, social security and medical insurance and so on, to ensure the participation of all employees. In accordance with the law, the Company purchases social endowment insurance, medical insurance, occupational injury insurance, unemployment insurance and maternity insurance, and pays housing fund for the employees. Based on the principle of “distribution according to work and equal pay for equal work”, the Company pays the staff’s remuneration timely. With the improvement of the Company’s profitability, the Company steadily improves the staff’s remuneration and welfare, and provides its employees the competitive salary and equal opportunity for development.

(3) Training plan

In 2025, the Company plans to enhance the core theme of “innovation and decision-making power” of employees and train employees at all levels to improve their innovation and decision-making ability, adapt to market changes, and enhance the competitive advantage of enterprises. The

Company plans to customize personalized and systematic courses for different positions and maintain quarterly training for employees at all levels for 1-2 times, at least 2 days each time, and ensure that the training rate of employees of the Company could reach to 100% during the year.

Focus on improving the scientific decision-making ability of the Company's corporate-level leaders. The plan is to improve the political literacy, strengthen the construction of party conduct and clean government and cultivate strategic vision and overall outlook of the leading group through the form of on-site teaching and holding meetings instead of training. By analyzing the development trend of the global economy and the wine industry, seize the opportunity timely and seek the rapid development of the enterprise.

Focus on improving management innovation for middle-level management personnel. It is planned to use on-site teaching, video courses, self-study books and other forms to learn how to enhance the awareness of management innovation of middle-level management personnel. Encourage middle-level management personnel to participate advanced degree training such as MBA and upgrade professional titles to ensure that the company's cadre team to meet the needs of the company's sustainable development, improve the ability of middle-level cadres to do practical work, and better lead team members to work.

Improve their thinking innovation for employees whose level are or below section chief through combining on-site teaching and outreach training. Enhance the business ability and professional knowledge reserve level of ordinary staff. Encourage multi-dimensional innovation of employees in daily work, optimize the work process, and better complete the work content of each module.

The training for new employees is mainly based on basic training based on-site teaching, outreach training and field visits and learning. It aims to improve the basic knowledge of new employees in labor law, production technology, safety and other professional aspects and in-depth learning of corporate culture, rapid change of identity, improve the physical quality of new employees, and enhance the sense of corporate identity and belonging.

(4) Labor outsourcing

☐Applicable ☒Inapplicable

10. The Company's profit distribution and increasing equity with capital reserve

Profit distribution policies especially promulgation, implementation or adjustment of cash dividends policies during the report period

☒Applicable ☐Inapplicable

Deliberated and passed by the Company's 2023 Annual Shareholders' Meeting convened on May 17, 2024, the Company's 2023 annual profit distribution scheme is shown as follows: based on total 686,455,059 shares (including 460,246,359 A shares and 226,208,700 B shares) after excluding 5,794,500 B shares bought back, the Company would pay cash dividend to all shareholders registered on the share registration day: CNY5.042206 per ten shares in cash (tax-inclusive; after tax deduction, A share QFII, RQFII and individuals and securities investment funds holding IPO restricted shares will be paid CNY4.537985 per ten shares), with a total of CNY346,124,780.

From disclosure of the distribution scheme to implementation, the total share capital of the Company has not changed.

On June 8, 2024, the Company published *Implementation Announcement of 2023 Annual Equity Distribution* on China Securities Journal, Securities Times and www.cninfo.com.cn, determining that the share registration day and the ex-dividend day of A Share was respectively on June 14, 2024 and June 17, 2024. The last trading day, the ex-dividend day and the share registration day of B Share was respectively on June 14, 2024, June 17, 2024 and on June 19, 2024.

This time the dispatching objects contain all A Shareholders registered at China Securities Depository and Clearing Corporation Limited Shenzhen Company (hereafter referred to as “CSDC Shenzhen Company”) up to the afternoon of June 14, 2024 after the closing of Shenzhen Stock Exchange and all B Shareholders registered at CSDC Shenzhen Company up to the afternoon of June 19, 2024 (The last trading day was on June 14, 2024) after the closing of Shenzhen Stock Exchange .

The dispatching this time has already been successfully completed in June of 2024. The profit distribution scheme implemented is in accordance with the profit distribution scheme approved by the Shareholders’ Meeting. The implementation time of the profit distribution scheme has been less than two months since the Shareholders’ Meeting of the Company approved the scheme.

Special explanation for the cash dividends policy	
Whether it is in accordance with the requirements of the regulation in the Articles of Association and the resolution of shareholders’ meeting	Yes
Whether the distribution standard and proportion is clear and definite	Yes
Whether the relevant decision process and mechanism is complete	Yes
Whether the independent directors perform their responsibilities and play the roles	Yes
If the company does not pay cash dividend, it should disclose the specific reasons and the next steps to enhance the return level of investors:	The company had paid cash dividend
Whether the small and middle shareholders have the chance to express their opinions and appeals, as well as their lawful right and interest is in an enough protection	Yes
Whether it is legal and transparent for the condition and process while adjusting and amending the cash dividends policy	Yes

During the report period, the Company earned profit, the profit of the parent company that could be distributed to shareholders was positive but without proposing cash dividend distribution preliminary scheme.

☐Applicable ☒Inapplicable

The Company’s preliminary scheme of profit distribution and preliminary scheme of increasing equity with capital reserve for the report period

☒Applicable ☐Inapplicable

Number of sending bonus shares per ten shares (share)	0
Number of dividend payout per ten shares (CNY) (including tax)	4
The cardinal number of the capital stocks for the preliminary distribution scheme (share)	671,823,900
Cash dividend distribution (CNY) (including tax)	268,729,560
Amount of cash dividends (eg. shares buy-back) (CNY) in other ways	0
Total cash dividend distribution (CNY) (including other ways)	268,729,560
Distributable profit (CNY)	305,210,999

The proportion of cash dividend distribution in the total profit distribution (including other ways)	100	
Cash dividend distribution this time		
If the Company’s development is in growth stage and major capital expenditure is arranged, while making profit distribution, the proportion of cash dividends should takes up no less than 20% in this profit distribution.		
Detailed explanation for the preliminary scheme of profit distribution or increasing equity with capital reserve		
According to the audit result from KMPG Huazhen LLP, the net profit belonging to the parent company’s shareholders in the consolidated statement in 2024 is CNY305,210,999 and the net profit of the parent company in financial statement in 2024 is CNY485,266,316. According to PRC accounting standard, the situation for attributable profits of the consolidation and the parent company at the end of 2024 as following:		
Unit: CNY		
	Consolidation	Parent company
Year-end undistributed profit	9,232,928,370	9,825,895,684
Among which: Total comprehensive income in 2024	305,210,999	485,266,316
Undistributed profit carried forward from beginning of the year	9,273,629,318	9,686,541,315
Dividends distribution of 2023	345,911,947	345,911,947
Legal earned surplus reserve to be drawn	0	0
According to regulation of 157 th item in the <i>Articles of Association</i> , which is that “the Company can distribute dividends either in cash or by stock, the profit to be distributed each year is not less than 25% of the distributable profit realized in the same year and the accumulated sum of profit to be distributed in cash in the last three years is not less than 30% of the yearly average distributable profit to be realized in the last three years”. Meanwhile, considering the amount on the capital expenditure in 2025, under the condition of not influencing the normal production and operation, the Company put forward preliminary scheme on profit distribution in 2024 as following:		
Because the left amount of legal earned surplus reserve reaches 50% of registered capital, while making profit distribution, the legal earned surplus reserve will not be drawn. Based on the Company’s 671,823,900 shares at total up to December 31, 2024, the Company plans to pay CNY4 in cash as dividends for every ten share (including tax) to the Company’s all shareholders, totaling up to CNY268,729,560. The retained and undistributed net profit will be reserved for distribution in the next year.		
The cash dividend distributed to shareholders of domestic listed foreign shares (B share) is paid in HKD converted based on the middle rate between CNY and HKD issued by the People’s Bank of China on the first working day after the resolution date of 2024 Annual Shareholders’ Meeting.		

11. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

☒Applicable ☐Inapplicable

(1) Equity Incentive

The Company's 2023 restricted share incentive plan granted a total of 203 individuals. During the reporting period, the Board of Directors of the Company determined, after deliberation in accordance with the relevant provisions of the Incentive Plan, the conditions for lifting restrictions in the first restriction-lifted period of restricted shares granted under the Company's incentive plan have been met. Due to the fact that the resignation of one incentive object and the position changes of six incentive objects that no longer meet the conditions of 2023 restricted share incentive plan, the Company is required to buy back and cancel the 157,790 restricted shares that granted to these

seven incentive objects but cannot be lifted. Due to the fact that twenty four in-service incentive objects's personal performance appraisal results in 2023 are "D", which above proportion of restriction that can be lifted is 0% this time, the Company is required to buy back and cancel the 230,486 restricted shares that cannot be lifted during the first lifting period for twenty four in-service incentive objects due to personal performance appraisal results. Due to the fact that sixteen in-service incentive objects' personal performance appraisal results in 2023 are "C", which proportion of restriction that can be lifted is 70% this time, the Company is required to buy back and cancel the 37,390 restricted shares that cannot be lifted during the first lifting period for 16 in-service incentive objects due to personal performance appraisal results. A total of 425,666 restricted shares were bought back and cancelled. The number of restricted shares that can be released during the first restriction-lifted period of the Company's 172 incentive objects that meet the conditions for the release of the restricted shares are 1,720,495 shares.

Equity incentives granted to directors and senior executives of the Company

☒Applicable ☐Inapplicable

Unit: shares

Name	Position	Number of share options held at the beginning of the year	Number of new share options granted during the reporting period	Number of feasible shares during the reporting period	Number of exercised shares during the reporting period	The exercise price of exercised shares during the reporting period (CNY/share)	Number of share options held at the end of the period	The marketing price at the end of the reporting period (CNY/share)	Number of restricted shares held at the beginning of the period	Number of shares unlocked during the period	Number of new restricted share granted during the reporting period	Grant price of restricted share (CNY/share)	Number of restricted share held at the end of the period
Hongjiang ZHOU	Chairman								240,000	72,000			168,000
Jian SUN	Director and General Manager								210,000	63,000			147,000
Jiming LI	Director and Deputy General Manager								160,000	48,000			112,000
Jianxun JIANG	Director, Deputy General Manager, Board secretary								160,000	48,000			112,000
Hua JIANG	Deputy General Manager								160,000	48,000			112,000
Bin PENG	Deputy General Manager								160,000	48,000			112,000
Jianfu PAN	General Manager Assistant								100,000	30,000			70,000
Qingkun KONG	General Manager Assistant								100,000	30,000			70,000
Shilu LIU	General Manager								100,000	30,000			70,000

	Assistant												
Zhenbo XIAO	General Manager Assistant								100,000	30,000			70,000
Total	--	0	0	0	0	--	0	--	1,490,000	447,000	0	--	1,043,000
Note (if have)		The number of lifting shares in the current period by Jianfu PAN and Shilu LIU is the number of restricted shares bought back by the Company.											

Evaluation mechanisms and incentives for senior executives

According to the *Compensation and Performance Appraisal Measures of the Company's Senior Executives* for the period from 2022 to 2024 approved by the Board of Directors, the compensation of senior executive includes basic compensation (fixed compensation+performance compensation), excess profit commission and long-term incentive (deferred cash).

The Company has continuously improved the performance appraisal mechanism, and the evaluation and incentive of senior executives are linked to the Company's performance and personal work results. At the beginning of the year, according to the overall development strategy and annual business objectives of the Company, the annual performance indicators and job responsibilities of senior executives are determined according to the division of work. The annual performance and work results are presented by the Emolument Committee of the Board of Directors. After the deliberation and approval of the assessment results, the performance assessment of senior executives is carried out, and the rewards and punishments are honored.

(2) The implementation of employee shareholding plan

☐Applicable ☒Inapplicable

(3) Other employee incentives

☒Applicable ☐Inapplicable

On June 26, 2023, the restricted share incentive plan was first granted and registered. In addition to the above directors and senior executives, the company also granted 5.2956 million restricted shares to 193 middle-level managers and core personals.

12. Construction and implementation of internal control system during the reporting period

(1) Construction and implementation of internal control

For the construction and implementation of the company's internal control, please refer to the *2024 Annual Self-Assessment Report on Internal Control* disclosed in *Securities Times*, *China Securities Journal* and *www.cninfo.com.cn* on April 18, 2025.

(2) Specific situations for significant defects of the internal control found during the report period

☐ Yes ☒ No

13. The company's management and control over subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Actions taken	Resolve progress	Follow-up resolution plan
None	None	None	None	None	None	None

14. Internal control self-assessment report or internal control audit report**(1) Internal control self-assessment report**

Disclosure date for full text of the internal control self-assessment report	2025.04.18	
Disclosure index for full text of the internal control self-assessment report	2024 Annual Self-Assessment Report on Internal Control was disclosed on <i>Securities Times</i> , <i>China Securities Journal</i> and www.cninfo.com.cn by the Company on April 18, 2025	
Percentage of total unit assets included in scope of the assessment accounting for the Company’s total assets of consolidated financial statements	81.44%	
Percentage of unit operating income included in scope of the assessment accounting for the Company’s operating income of consolidated financial statements	82.62%	
Standards of Defect Identification		
Category	Financial report	Non-financial report
Qualitative criteria	Significant defects: one defect of internal control, individually or together with other defects, has the reasonable probability to cause the significant misstatements, which cannot be promptly prevented, or found and corrected timely in the financial report. For example: ① Company’s Directors, Supervisors and Senior Management have fraudulent practices; ② The Company makes corrections for the published financial report; ③ The audit of external intermediary agent finds significant misstatement existing in the current financial report, but the Company does not realize it during the operation process; ④ Negative information frequently appears in the medias with involving a wide scope; ⑤ The Company’s audit committee and internal audit	Significant defects: Any situations listed below appears, it can be regarded as significant defects. ① Operation: Unable to achieve all operation target or key business index, widely out of budget in various aspects. ② Safety accident effects: Cause one person and above death, or more than 3 person serious injuries. ③ Major negative effects: Negative information frequently appears in the medias with involving a wide scope in the international and national mainstream media. ④ Environment effects: Create irreparable damages to environment, and cause massive public complains.

	<p>department makes an inefficient supervision for internal control; ⑥ Other situations maybe cause significant misdirection which guides the report users to make the right judgment.</p> <p>Major defects: The defect of internal control, individually or together with other defects, has the reasonable probability to cause the significant misstatements, which cannot be promptly prevented, or found and corrected timely in the financial report, although the misstatements neither achieves nor exceeds the importance level but still arising the attention of Board of Directors and management team. ① Failure to select and apply accounting regulations in accordance with generally accepted accounting principles; ② Failure to establish the anti-fraud procedures and control measures; ③ Failure to set up corresponding control mechanism or to carry out and take corresponding compensating control for the accounting treatments with irregular and special deal; ④ Negative news appears in the media with influencing a wide scope; ⑤ One or more defects exist in the control during the process of the ending financial report, and the target of achieving truthfulness and integrality cannot be reasonably guaranteed in the financial report; ⑥ General defects refer to the other control defects, which do not constitute the significant and major defects.</p>	<p>Major defects: Any situations listed below appears, it can be regarded as major defects. ① Operation: Unable to achieve partly operation target, a big margin out of budget in various aspects. ② Safety accident effects: Without reaching the number of person loss or serious injury of significant defects. ③ Major negative effects: Negative news appears in the media with influencing a wide scope in the provincial mainstream media. ④ Environment effects: Cause heavy environment damages and massive public complains, ought to carry out the significant remedial measures.</p> <p>General defects: Any situations listed below appears, it can be regarded as general defects. ① Operation: Other effects unable to constitute the significant defects or major defects. ② Safety accident effects: Personal injury less than the quantitative standards of major defects. ③ Major negative effects: Other defects unable to constitute the significant defects or major defects. ④ Environment effects: Other environment effects unable to constitute the significant defects or major defects.</p>
Quantitative criterion	<p>For total assets/Owner's equity:</p> <p>① Significant defects: misstatements $\geq 1\%$, or</p> <p>② Major defects: $0.5\% \leq \text{misstatements} < 1\%$, or</p> <p>③ General defects: misstatements $< 0.5\%$</p> <p>For operation revenue:</p> <p>① significant defects: misstatements $\geq 1\%$, or</p> <p>② Major defects: $0.5\% \leq \text{misstatements} < 1\%$, or</p> <p>③ General defects: misstatements $< 0.5\%$</p> <p>For pretax profit:</p> <p>① Significant defects: misstatements $\geq 5\%$, or</p> <p>② Major defects: $2\% \leq \text{misstatements} < 5\%$, or</p> <p>③ General defects: misstatements $< 2\%$</p>	<p>For direct property loss:</p> <p>① Significant defects: More than CNY10million</p> <p>② Major defects: CNY1million-CNY10million (including CNY1million)</p> <p>③ General defects: Less than CNY1million</p>

Number of significant defect in financial report	0
Number of significant defect in non-financial report	0
Number of major defect in financial report	0
Number of major defect in non-financial report	0

(2) Internal control audit report
☒Applicable ☐Inapplicable

Audit opinions of the internal control audit report	
We believe that, the company maintained effective internal control over financial reporting in all material aspects in accordance with the <i>Basic Norms for Corporate Internal Control</i> and related regulations on December 31, 2024.	
Disclosure of the internal control audit report	Disclosure
Disclosure date for the full text of the internal control audit report	2025.04.18
Disclosure index for the full text of the internal control audit report	2024 Annual Self-Assessment Report on Internal Control was disclosed on <i>Securities Times</i> , <i>China Securities Journal</i> and www.cninfo.com.cn by the Company on April 18, 2025.
Opinion type of the internal control audit report	Standard without reserved opinion
Whether or not exists significant defects in non-financial reports	No

Whether or not the accounting firm issued non-standard opinions for the audit report of internal control

☐Yes ☒No

Whether the audit report of internal control issued by the accounting firm is in consistency with the self-assessment report of the board of directors

☒Yes ☐No
15. Self-inspection and rectification of problems in the special action on governance of listed company

No.

V. Environmental and Social Responsibility

1. Major Environmental issues

Whether the listed company and its subsidiaries belong to major polluters published by the environmental protection department

☒Yes ☐No

Policies and industry standards related to environmental protection

The Environmental Protection Law of People's Republic of China, The Water Pollution's Prevention and Control Law of People's Republic of China, The Air Pollution's Prevention and Control Law of People's Republic of China, The Environmental Noise Pollution's Prevention and Control Law of People's Republic of China, The Environmental Solid Waste Pollution's Prevention and Control Law of People's Republic of China and The Environmental Protection Regulations of Liaoning Province; the national's General Principles of Hazardous Waste Identification Standards, Surface Water Environmental Quality Standards, Groundwater Environmental Quality Standards, Environmental Air Quality Standards, Acoustic Environmental Quality Standards, Emission Standard for Environmental Noise at the Boundary of Industrial Enterprises, Comprehensive Discharge Standard for Boiler Air Pollutants, The Limiting Value of Occupational Exposure to Hazardous Factors in the Workplace (Chemical Hazardous Factors) and Comprehensive Wastewater Discharge Standard of Liaoning Province.

Administrative permit for environmental protection

It has been approved in the Huanhuanjianzi (2016) No.24 issued by the Environmental Protection Bureau of Huanren Manchu Autonomous County.

Industrial emission standards and specific information on the discharge of pollutants involved in production and business activities

Name of company or subsidiary	Name of major pollutants and particular pollutants	Name of major pollutants and characteristic pollutants	Mode of discharge	Quantity of discharge outlet	Distribution situation of discharge outlet	Discharge concentration	Implemented pollution discharge standard	Total volume of discharge	Total approved volume of discharge	Condition of excessive discharge
Liaoning Changyu Golden Icewine Valley Co.,	Organized exhaust gas, inorganized exhaust gas, waster water,	exhaust gas, waster water, noise	Discharge outlet of boiler chimney and discharge outlet of factory waste	2	Confirmed in line with national standard <i>Graphical Signs for Environmental</i>	Meeting the national standards	<i>Emission Standard for Air Pollutants of Boiler (GB13271-2014), Emission Standard for Odor Pollutants (GB14554-93), 4a in Class 2 of Emission Standard for Environmental Noise at the Boundary of Industrial Enterprises</i>	35m3/d	120m3/d	No

Ltd.	noise		water		Protection (GB15562.1-1995) (GB15562.2-1995)		(GB12348-2008), <i>Comprehensive Wastewater Discharge Standard of Liaoning Province</i> (DB21/1627-2008)			
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Treatment of pollutants

The exhaust gas, SO₂ and NO_x produced by this company's boiler are discharged through ceramic tube dust removers and bag dust removers. A wastewater treatment station has been constructed. The wastewater treatment process adopts the treatment process of hydrolysis is aerobiont. Production wastewater and domestic sewage are treated by the in-plant wastewater treatment station and then discharged into the waste water treatment plant in Beidianzixiang Town.

Emergency plan for emergent environmental incident

The Company has formulated a comprehensive emergency plan for emergent environmental incident.

Environmental self-monitoring program

The Company has formulated a complete environmental self-monitoring program.

Investment in environmental governance and protection and payment of environmental protection tax

The Company has made sufficient investment in environmental protection, done a good job in environmental governance and protection and paid environmental protection tax in full and timely according to law.

Measures taken to reduce carbon emissions and their effects during the reporting period

☐Applicable ☒Inapplicable

Administrative penalties for environmental issues during the reporting period

Company or subsidiary name	Reason for penalty	Violation	Penalty result	The impact on the production and operation of listed companies	The company's rectification measures
None	None	None	None	None	None

Other environmental information that should be made public

No

Other related environmental information

No

2. Social responsibility performance

Please refer to the *2024 Environmental, Social and Regulatory Report* (ESG) disclosed on CNINFO (www.cninfo.com.cn) by the Company on April 18, 2025.

3. Consolidate and expand the achievements of poverty alleviation and rural revitalization

Please refer to the “Charity and Community Involvement” section of *2024 Environmental, Social and Regulatory Report* (ESG) disclosed on CNINFO (www.cninfo.com.cn) by the Company on April 18, 2025.

VI. Major issues

1. Implementation of commitments

(1) Commitments that the Company's actual controllers, shareholders, related parties, acquirers and the Company and other related commitment parties have implemented during the report period and have not implemented up to the end of the report period

☒Applicable ☐Inapplicable

Commitments	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co., Ltd.	Solve horizontal competition	Non-horizontal competition	1997.05.18	Forever	Has been performing
	Yantai Changyu Group Co.,Ltd.	Clear the use of trademark royalty	According to <i>Trademark License Contract</i> , the trademark royalty of Changyu and other trademarks paid by the Company to Yantai Changyu Group Co., Ltd. every year is mainly used for advertising Changyu and other trademarks and this contract products by Yantai Changyu Group Co., Ltd.	1997.05.18	1997.05.18 - 2019.04.04	From 2013 to 2017, according to <i>Trademark License Contract</i> , the trademark use fee annually paid by the Company to Changyu Group shall be mainly used by Changyu Group to publicize trademarks including Changyu and contract products. Except 2013 to 2017 during which the commitment was not strictly performed, Yantai Changyu Group Co., Ltd. has been performing its commitment.
Commitment under timely implementation or not	Yes					
Whether or not to have specific reasons of the unimplemented commitment and next steps	None					

(2) The Company should make a statement on the achieved original profit forecast of assets or projects and its reason if there is profit forecast of Company's assets or projects and the report period is still in the profit forecast period

☐Applicable ☒Inapplicable

2. Non-operating capital occupying of listed company by controlling shareholder and its related parties

☐Applicable ☒Inapplicable

There are no non-operating capitals occupying of listed company by controlling shareholder and its related parties during the report period.

3. Illegal external guarantee

☐Applicable ☒Inapplicable

There is no illegal guarantee situation during the report period.

4. Explanation of board of directors on the latest *Non-standard Audit Report*

☐Applicable ☒Inapplicable

5. Explanation of *Non-standard Audit Report* given by accounting firm in the report period from board of directors, board of supervisors and independent directors

☐Applicable ☒Inapplicable

6. Compared with the last year's financial report, explanation of the changes in accounting policy, accounting estimation or correction of significant accounting errors

☐Applicable ☒Inapplicable

There is no changes of accounting policy, accounting estimation or correction of significant accounting errors during the report period.

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

☒Applicable ☐Inapplicable

During the reporting period, the Company's subsidiary, Liaoning Changyu Golden Icewine Valley Co., Ltd., absorbed and merged another subsidiary of the Company, Changyu (Huanren) Grape Wine Co., Ltd., in December 2024, resulting in a corresponding change in the scope of the consolidation.

8. The appointment and dismissal of certified public accountants

Currently appointed accounting firm

Domestic accounting firm name	KPMG Hua Zhen LLP
Remuneration for domestic accounting firm (CNY'0000)	205
Consecutive period for the audit service of domestic accounting firm	6
Name of certified public accountant for the audit service of domestic accounting firm	Jia WANG, Hui JIANG
Consecutive period for the certified public accountant's audit service of domestic accounting firm	6
Overseas accounting firm name	—
Remuneration for overseas accounting firm (CNY'0000)	0
Consecutive period for the audit service of overseas accounting firm	—
Name of certified public accountant for the audit service of overseas accounting firm	—
Consecutive period for the certified public accountant's audit service of overseas accounting firm	—

Whether or not to employ a new accounting firm during the report period

☐Yes ☒No

To employ internal control audit accounting firms, financial adviser or sponsor.

☒Applicable ☐Inapplicable

This year, KPMG Huazhen LLP was hired as the internal control audit institution. The audit fee was not determined separately, but was CNY2.05million together with the financial report audit fee.

9. Face of suspension and termination of listing after the disclosure of annual report☐Applicable ☒Inapplicable**10. Bankruptcy reorganization**☐Applicable ☒Inapplicable

There is no bankruptcy reorganization during the report period.

11. Material litigation and arbitration☐Applicable ☒Inapplicable

There are no material litigation and arbitration during the report period.

12. Penalty and rectification☐Applicable ☒Inapplicable

There are no penalty and rectification during the report period

13. Credit of the Company, holding shareholders and actual controllers☐Applicable ☒Inapplicable

14. Significant related transactions**(1) Related transactions in relation to daily operations**
☒Applicable ☐Inapplicable

Related party	Relationship	Type	Content	Pricing principle	Price	Amount (CNY'000 0)	Proportion accounting for amount of similar transactions	Approved transaction quota (CNY'0000)	Whether exceed approved transaction quota	Clearing form	Available market price of similar transactions	Disclosure date	Disclosure index
Yantai Shenma Packaging Co., Ltd.	Controlled by the same parent company	Purchase and commission processing	Purchase and commission processing packaging materials	Agreement pricing	Determined by agreement	6,712	16.23%	9,000	No	Cash	No	2024.04.12	<i>Anticipated Announcement on 2024 Annual Routine Related Transaction disclosed in China Securities Journal, Securities Times and CNINFO in 2024</i>
Total				--	--	6,712	--	9,000	--	--	--	--	--
Details of the return of large sales				No									
Actual performance of the estimated total amount for daily operations related transactions by category that will occur during this period.				No									
Reason for the difference between transaction price and market reference price(if available)				No									

(2) Related transactions in relation to acquisition and sales of assets or equity

☐Applicable ☒Inapplicable

There is no related transactions in relation to acquisition or sales of assets or equity during the report period.

(3) Related transactions in relation to common foreign investment

☐Applicable ☒Inapplicable

There is no related transactions in relation to common foreign investment during the report period.

(4) Related current credit and debt transactions

☒Applicable ☐Inapplicable

Whether or not existing non-operating related credit and debt transactions

☐Yes ☒No

There is no non-operating related credit and debt transactions during the report period.

(5) Transactions with related financial companies

☐Applicable ☒Inapplicable

There is no deposit, loan, credit or other financial business between the Company and related financial companies and related parties.

(6) Transactions between the related parties and financial companies controlled by the Company

☐Applicable ☒Inapplicable

There is no deposit, loan, credit or other financial business between the related parties and the financial companies controlled by the Company.

(7) Other major related transactions

☐Applicable ☒Inapplicable

The company has no other significant related party transactions during the reporting period.

15. Major and important contracts and execution results

(1) Trusteeship, contract and leasehold issues

① Trusteeship situation

☐Applicable ☒Inapplicable

There is no trusteeship situation during the report period

② Contract situation

☐Applicable ☒Inapplicable

There is no contract situation during the report period.

③ Leasehold situation

☒Applicable ☐Inapplicable

Explanation for lease situation

On January 1, 2022, the Company renewed the *Space Lease Agreement* with the controlling shareholder Yantai Changyu Group Company Limited. The Company leased the space with 15,196.94 square meters locating at No. 174 Shihuiyao Road, Zhifu District, Yantai City. The rent per year is CNY1.4645million with a rental period of 5 years from January 1, 2022 to December 31, 2026. On January 1, 2022, the Company's subordinate Sales & Marketing Co. of Yantai Changyu Pioneer Wine Company Limited Brandy Sales Division renewed the *Space Lease Agreement* with the controlling shareholder Yantai Changyu Group Company Limited, leasing the space with 42,552.83 square meters locating at No. 1 Jichang Road, Zhifu District, Yantai City and the space with 3,038 square meters locating at 56 Dama Road, Zhifu District, Yantai City, which are all under the name of controlling shareholder. The rent of above spaces per year is CNY4.3935million with a rental period of 5 years from January 1, 2022 to December 31, 2026.

In 2023, this Company signed a house-leasing contract with Yantai Shenma Packaging Company Limited. According to this contract, since July 1, 2023, this Company leased property to Yantai Shenma Packaging Company Limited for a business purpose with the annual rent of CNY1,626,880. This contract expires on June 30, 2028.

Project whose profit and loss brought for the Company reach more than 10% of the total profit during the report period

☐Applicable ☒Inapplicable

There are no lease projects whose profit and loss brought for the Company reach more than 10% of the total profit during the report period.

(2) Major guarantee
☒Applicable ☐Inapplicable

Unit: CNY'0000

External guarantee of the Company and its subsidiaries （excluding guarantee to subsidiaries）											
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence (date of agreement)	Actual guarantee amount	Guarantee type	Collateral (if have)	Counterguarantee situation (if have)	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee	
-	-	-	-	-	-	-	-	-	-	-	
Guarantee situations between the Company and subsidiaries											
Guarantee object name	Disclosure date of related announcement about guarantee quota	Guarantee quota	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral	Counterguarantee situation	Guarantee Period	Whether or not complete implementation	Whether or not belong to related-party guarantee	
Kilikanoon Estate Pty Ltd	2023.08.31	7,530	2023.09.01	7,530	Joint liability assurance	-	-	Effective as of the date this Agreement is signed and will remain in effect as long as the guarantor remains in business with East West Bank	No	Yes	
Total of the guarantee quota approved to subsidiaries during the report period (B1)				0		Total of the actual guarantee amount for subsidiaries during the report period (B2)				0	
Total of the guarantee quota approved to subsidiaries by the end of the report period (B3)				7,530		Balance of the actual guarantee for subsidiaries by the end of the report period (B4)				7,530	
Guarantee situations between subsidiaries											
Guarantee object name	Disclosure date of related	Guarantee quota	Actual date of occurrence	Actual guarantee	Guarantee type	Collateral	Counterguarantee	Guarantee Period	Whether or not complete	Whether or not belong to	

	announcement about guarantee quota			amount			situation		implementation	related-party guarantee
Total guarantee amount of the Company （Total of above three major items）										
Total of the approved guarantee quota during the report period （A1+B1+C1）				0		Total of the actual guarantee amount during the report period （A2+B2+C2）				0
Total of the approved guarantee quota by the end of the report period （A3+B3+C3）				7,530		Balance of the actual guarantee by the end of the report period （A4+B4+C4）				7,530
The proportion of actual total guarantee amount (A4+B4+C4) accounting for the Company's net asset				0.71%						
Among：										
The amount of guarantee for shareholders, actual controllers and their related parties（D）				0						
The amount of debt guarantee for the guaranteed objects whose asset-liability ratio is more than 70% directly or indirectly（E）				0						
Total amount of guarantee of the part that exceeds 50% of net assets（F）				0						
Total amount of the above-mentioned three items（D+E+F）				0						
Explanation for undue guarantees that have happened warranty liability or may take joint payback liabilities during the report period (if have)				No						
Explanation for violating due process to provide external guarantee (if have)				No						

Description of the specific situation of using compound guarantee

No.

(3) Entrusting others to manage cash assets

① Financial management entrustment

☐Applicable ☒Inapplicable

There is no financial management entrustment during the report period.

② Loan entrustment

☐Applicable ☒Inapplicable

There is no loan entrustment during the report period.

(4) Other important contracts

☒Applicable ☐Inapplicable

Name of the company entering into the contract	Name of the other party in the contract	Object of contract	Date of the contract signed	The contract deals with the carrying value of the asset (CNY'0000) (if have)	The contract deals with the appraised value of the asset (CNY'0000) (if have)	Name of appraisal agency (if have)	Appraisal base date (if have)	Pricing principle	Transaction price (CNY'0000)	Whether for related party transactions	Relevance relation	Performance at the end of the reporting period	Disclosure date	Disclosure index
Yantai Changyu Pioneer Wine Co.,Ltd.	The Government of Zhuqiao Town in Laizhou and the Government of Yidao Town in Laizhou	The vines and the investment in the production facilities such as the nursing house, water conservancy facilities, roads and fences and so on	2024.12.27	7,231	20,166	SAHNDONG ZHONGCHUANG LAND REAL ESTATE ASSET EVALUATION AND SURVEYING Co., Ltd	2024.11.30	Negotiated pricing	20,166	No	None	In the process of execution, but the full transaction price has not been obtained according to the date agreed in the contract	2024.12.27	Please refer to the Company's Announcement on the <i>Proposal on Disposal of Partial Grape Bases</i> disclosed on China Securities Journal, Securities Times and CNINFO (http://www.cninfo.com.cn/) (Announcement No. : 2024-interim 67)

16. Other Major issues

☐Applicable ☒Inapplicable

There are no other major issues need to be explained during the report period.

17. Major issues of Company's subsidiaries

☐Applicable ☒Inapplicable

VII. Changes in Shares and the Shareholders' Situation

1. Changes in shares

(1) Changes in shares

Unit: share

	Amount before this change		Change (+, -)					Amount after this change	
	Amount	Percentage %	Allot new share	Distribute bonus share	Transfer other capital to share capital	Others	Subtotal	Amount	Percentage %
I. Shares with trading limited condition	6,785,559	0.98%				-1,924,461	-1,924,461	4,861,098	0.72%
1. State-owned holdings									
2. State-owned legal person holdings									
3. Other domestic holdings	6,785,559	0.98%				-1,924,461	-1,924,461	4,861,098	0.72%
Among which: domestic legal person									
domestic natural person	6,785,559	0.98%				-1,924,461	-1,924,461	4,861,098	0.72%
4. Foreign-owned holdings									
Among which: foreign legal person									
foreign natural person									
II. Shares without trading limited condition	685,464,000	99.02%				-18,501,198	-18,501,198	666,962,802	99.28%
1. A shares	453,460,800	65.51%				1,633,495	1,633,495	455,094,295	67.74%

2. B shares	232,003,200	33.51%				-20,134,693	-20,134,693	211,868,507	31.54%
3. Oversea listed foreign shares									
4. Others									
III. Total shares	692,249,559	100%				-20,425,659	-20,425,659	671,823,900	100%

Cause of share change

☒Applicable ☐Inapplicable

During the reporting period, the Company bought back and cancelled partial B shares and restricted shares granted to employees.

Approval of share change

☒Applicable ☐Inapplicable

It has been deliberated and approved by the Board of Directors and Shareholders' Meeting.

Transfer ownership of changed shares

☒Applicable ☐Inapplicable

The transfers have been completed.

The influence of share change on the financial indicators such as basic earnings per share, diluted earnings per share of the latest year and the latest period, net asset per share belonging to the Company's common shareholders, etc..

☐Applicable ☒Inapplicable

Other contents the Company thinks necessary or securities regulatory departments ask to make public.

☐Applicable ☒Inapplicable

(2) Changes in restricted shares
☒Applicable ☐Inapplicable
Unit: share

Shareholder name	Number of restricted shares at the beginning period	Increased number of restricted shares in this period	Number of restricted shares lifted during this period	Number of restricted shares at the end of the period	Reason for restricted sale	Date of lifting restrictions
Hongjiang ZHOU	269,700		60,000	209,700	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Jian SUN	300,000	30,000	52,500	277,500	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Jiming LI	160,000		40,000	120,000	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Jianxun JIANG	160,000		40,000	120,000	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Hua JIANG	167,500		40,000	127,500	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Bin PENG	160,000		40,000	120,000	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Jianfu PAN	100,000		30,000	70,000	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Qingkun KONG	100,000		25,000	75,000	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Shilu LIU	100,000		30,000	70,000	Restricted shares cannot be sold	2024.08.06
Zhenbo XIAO	100,000		25,000	75,000	Released restricted shares but cannot be sold due to senior executive lock-in	2024.08.06
Other key employees who had been granted restricted shares	5,168,359		1,550,508	3,617,851	Restricted shares cannot be sold	2024.08.06
Total	6,785,559	30,000	1,933,008	4,882,551	--	--

2. Securities issuance and listing situation**(1) Securities issuance (exclude preferred share) during report period**
☐Applicable ☒Inapplicable

(2) Explanation of change in Company's total shares and shareholding structure and change in Company's assets and liability structure

☒Applicable ☐Inapplicable

During the reporting period, the Company bought back and cancelled 19,999,993 B Shares and 425,666 A Shares of restricted shares, resulting in a change in the total number of shares and shareholder structure of the Company.

(3) Current internal employee shares

☐Applicable ☒Inapplicable

3. Situation for shareholders and the actual controllers**(1) The number of shareholders of the Company and the shareholdings**

Unit: share

Total shareholders in the report period	43,265	Total number of shareholders by the end of last month before the disclosure day of the annual report	42,990	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 (%)	Shares held until the end of the report period	Changes during the report period	Number of restricted shares	Number of unrestricted shares	Pledged /marked or frozen	
							Share status	Amount
YANTAI CHANGYU GROUP CO., LTD.	Domestic non-state legal person	51.42%	345,473,856	0	0	345,473,856	—	0
Fengdi JIANG	Domestic natural person	0.71%	4,781,900	-525,100	0	4,781,900	—	0
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.51%	3,446,137	-37,400	0	3,446,137	—	0

Social Security Fund 114	Domestic non-state legal person	0.51%	3,425,055	2,829,600	0	3,425,055	—	0
Hairong HU	Domestic natural person	0.47%	3,183,035	1,879,035	0	3,183,035	—	0
ABC Credit Suisse Innovation Power Stock Type Securities Investment Fund	Domestic non-state legal person	0.47%	3,150,050	3,150,050	0	3,150,050	—	0
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.46%	3,087,201	-1,007,062	0	3,087,201	—	0
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	0.40%	2,676,593	-2,646,441	0	2,676,593	—	0
Social Security Fund 413	Domestic non-state legal person	0.39%	2,610,060	2,610,060	0	2,610,060	—	0
NORGES BANK	Foreign legal person	0.37%	2,464,119	0	0	2,464,119	—	0
Strategic investors or legal result of the placement of new shares to become a top 10 shareholders (If have) (Please refer to Note 3)		No						
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 of the above-mentioned shareholders' entrustment/ fiduciary voting rights and waiver of the voting rights		No						
Special explanation for the existence of a special repurchase account among the top 10 shareholders		No						
The top 10 shareholders with shares without trading limited condition								
Name of Shareholders			Number of shares without trading limited condition held until the end of the year		Type of share			
					Type of share		Amount	
YANTAI CHANGYU GROUP CO., LTD.			345,473,856		A		345,473,856	
Fengdi JIANG			4,781,900		A		4,781,900	
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND			3,446,137		B		3,446,137	
Social Security Fund 114			3,425,055		A		3,425,055	

Hairong HU	3,183,035	A	3,183,035
ABC Credit Suisse Innovation Power Stock Type Securities Investment Fund	3,150,050	A	3,150,050
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,087,201	B	3,087,201
HONG KONG SECURITIES CLEARING COMPANY LIMITED	2,676,593	A	2,676,593
Social Security Fund 413	2,610,060	A	2,610,060
NORGES BANK	2,464,119	B	2,464,119
The explanation for the associated relationship and accordant action of the top 10 shareholders with unrestricted shares, the the associated relationship and accordant action between the top 10 shareholders with unrestricted shares and 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 shareholders who involved in financing activities and stock trading business (If have) (Please refer to Note 4)	The top 10 shareholders do not involve in financing activities and stock trade business.		

The lending of shares by the shareholders holding more than 5%, top ten shareholders and top 10 shareholders of unrestricted shares in the securities financing business

☐Applicable ☒Inapplicable

The top ten shareholders and top 10 shareholders of unrestricted shares have changed from the previous period due to the leading/restitution reasons

☐Applicable ☒Inapplicable

Whether or not the Company's top 10 common shareholders and shareholders with shares without trading limited condition take agreed repurchase trading during the report period

☐Yes ☒No

There is no agreed repurchase trading taken by the Company's top 10 common shareholders and shareholders with shares without trading limited condition during the report period.

(2) Situation for the controlling shareholders of the Company

Property of holding shareholders: Property of holding main body undefined

Type of holding shareholders: Legal representative

Name of controlling shareholder	Legal representative	Establishment date	Organization code	Main business
Yantai Changyu Group Co., Ltd.	Hongjiang ZHOU	1997.04.27	913706002656458244	Production of wine, healthy liquor, distilled liquor and beverages(only produced by subsidiaries, shareholding companies and branches), sales of the above-mentioned products, cultivation of agricultural products and export business under the scope of permission.
Equity situation for the other domestic listed companies controlled or shared by the controlling shareholders during the report period				No.

Changes in the controlling shareholder during the report period

☐Applicable ☒Inapplicable

There are no changes in the controlling shareholder during the report period.

(3) Situation for the actual controllers of the Company an its persons acting in concert

Property of actual controllers: domestic other institutions; foreign other institutions

Type of actual controllers: Legal representative

Name of actual controllers	Legal representative	Establishment date	Organization code	Main business
Yantai Yuhua Investment & Development Co., Ltd.	Hua JIANG	2004.10.28	767792947	Under state permission, property investment, tenancy of machine and facility, wholesale and retail of construction material, chemical products (chemical hazard products excluded), hardware and electronical products, grape plantation.
ILLVA Saronno Holding S.p.a.	MARCO GIOVANNI FERRARI	1984.07.25	—	Directly or indirectly conduct the production and distribution of food products (alcoholic products included) as well as industrial, commercial, financial and service activities of any other kinds through joint-stock companies and organizations.
International Finance Corporation	Makhtar Diop	1956.07.25	—	International Finance Corporation is one of the members of World Bank, mainly dedicated to investment in private sectors of developing countries while providing technical support and consultation service. The corporation is a multilateral financial institution that ranks first in the world in terms of providing capital stock and loans to developing countries. Its purpose is to promote sustainable investments of private sectors of developing countries in order to alleviate poverty and improve people's life.

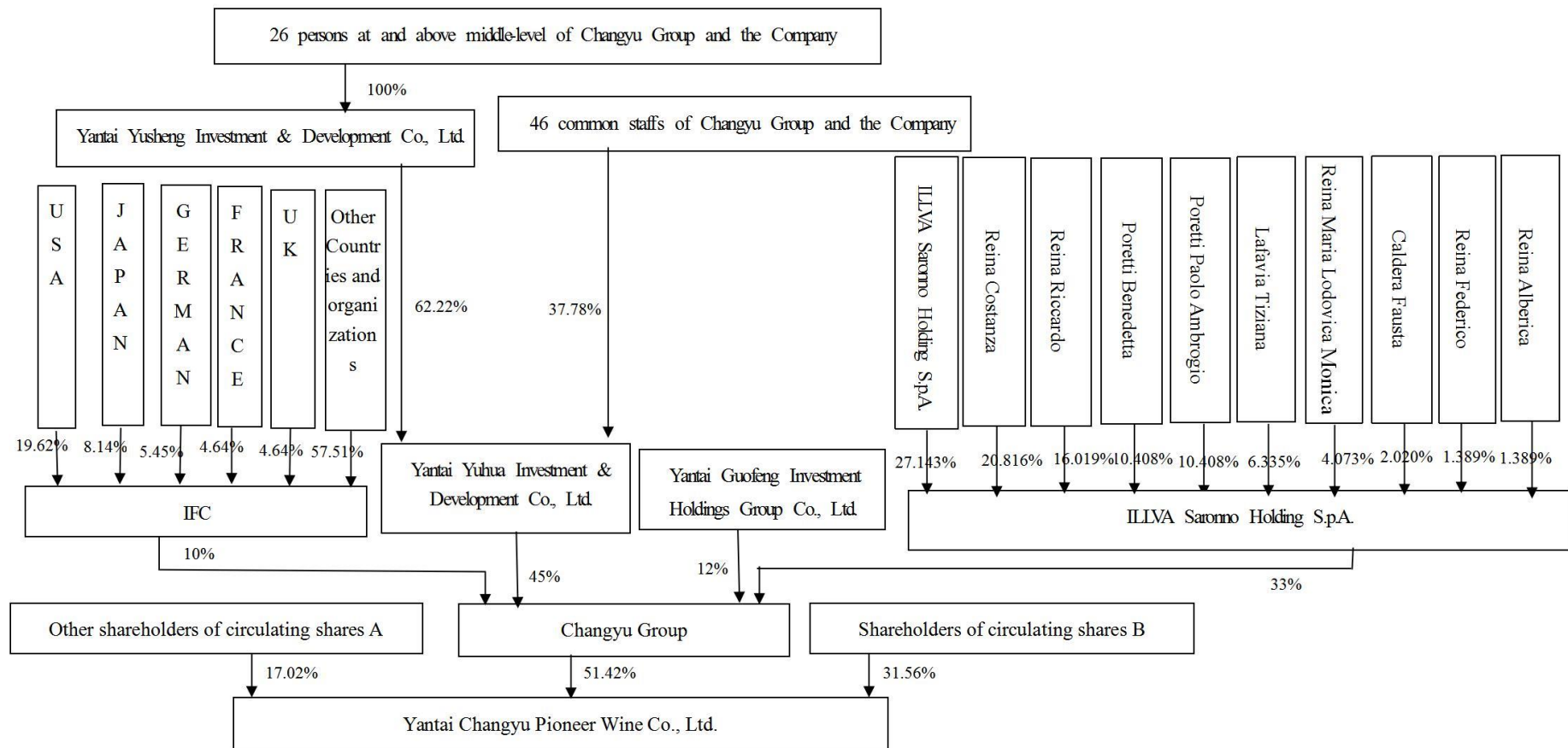
Yantai Guofeng Investment Holdings Group Co., Ltd.	Feng RONG	2009.02.12	684822338	Operating management of state-owned property right (stock right) authorized by State-owned Assets Supervision and Administration Commission of Yantai Municipal Government; Financing, investment and operating management of government projects, such as strategic investment and industrial investment and so on; Capital operation (including acquisition, reintegration and transfer, etc) of state-owned property right and state-owned stock right within the scope of authorization; Venture capital investment business; Agency of venture capital investment business of other venture investment enterprises or individuals; Participation in the establishment of venture capital investment enterprises and venture capital investment management consultant institutions; Investment and financing service and consulting business; Investment and financing consultant business; Other business authorized by State-owned Assets Supervision and Administration Commission of Yantai Municipal Government; wholesale and retail of non-ferrous metal mineral products, gold (spot good), silver (spot good), chemical products (excluding dangerous goods), battery materials (excluding dangerous chemicals); import and export of goods and technologies. (The business scope does not include national pre-approval projects and projects restricted by national industrial policies; projects that are subject to approval according to law can only carry out business activities after approval by relevant departments).
Equity situation for the other domestic listed companies controlled by the actual controller during the report period				Yantai Yuhua Investment & Development Co., Ltd. did not control the equity of other domestic and foreign listed companies except the Company during the reporting period; It is not clear that other actual controllers control the equity of other domestic and foreign listed companies other than the Company during the reporting period.

Changes of the actual controllers during the report period

☐Applicable ☒Inapplicable

There are no changes in actual controllers during the report period.

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



Actual controller controls the Company through a trust or other asset management ways

☐ Applicable ☒ Inapplicable

(4) The company's controlling shareholder or the largest shareholder and its concerted action person's cumulative pledged shares account for 80% of the company's shares held by them

☐Applicable ☒Inapplicable

(5) Other institutional shareholders holding more than 10% shares

☐Applicable ☒Inapplicable

(6) Shares reduction situations of holding shareholders, actual controllers, restructuring side and other commitment subjects

☐Applicable ☒Inapplicable

4. The specific implementation of share repurchase during the reporting period

Implementation progress of share repurchase

☒Applicable ☐Inapplicable

Plan disclosure time	Number of shares to be bought back (shares)	The proportion of the total share capital	Proposed bought back amount (CNY'000 0)	Proposed buyback period	Purpose of buyback	Quantity bought back (shares)	The proportion of the quantity bought back to the underlying shares involved in the equity incentive plan (if any)
2024.02.23	No less than 10 million shares, no more than 20 million shares	Accounted for about 1.44%-2.89% of the total share capital of the company at that time	Not more than CNY200million	No more than 12 months from the date of approval of the share buyback plan by the Shareholders' Meeting	Cancelled	19,999,993	0%
2024.07.24	425,666	0.06%	636.80	—	Cancelled	425,666	6.27%

Implementation progress of reducing share repurchased by centralized bidding

☐Applicable ☒Inapplicable

VIII. Related Situation of Preferred Shares

☐Applicable ☒Inapplicable

There are no preferred shares during the report period.

IX. Related Situation of Bonds

☐Applicable ☒Inapplicable

X. Financial Report

1. Audit Report

Type of audit opinion	Standard unqualified audit opinion
Date signed on audit report	April 16, 2025
Audit agency name	KPMG Huazhen Certified Public Accountants Co., Ltd. (special general partnership)
Audit report No.	KPMG Huazhen ShenZi No. 2507683
Certified public accountant's name	Jia WANG, Hui JIANG

Yantai Changyu Pioneer Wine Co., Ltd.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2024 TO 31 DECEMBER 2024
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH
TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

KPMG Huazhen Shen Zi No. 2507683

All Shareholders of Yantai Changyu Pioneer Wine Company Limited:

Opinion

We have audited the accompanying financial statements of Yantai Changyu Pioneer Wine Company Limited ("Yantai Changyu"), which comprise the consolidated balance sheet and company balance sheet as at 31 December 2024, the consolidated income statement and company income statement, the consolidated cash flow statement and company cash flow statement, the consolidated statement of changes in shareholders' equity and company statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position and company financial position of Yantai Changyu as at 31 December 2024, and of its consolidated financial performance and company financial performance and its consolidated cash flows and company cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Yantai Changyu in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2507683

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Sales Revenue from Distributors	
Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 25 and "V. Notes to the consolidated financial statements" 37.	
The Key Audit Matters	How the Matter was Addressed in Our Audit
<p>The principal activities of Yantai Changyu and its subsidiaries (hereinafter referred to as "Yantai Changyu Group") include manufacture and sales of wine, brandy and sparkling wine.</p> <p>The revenue of Yantai Changyu Group is mainly derived from sales of distributors. All distributor transaction terms adopt the unified transaction terms formulated by Yantai Changyu Group.</p> <p>Based on the contractual agreement and the business arrangement, Yantai Changyu sells products to distributors and the transfer of product ownership is completed and the revenue is recognised when the goods are delivered to distributors and signed for acceptance.</p> <p>As revenue is one of the key performance indicators of Yantai Changyu Group, there is a risk that management may recognise revenue earlier or later in order to meet specific performance targets or expectations, therefore, the risk of cut-off misstatement arising from distributors' sales revenue is identified as a key audit matter.</p>	<p>Our audit procedures to evaluate revenue recognition of sales revenue from distributors included the following:</p> <ul style="list-style-type: none"> • Understand and evaluate the Management's design and operation effectiveness of key internal controls related to distributor sales revenue recognition; • Selecting the sales contracts Yantai Changyu signed with distributors in order to examine whether Yantai Changyu has adopted the unified transaction terms, and evaluate whether the accounting policy of revenue recognition meets the requirements of the Accounting Standards for Business Enterprises; • On a sampling basis, reconcile the revenue recorded for the year to relevant supporting files such as relevant orders and signed delivery notes, etc. to evaluate whether revenue is recognised in accordance with the accounting policy of Yantai Changyu;

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2507683

Key Audit Matters (continued)

Recognition of Sales Revenue from Distributors (continued)	
Refer to the accounting policies set out in the notes to the financial statements "III. Significant accounting policies and accounting estimates" 25 and "V. Notes to the consolidated financial statements" 37.	
The Key Audit Matters	How the Matter was Addressed in Our Audit
	<ul style="list-style-type: none"> • On a sampling basis, reconcile the sales transaction before and after balance sheet date to relevant supporting files such as relevant orders, signed delivery notes, etc. to evaluate whether revenue is recognised in appropriate accounting period; • Check the sales record after the balance sheet date to identify significant sales returns and check relevant supporting files (If applicable) in order to evaluate whether relevant revenue is recorded in the appropriate accounting period; • Select revenue accounting entries that meet specific risk criteria and check related supporting documents.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2507683

Other Information

Management of Yantai Changyu is responsible for the other information. The other information comprises all the information included in the 2024 annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Yantai Changyu's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Yantai Changyu or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Yantai Changyu's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2507683

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Yantai Changyu's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Yantai Changyu to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express our audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT (continued)

KPMG Huazhen Shen Zi No. 2507683

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP
(Stamp)

Certified Public Accountants Registered
in the People's Republic of China

Wang Jia (Engagement Partner)
(Signature and stamp)

Beijing, China

Jiang Hui
(Signature and stamp)

16 April 2025

Yantai Changyu Pioneer Wine Company Limited
Consolidated balance sheet
as at 31 December 2024
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Assets			
Current assets			
Cash at bank and on hand	V.1	1,797,848,130	2,217,693,647
Bills receivable	V.2	1,036,243	1,260,000
Accounts receivable	V.3	270,829,601	382,132,334
Receivables under financing	V.4	230,960,211	408,316,028
Prepayments	V.5	60,631,575	61,497,933
Other receivables	V.6	264,598,394	71,496,276
Inventories	V.7	2,904,070,556	2,765,390,587
Other current assets	V.8	80,383,241	88,368,542
Total current assets		5,610,357,951	5,996,155,347
Non-current assets			
Long-term equity investments	V.9	34,864,748	38,285,620
Investment properties	V.10	21,960,451	24,482,831
Fixed assets	V.11	5,551,671,795	5,795,082,569
Construction in progress	V.12	10,177,372	3,323,241
Bearer biological assets	V.13	66,483,964	177,461,983
Right-of-use assets	V.14	71,761,262	121,745,910
Intangible assets	V.15	527,706,383	542,625,776
Goodwill	V.16	101,149,082	107,163,616
Long-term deferred expenses	V.17	298,793,702	306,662,107
Deferred tax assets	V.18	221,993,099	221,518,204
Other non-current assets	V.19	3,554,409	1,760,000
Total non-current assets		6,910,116,267	7,340,111,857
Total assets		12,520,474,218	13,336,267,204

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated balance sheet
as at 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	V.20	216,140,346	364,981,445
Accounts payable	V.21	417,510,439	473,352,525
Contract liabilities	V.22	128,090,353	175,278,849
Employee benefits payable	V.23	166,704,917	185,331,292
Taxes payable	V.24	189,147,054	274,723,431
Other payables	V.25	398,149,521	555,634,336
Other current liabilities	V.26	40,764,242	44,958,297
Non-current liabilities due within one year	V.27	79,949,769	78,523,993
Total current liabilities		1,636,456,641	2,152,784,168
Non-current liabilities			
Long-term loans	V.28	50,637,203	66,616,443
Lease liabilities	V.29	27,542,829	85,038,335
Deferred income	V.30	25,938,817	32,582,734
Deferred tax liabilities	V.18	7,344,165	8,719,729
Total non-current liabilities		111,463,014	192,957,241
Total liabilities		1,747,919,655	2,345,741,409

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated balance sheet
as at 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	V.31	671,823,900	692,249,559
Capital reserve	V.32	482,143,547	651,086,707
Less : Treasury stock	V.33	70,704,426	103,411,919
Other comprehensive income	V.34	(39,714,972)	(14,784,677)
Surplus reserve	V.35	342,732,000	342,732,000
Retained earnings	V.36	9,232,928,370	9,273,629,318
Total equity attributable to shareholders of the Company		10,619,208,419	10,841,500,988
Non-controlling interests		153,346,144	149,024,807
Total shareholders' equity		10,772,554,563	10,990,525,795
Total liabilities and shareholders' equity		12,520,474,218	13,336,267,204

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

Zhou Hongjiang
Legal Representative
(Signature and stamp)

Jiang Jianxun
The person in charge
of accounting affairs
(Signature and stamp)

Guo Cuimei
The head of the
accounting department
(Signature and stamp)

(Company stamp)

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Company balance sheet
as at 31 December 2024
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Assets			
Current assets			
Cash at bank and on hand		876,557,848	1,242,484,544
Accounts receivable		226,796	5,189,894
Receivables under financing	XVII.1	13,110,297	36,322,019
Prepayments		5,526,029	52,587
Other receivables	XVII.2	952,762,563	576,949,997
Inventories		396,334,804	323,465,919
Other current assets		-	147,187
Total current assets		2,244,518,337	2,184,612,147
Non-current assets			
Long-term equity investments	XVII.3	7,689,232,919	7,648,498,638
Investment properties		21,960,451	24,482,831
Fixed assets		176,158,046	194,601,612
Construction in progress		-	264,175
Bearer biological assets		20,075,933	100,785,279
Right-of-use assets		6,985,971	37,025,896
Intangible assets		69,806,357	72,552,201
Deferred tax assets		2,624,459	2,327,585
Other non-current assets		1,864,430,003	1,934,430,000
Total non-current assets		9,851,274,139	10,014,968,217
Total assets		12,095,792,476	12,199,580,364

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Company balance sheet
as at 31 December 2024(continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		50,000,000	100,000,000
Accounts payable		92,990,317	63,686,113
Employee benefits payable		68,033,360	68,654,350
Taxes payable		2,010,276	6,439,899
Other payables		584,915,573	608,904,995
Non-current liabilities due within one year		2,199,212	3,803,910
Total current liabilities		800,148,738	851,489,267
Non-current liabilities			
Lease liabilities		5,115,806	42,380,074
Deferred income		1,398,701	55,718
Total non-current liabilities		6,514,507	42,435,792
Total liabilities		806,663,245	893,925,059

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Company balance sheet
as at 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		671,823,900	692,249,559
Capital reserve		519,382,073	687,544,350
Less : Treasury stock		70,704,426	103,411,919
Surplus reserve		342,732,000	342,732,000
Retained earnings		9,825,895,684	9,686,541,315
Total shareholders' equity		11,289,129,231	11,305,655,305
Total liabilities and shareholders' equity		12,095,792,476	12,199,580,364

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

Zhou Hongjiang Legal Representative <i>(Signature and stamp)</i>	Jiang Jianxun The person in charge of accounting affairs <i>(Signature and stamp)</i>	Guo Cuimei The head of the accounting department <i>(Signature and stamp)</i>	(Company stamp)
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The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated income statement
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024	2023
I. Operating income	V.37	3,277,278,347	4,384,764,335
Less: Operating costs	V.37	1,392,602,399	1,786,983,657
Taxes and surcharges	V.38	273,762,629	349,735,571
Selling and distribution expenses	V.39	1,012,980,420	1,239,782,776
General and administrative expenses	V.40	313,911,881	303,990,858
Research and development expenses		19,538,243	17,413,534
Financial expenses	V.41	12,836,073	11,083,459
Including: Interest expenses		34,261,730	35,800,097
Interest income		34,643,667	30,571,465
Add: Other income	V.42	52,613,910	51,523,799
Investment (losses)/income	V.43	(4,420,872)	23,847,450
Including: Losses from investment associates and in joint ventures		(4,420,872)	(712,480)
Credit reversal	V.44	1,818,835	1,397,658
Impairment losses	V.45	(7,465,500)	(13,506,958)
Gain/(losses) from disposal of assets	V.46	132,116,926	(134,133)

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated income statement
for the year ended 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	Note	2024	2023
II. Operating profit		426,310,001	738,902,296
Add: Non-operating income	V.47	4,977,930	11,992,270
Less: Non-operating expenses	V.47	3,733,074	3,428,410
III. Profit before income tax		427,554,857	747,466,156
Less: Income tax expenses	V.48	113,227,572	221,433,447
IV. Net profit		314,327,285	526,032,709
(1) Net profit classified by continuity of operations:			
1. Net profit from continuing operations		314,327,285	526,032,709
2. Net profit from discontinued operations		-	-
(2) Net profit classified by ownership:			
1. Net profit attributable to shareholders of the Company		305,210,999	532,438,907
2. Non-controlling net interests/(losses)		9,116,286	(6,406,198)
V. Other comprehensive income, net of tax		(27,197,923)	9,519,495
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		(24,930,295)	8,975,561
Translation differences arising from translation of foreign currency financial statements		(24,930,295)	8,975,561
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		(2,267,628)	543,934

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated income statement
for the year ended 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
VI. Total comprehensive income for the year		287,129,362	535,552,204
(1) Attributable to shareholders of the Company		280,280,704	541,414,468
(2) Attributable to non-controlling interests		6,848,658	(5,862,264)
VII. Earnings per share:			
(1) Basic earnings per share	V.49	0.45	0.78
(2) Diluted earnings per share	V.49	0.45	0.78

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

Zhou Hongjiang
Legal Representative
(Signature and stamp)

Jiang Jianxun
The person in charge
of accounting affairs
(Signature and stamp)

Guo Cuimei
The head of the
accounting department
(Signature and stamp)

(Company stamp)

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Company income statement
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
I. Operating income	XVII.4	562,078,771	731,158,954
Less: Operating cost	XVII.4	496,879,337	621,636,564
Taxes and surcharges		18,450,000	26,163,038
General and administrative expenses		68,658,997	60,054,424
Research and development expenses		878,405	1,127,242
Financial net income		(13,673,283)	(2,756,864)
Including: Interest expenses		2,019,519	3,184,460
Interest income		21,038,636	10,213,608
Add: Other income		954,175	3,219,830
Investment income	XVII.5	368,167,007	439,250,529
Credit Impairment losses		(245)	-
Asset Impairment losses		(6,014,534)	(42,274,055)
Proceeds from the disposal of assets		135,896,203	-
II. Operating profit		489,887,921	425,130,854
Add: Non-operating income		1,246,114	386,193
Less: Non-operating expenses		2,409,239	1,258,048

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Company income statement
for the year ended 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
III. Profit before income tax		488,724,796	424,258,999
Less: Income tax expenses		3,458,480	12,118,898
IV. Net profit		485,266,316	412,140,101
(i) Net profit from continuing operations		485,266,316	412,140,101
(ii) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income for the year		485,266,316	412,140,101

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

Zhou Hongjiang
Legal Representative
(Signature and stamp)

Jiang Jianxun
The person in charge
of accounting affairs
(Signature and stamp)

Guo Cuimei
The head of the
accounting department
(Signature and stamp)

(Company stamp)

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated cash flow statement
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024	2023
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		3,537,113,866	4,362,027,268
Refund of taxes		55,276,632	37,827,698
Proceeds from other operating activities	V.50(1)	81,036,973	219,385,622
Sub-total of cash inflows		3,673,427,471	4,619,240,588
Payment for goods and services		1,432,909,914	1,368,282,215
Payment to and for employees		497,180,417	491,419,621
Payment of various taxes		704,434,463	910,748,260
Payment for other operating activities	V.50(1)	641,161,610	675,698,749
Sub-total of cash outflows		3,275,686,404	3,446,148,845
Net cash flows from operating activities	V.51(1)	397,741,067	1,173,091,743
II. Cash flows from investing activities:			
Proceeds from disposal of investments	V.50(2)	464,200,000	238,200,000
Investment returns received		4,936,198	3,196,066
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		42,303,732	10,529,793
Net proceeds from disposal of subsidiaries and other business units		-	20,308,625
Net proceeds from acquisition of subsidiaries and other business units		-	657,049
Sub-total of cash inflows		511,439,930	272,891,533
Payment for acquisition of fixed assets, intangible assets and other long-term assets		94,561,357	132,032,219
Payment for acquisition of investments		289,650,000	464,200,000
Sub-total of cash outflows		384,211,357	596,232,219
Net cash flows from investing activities		127,228,573	(323,340,686)

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Consolidated cash flow statement
for the year ended 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
III. Cash flows from financing activities:			
Proceeds from investors		-	103,411,919
Proceeds from borrowings		507,959,260	573,859,507
Sub-total of cash inflows		507,959,260	677,271,426
Repayments of borrowings		670,128,889	768,253,239
Payment for dividends, profit distributions or interest		377,462,001	341,454,132
Payment for other financing activities	V.50(3)	227,313,486	67,229,123
Sub-total of cash outflows		1,274,904,376	1,176,936,494
Net cash flows from financing activities		(766,945,116)	(499,665,068)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(3,452,725)	316,163
V. Net (decrease)/increase in cash and cash equivalents	V.51(1)	(245,428,201)	350,402,152
Add: Cash and cash equivalents at the beginning of the year		1,963,155,752	1,612,753,600
VI. Cash and cash equivalents at the end of the year	V.51(2)	1,717,727,551	1,963,155,752

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

Zhou Hongjiang
Legal Representative
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Jiang Jianxun
The person in charge
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Yantai Changyu Pioneer Wine Company Limited
Company cash flow statement
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		669,302,405	673,455,798
Proceeds from other operating activities		14,799,484	12,473,241
Sub-total of cash inflows		684,101,889	685,929,039
Payment for goods and services		452,049,677	611,290,566
Payment to and for employees		55,724,885	60,646,447
Payment of various taxes		41,659,134	62,523,754
Payment for other operating activities		20,393,900	28,861,990
Sub-total of cash outflows		569,827,596	763,322,757
Net cash flows from operating activities		114,274,293	(77,393,718)
II. Cash flows from investing activities:			
Proceeds from disposal of investments		464,200,000	262,833,449
Investment returns received		243,103,205	729,828,424
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		1,190,693	576,150
Net proceeds from disposal of subsidiaries and other business units		-	17,965,519
Proceeds from borrowings to subsidiaries		140,000,000	10,000,000
Sub-total of cash inflows		848,493,898	1,021,203,542
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,532,306	7,116,731
Payment for acquisition of investments		288,650,000	478,823,400
Net payment for acquisition of subsidiaries and other business units		65,506,916	5,537,700
Cash paid to subsidiaries		205,200,000	94,230,000
Sub-total of cash outflows		564,889,222	585,707,831
Net cash flows from investing activities		283,604,676	435,495,711

The notes on pages 112 to 207 form part of these financial statements.

Yantai Changyu Pioneer Wine Company Limited
Company cash flow statement
for the year ended 31 December 2024 (continued)
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2024</i>	<i>2023</i>
III. Cash flows from financing activities:			
Proceeds from investors		-	103,411,919
Proceeds from borrowings		50,000,000	100,000,000
Sub-total of cash inflows		50,000,000	203,411,919
Repayments of borrowings		100,000,000	100,000,000
Payment for dividends or interest		347,931,466	311,643,260
Payment for other financing activities		190,324,198	4,956,105
Sub-total of cash outflows		638,255,664	416,599,365
Net cash flows from financing activities		(588,255,664)	(213,187,446)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V. Net (decrease)/increase in cash and cash equivalents		(190,376,695)	144,914,547
Add: Cash and cash equivalents at the beginning of the year		988,284,544	843,369,997
VI. Cash and cash equivalents at the end of the year		797,907,849	988,284,544

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

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Yantai Changyu Pioneer Wine Company Limited
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the beginning of the year		692,249,559	651,086,707	(103,411,919)	(14,784,677)	342,732,000	9,273,629,318	10,841,500,988	149,024,807	10,990,525,795
II. Changes in equity during the year										
1. Total comprehensive income		-	-	-	(24,930,295)	-	305,210,999	280,280,704	6,848,658	287,129,362
2. Shareholders' contributions and decrease of capital										
(1). Effects of restricted share incentive plan	V.31	(425,666)	(10,077,952)	32,707,493	-	-	-	22,203,875	-	22,203,875
(2). Acquisition of non-controlling interests	VIII.2	-	(780,883)	-	-	-	-	(780,883)	(1,102,655)	(1,883,538)
(3) Effects of share repurchased	V.32	(19,999,993)	(158,084,325)	-	-	-	-	(178,084,318)	-	(178,084,318)
3. Appropriation of profits										
Distributions to shareholders	V.36	-	-	-	-	-	(345,911,947)	(345,911,947)	(1,424,666)	(347,336,613)
III. Balance at the end of the year		671,823,900	482,143,547	(70,704,426)	(39,714,972)	342,732,000	9,232,928,370	10,619,208,419	153,346,144	10,772,554,563

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

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Yantai Changyu Pioneer Wine Company Limited
Consolidated statement of changes in shareholders' equity (continued)
for the year ended 31 December 2023
(Expressed in Renminbi Yuan)

	Note	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the beginning of the year		685,464,000	524,968,760	-	(23,760,238)	342,732,000	9,049,649,211	10,579,053,733	246,526,561	10,825,580,294
II. Changes in equity during the year										
1. Total comprehensive income		-	-	-	8,975,561	-	532,438,907	541,414,468	(5,862,264)	535,552,204
2. Shareholders' contributions and decrease of capital										
(1). Effects of restricted share incentive plan	V.31	6,785,559	127,362,115	(103,411,919)	-	-	-	30,735,755	-	30,735,755
(2). Acquisition of non-controlling interests	VIII.2	-	(1,244,168)	-	-	-	-	(1,244,168)	(31,502,609)	(32,746,777)
3. Appropriation of profits										
Distributions to shareholders	V.36	-	-	-	-	-	(308,458,800)	(308,458,800)	(1,538,316)	(309,997,116)
4. Others										
Disposal of equities in subsidiaries		-	-	-	-	-	-	-	(58,598,565)	(58,598,565)
III. Balance at the end of the year		692,249,559	651,086,707	(103,411,919)	(14,784,677)	342,732,000	9,273,629,318	10,841,500,988	149,024,807	10,990,525,795

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

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Yantai Changyu Pioneer Wine Company Limited
Company statement of changes in shareholders' equity
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the year		692,249,559	687,544,350	(103,411,919)	342,732,000	9,686,541,315	11,305,655,305
II. Changes in equity during the year							
1. Total comprehensive income		-	-	-	-	485,266,316	485,266,316
2. Contributions by owners							
(1) Effects of restricted share incentive plan		(425,666)	(10,077,952)	32,707,493	-	-	22,203,875
(2) Effects of share repurchased		(19,999,993)	(158,084,325)	-	-	-	(178,084,318)
3. Appropriation of profits							
Distributions to shareholders		-	-	-	-	(345,911,947)	(345,911,947)
III. Balance at the end of the year		671,823,900	519,382,073	(70,704,426)	342,732,000	9,825,895,684	11,289,129,231

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

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Yantai Changyu Pioneer Wine Company Limited
Company statement of changes in shareholders' equity
for the year ended 31 December 2023 (continued)
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the year		685,464,000	560,182,235	-	342,732,000	9,582,860,014	11,171,238,249
II. Changes in equity during the year							
1. Total comprehensive income		-	-	-	-	412,140,101	412,140,101
2. Contribution by owners							
(1) Effects of restricted share incentive plan		6,785,559	127,362,115	(103,411,919)	-	-	30,735,755
3. Appropriation of profits							
Distributions to shareholders		-	-	-	-	(308,458,800)	(308,458,800)
III. Balance at the end of the year		692,249,559	687,544,350	(103,411,919)	342,732,000	9,686,541,315	11,305,655,305

These financial statements were approved by the Board of Directors of the Company on 16 April 2025.

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Yantai Changyu Pioneer Wine Company Limited
Notes to the financial statements
(Expressed in Renminbi Yuan unless otherwise indicated)

I. Company status

Yantai Changyu Pioneer Wine Co., Ltd. (the “Company” or the “Joint Stock Company”) was incorporated as a joint stock limited company in accordance with the Company Law of the People’s Republic of China (the “PRC”) in a reorganisation carried out by Yantai Changyu Group Co., Ltd. (“Changyu Group”), in which Changyu Group Company injected certain assets and liabilities in relation to the wine, brandy, and sparkling wine production and sales businesses to the Company. The Company and its subsidiaries (the “Group”) are principally engaged in the production and sales of wine, brandy, sparkling wine, grape growing and acquisition, as well as travel resource development, etc.. Registration place of the Company is Yantai, Shandong. Headquarter of the Company is located at No. 56 Da Ma Lu, Zhifu District, Yantai, Shandong, PRC.

As at 31 December 2024 the total shares issued by the Company amounts to 671,823,900 shares. Please refer to Note V. 31 in detail.

The holding company of the Group is Changyu Group Company, which is jointly controlled by Yantai GuoFeng Investment Holding Ltd., ILLVA SARONNO HOLDING SPA, International Finance Corporation and Yantai Yuhua Investment and Development Company Limited.

The financial statements have been authorised by the board of directors on 16 April 2025. According to the Company’s articles of association, the financial statements will be reviewed by shareholders on the shareholder’s meeting.

For consolidation scope of the year, please refer to Note VIII “Equity in other entities” in detail.

II. Basis of preparation

The financial statements have been prepared on the going concern basis.

III. Significant accounting policies and accounting estimates

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the MOF. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2024, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”) in 2024.

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is 12 months.

4 Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. Overseas subsidiaries of the Company adopt Euro, Chilean Peso and Australian Dollar as their functional currencies on the basis of the primary economic environment in which they operate. The Company adopts RMB to prepare its financial statements. The foreign currency financial statements of overseas subsidiaries have been translated based on the accounting policy set out in Note III.9 in preparing these financial statements.

5 *Method used to determine the materiality threshold and the basis for selection*

<i>Item</i>	<i>Materiality threshold</i>
Significant other payables/accounts payable with ageing of more than one year	Amount of the individual other payables/accounts payable with ageing of more than 1 year exceeds 0.5% of the Group's total liabilities
Significant construction projects in progress	Carrying amount of the individual construction in progress exceeds 0.5% of the Group's total non-current assets
Significant non-wholly-owned subsidiaries	Carrying amount of net assets attributable to non-controlling shareholders of the non-wholly-owned subsidiaries exceeds 0.5% of the Group's net assets
Significant joint arrangements or associates	The carrying amount of long-term equity investments of an individual joint arrangement or an associate exceeds 0.5% of the Group's net assets
Significant investing and financing activities not requiring the use of cash	Amount of the individual cash flow exceeds exceeds 0.5% of the Group's total assets

6 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as

either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount shares of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against the surplus reserves and retained earnings sequentially. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, after considering the impact of relevant deferred income tax, the difference is recognised as goodwill (see Note III.19). If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity accounting, are transferred

to investment income in the period in which the acquisition occurs (see Note III.12(2)(b)). If equity interests of the acquiree held before acquisition-date were equity instrument investments measured at fair value through other comprehensive income, other comprehensive income recognised shall be moved to retained earnings on acquisition-date.

7 Criteria of control and preparation of consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.7(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to the surplus reserves and retained earnings sequentially.

8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III. 16). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses in the income statement are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

10 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.12), receivables, payables, and borrowings and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.25.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost by the Group.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- financial investments at fair value through other comprehensive income.

Financial assets measured at fair value, including debt investments or equity securities at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for bills receivable, accounts receivable and receivables under financing arising from ordinary business activities such as sale of goods and provision of services, are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for bills receivable, accounts receivable, receivables under financing, the Group measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Provisions for bad and doubtful debts arising from receivables

- (a) Categories of groups for collective assessment based on credit risk characteristics and basis for determination

Bills receivable	Based on the different credit risk characteristics of acceptors, the Group classifies bills receivable into two groups: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Historically, there is no significant difference in terms of occurrence of losses among different customer types for the Group. Therefore, the Group makes provisions for bad and doubtful debts arising from accounts receivable on the basis of all customers being one group without further segmentation by different customer types.
Receivables under financing	The Group's receivables under financing are bank acceptance bills held for dual purposes. As the accepting banks have high credit ratings, the Group considers all receivables under financing as a group.
Other receivables	The Group's other receivables mainly include deposits and guarantees receivable, etc. Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into 2 groups, specifically: the group of deposits and guarantees receivable and the group of other receivables.

(b) Criteria for individual assessment

Bills receivable, accounts receivable, receivables under financing, and other receivables are usually assessed collectively as a group based on credit risk characteristics to make provisions. When a counterparty is significantly different from other counterparties in the group in terms of credit risk characteristics, or if there has been a significant change in its credit risk characteristics, the individual approach is adopted for receivables due from this counterparty. For example, when a counterparty is in serious financial difficulties and the expected credit loss ratio of receivables due from this counterparty is significantly higher than the average expected credit loss ratio of the relevant ageing range, it should be individually assessed for provisioning purposes.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal and interest on their contractual due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

11 Inventories

(1) Categories

Inventories include raw materials, work in progress and finished goods. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads based on normal capacity.

Agricultural products harvested are reported in accordance with the CAS No.1 - Inventories.

(2) Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) Inventory count system

The Group maintains a perpetual inventory system.

(4) Amortisation method for low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(5) Criteria and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities of inventories held by the Group exceed the quantities specified in sales contracts, the net realisable value of the excess portion of inventories is based on general selling prices.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss.

12 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to the surplus reserves and retained earnings sequentially. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to the surplus reserves and retained earnings sequentially.
- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale (See Note III. 31). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.21.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.7.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement.

Associated enterprises refer to enterprises to which the Group can exercise significant influence (see Note III.12(3)).

A long-term equity investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.31).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or the associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.21.

(3) Criteria for determining the existence of joint control over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

13 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights, unless the investment property is classified as held for sale (see Note III.31). For the impairment of the investment properties, refer to Note III.21.

<i>Category</i>	<i>Estimated useful life (years)</i>	<i>Residual value rate (%)</i>	<i>Depreciation rate (%)</i>
Plant and buildings	20 - 40 years	0 - 5%	2.4% - 5.0%

14 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods, supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.15.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note III.31).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

<i>Class</i>	<i>Estimated useful life (years)</i>	<i>Residual value rate (%)</i>	<i>Depreciation rate (%)</i>
Plant and buildings	20 - 40 years	0 - 5%	2.4% - 5.0%
Machinery equipment	5 - 30 years	0 - 5%	3.2% - 20.0%
Motor vehicles	4 - 12 years	0 - 5%	7.9% - 25.0%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.21.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

15 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Criteria and timing for the transfer to fixed assets :

Category	Criteria and timing for the transfer to fixed assets
Plant and buildings	<ul style="list-style-type: none"> (1) The main construction projects and ancillary projects have been substantially completed; (2) the construction projects have been checked and accepted by the survey, design, construction and supervision units after meeting the pre-determined design requirements; (3) the construction projects have been checked and accepted by external departments such as the fire department, the land and resources department and the planning department; (4) if a construction project is available for its intended use but its final account has not yet been finalised, the construction project will be transferred to fixed assets at its estimated value from the date it is available for its intended use, based on the its estimated value of construction.
Machinery and equipment	<ul style="list-style-type: none"> (1) The relevant equipment and other supporting facilities have been installed; (2) the equipment can operate normally and stably for a period after commissioning; (3) the production equipment is capable of producing qualified products stably for a period; (4) the equipment has been checked and accepted by asset management personnel and users.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21).

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

16 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, and construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs should cease when the qualifying asset being constructed or produced has reached its expected usable or saleable condition. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally for a period of more than three months.

17 Biological assets

The Group's biological assets are bearer biological assets.

Bearer biological assets are those that are held for the purposes of producing agricultural produce, rendering of services or rental. Bearer biological assets in the Group are vines. Bearer biological assets are initially measured at cost. The cost of self-grown or self-bred bearer biological assets represents the necessary directly attributable expenditure incurred

before satisfying the expected production and operating purpose, including capitalised borrowing costs.

Bearer biological assets, after reaching the expected production and operating purpose, are depreciated using the straight-line method over its estimated useful life. The estimated useful lives, estimated net residual value rates and depreciation rates of bearer biological assets are as follows:

<i>Category</i>	<i>Estimated useful life (years)</i>	<i>Estimated net residual value rate(%)</i>	<i>Depreciation rate (%)</i>
Vines	20 years	0%	5.0%

The Group evaluates the useful life and expected net salvage value by considering the normal producing life of the bearer biological assets.

Useful lives, estimated residual values and depreciation methods of bearer biological assets are reviewed at least at each year-end. Any changes should be treated as changes in accounting estimates.

For a bearer biological asset that has been sold, damaged, dead or destroyed, any difference between the disposal proceeds and the carrying amount of the asset should be recognised in profit or loss for the period in which it arises.

18 Intangible assets

Useful life and amortisation methods

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note III.21). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The estimated useful lives, basis for determination and amortisation methods of intangible assets are as follows:

<i>Item</i>	<i>Amortisation period (years)</i>	<i>Basis for determination</i>	<i>Amortisation methods</i>
Land use rights	40 - 50 years	Terms of land use rights	Stright-line Method
Software licenses	5 - 10 years	Shorter of the term of software or the estimated useful life of software	Stright-line Method
Trademarks	10 years	Shorter of the term of trademark rights or the estimated useful life of trademark rights	Stright-line Method

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group had intangible assets with infinite useful lives including the land use rights and trademarks. Land use rights with infinite useful lives are permanent land use rights with permanent ownership held by the Group under the relevant Chile and Australian laws arising from the Group's acquisition of Viña Indómita, S.A., Viña Dos Andes, S.A., and Bodegas Santa Alicia SPA. (collectively referred to as the "Chile Indomita Wine Group"), and the acquisition of Kilikanoon Estate Pty Ltd. (the "Australia Kilikanoon Estate"), therefore there was no amortisation. The right to use trademark refers to the trademark held by the Group arising from the acquisition of the Chile Indomita Wine Group and the Australia Kilikanoon Estate with infinite useful lives. The valuation of trademark was based on the trends in the market and competitive environment, product cycle, and managing long-term development strategy. Those basis indicated the trademark will provide net cash flows to the Group within an uncertain period. The useful life is indefinite as it was hard to predict the period that the trademark would bring economic benefits to the Group.

19 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

20 Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses.

Long-term deferred expenses are amortised using a straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

<i>Item</i>	<i>Amortisation period</i>
Land requisition fee	50 years
Greening fee	5 - 20 years
Renovation Fee	3 - 20 years
Others	3 years

21 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- bearer biological assets
- investment properties measured using a cost model
- long-term equity investments
- goodwill
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill and intangible assets with infinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.22) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

22 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

23 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

24 Share-based payments

(1) Classification of share-based payments

Share-based payment transactions in the Group are equity-settled share-based payments..

(2) Accounting treatment of share-based payments

- Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from employees, the payment is measured at the fair value of the equity instruments granted to employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is fully recognised as costs or expenses on the grant date, with a corresponding increase in capital reserve. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to newly obtained subsequent information regarding changes in the number of employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

25 Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognises for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

For the sale of a product with a right of return, the Group recognises revenue when the Group obtains control of that product, in the amount of consideration to which the Group expects to be entitled in exchange for the product transferred (i.e. excluding the amount of which expected to be returned), and recognises a refund liability for the products expected to be returned. Meanwhile, an asset is recognised in the amount of carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value of returned products), and carry forward to cost in the amount of carrying amount of the transferred products less the above costs. At the end of each reporting period, the Group updates its assessment of future sales return. If there is any change, it is accounted for as a change in accounting estimate.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

The Group's sales revenue is mainly derived from dealer sales. Revenue is recognised when the Group transfers control of the related products to the customer. Based on the business contract, the Group recognised the sales revenue of these transfers when the product is confirmed and signed for acceptance by the customers.

26 Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

27 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

28 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Or included in other income or non-operating income directly.

29 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

30 Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note III.25.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.21.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note III.10. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

31 Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.22) less costs to sell (except financial assets (see Note III.10), deferred tax assets (see Note III.29) and investment properties subsequent measured at fair value (see Note III. 13) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.22) less costs to sell is recognised as an impairment loss in profit or loss.

32 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

33 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

34 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organisation structure, management requirements and internal reporting system, the Group's operation is divided into five parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2024, over 82% of revenue, more than 93% of profit and over 91% of non-current assets derived from China/are located in China. Therefore the Group does not need to disclose additional segment report information.

35 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant accounting estimates see Notes V.3 7 11 and 16.

36 Changes in significant accounting policies

In 2024, the Group has adopted the following newly revised accounting standards and implementation guidance and illustrative examples issued by the MOF:

The "classification of liabilities as current or non-current" in CAS Bulletin No. 17 (Caikuai [2023] No. 21)("CAS Bulletin No. 17").

The requirements on the "presentation of assurance-type warranty expenses" in the Compilation of Application Guidance to Accounting Standards for Business Enterprises for 2024.

(a) Main effects of the Group's adoption of the above requirements and guidance

(i) Requirements on the classification of liabilities as current or non-current:

According to CAS Bulletin No. 17, only the Group's substantive right to defer the settlement of liabilities for more than one year after the balance sheet date ("the right to defer the settlement of liabilities") is considered when classifying the liquidity of liabilities; the subjective possibility of exercising the above right is not considered.

For liabilities arising from the Group's loan arrangements, if the Group's right to defer the settlement of liabilities is subject to compliance with covenants specified in the loan arrangements ("covenants"), only the covenants on or before the balance sheet date when classifying the liquidity of liabilities are considered; the effect of covenants after the balance sheet date is not considered.

If the Group settles its liabilities by delivering its own equity instruments at the option of the counterparty and classifies the above options as equity instruments and recognises them separately as the equity component of a compound financial instrument in accordance with CAS 37 Presentation of Financial Instruments, there will be no effect on the classification of the liquidity of the liabilities. However, there will be effects on the classification if the above options cannot be classified as equity instruments.

The adoption of this requirement does not have a significant effect on the financial position and financial performance of the Group.

(ii) Presentation of assurance-type warranty expenses

According to the Compilation of Application Guidance to Accounting Standards for Business Enterprises for 2024, the Group has presented assurance-type warranty expenses accrued by the Group as "operating cost from principal activities", and no longer as "selling and distribution expenses".

The adoption of this requirement does not have a significant effect on the financial position and financial performance of the Group.

IV. Taxation

1 Main types of taxes and corresponding tax rates

Type of tax	Taxation basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	13%, 9%, 6% (China), 20% (France), 21% (Spain), 19% (Chile) and 10% (Australia)
Consumption tax	Based on taxable revenue	10% of the price, 20% of the price and RMB1,000 each ton (China)

Urban maintenance and construction tax	Based on VAT paid	7% (China)
Corporate income tax	Based on taxable profits	25% (China), 25% (France), 28% (Spain), 27% (Chile), 30% (Australia)

Other than tax incentives stated in Note IV. 2, applicable tax rates of the Group in 2024 and 2023 are all stated as above.

2 Tax preferential treatments

Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Growing"), a subsidiary of the Group, whose principal activity is grape growing is incorporated in Ningxia Huizu Autonomous Region. According to clause 27 of the Corporate Income Tax Law of the People's Republic of China and clause 86 of the Implementation Rules of Enterprise Income Tax Law of the People's Republic of China, Ningxia Growing enjoys an exemption of corporate income tax.

Yantai Changyu Grape Growing Co., Ltd. ("Grape Growing"), a branch of the Company, whose principal activity is grape growing is incorporated in Zhifu District, Yantai City, Shandong Province. According to clause 27 of the Corporate Income Tax Law of the People's Republic of China and clause 86 of the Implementation Rules of Enterprise Income Tax Law of the People's Republic of China, Grape Growing enjoys an exemption of corporate income tax.

Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre"), a branch of the Company, is an enterprise engaged in grape growing in the Economic and Technological Development Zone of Yantai City, Shandong Province. Pursuant to Article 27 of the *Enterprise Income Tax Law of the People's Republic of China* and Article 86 of the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China*, R&D Centre enjoys the preferential policy of exemption of enterprise income tax on income from grape growing.

Beijing Changyu AFIP Agriculture Development Co., Ltd. ("Agriculture Development"), a subsidiary of the Group, whose principal activity is grape growing is incorporated in Miyun, Beijing. According to clause 27 of the Corporate Income Tax Law of the People's Republic of China and clause 86 of the Implementation Rules of Enterprise Income Tax Law of the People's Republic of China, Agriculture Development enjoys an exemption of corporate income tax.

Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi"), a subsidiary of the Company, is an enterprise of wine production and sales incorporated in Shihezi city, Xinjiang Weizu Autonomous. In accordance with relevant provisions of the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No.23 of the Ministry of Finance), the Company is entitled to preferential tax policies. Therefore, during the period from 2021 to 2030, its corporate income tax shall be levied at a reduced tax rate of 15%.

Ningxia Changyu Longyu Chateau Co., Ltd. ("Ningxia Chateau"), a subsidiary of the Company, is an enterprise of wine production and sales incorporated in Yinchuan, Ningxia Hui Autonomous Region. In accordance with the Notice on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Notice of the Ministry of Finance [2020] No. 23), Ningxia Chateau is qualified to enjoy preferential taxation policies,

which means it can pay corporate income tax at a preferential rate of 15% for the period from 2021 to 2030.

Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine"), a subsidiary of the Company, is an enterprise engaged in wine production and sales, incorporated in Shihezi City, Xinjiang Uygur Autonomous Region. In accordance with relevant provisions of the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No.23 of the Ministry of Finance), Changyu (Ningxia) Wine is entitled to preferential tax policies. Therefore, during the period from 2021 to 2030, its corporate income tax shall be levied at a reduced tax rate of 15%.

In accordance with the PRC Enterprise Income Tax Law and its implementing regulations, the Announcement on Further Implementation of Income Tax Incentives for Small Enterprises with Meagre Profits (Announcement [2022] No. 13 of the Ministry of Finance and the State Taxation Administration) and the Notice of the Ministry of Finance and the State Administration of Taxation on Further Support the Inclusive Tax Expenses Policies for Micro and Small Enterprises for micro and small enterprises Development (Announcement [2023] No. 12 of the Ministry of Finance and the State Taxation Administration), for micro and small enterprises meet the application requirements that the amount of taxable income shall be reduced by 25%, and the applicable rate of enterprise income tax shall be 20%. Beijing Changyu Wine Marketing Co., Ltd. ("Beijing Marketing"), a subsidiary of the Company, was identified as a qualified small enterprise with meagre profits.

Pursuant to the Announcement on Clarifying VAT Relief and Other Policies for Small-scale VAT Taxpayers (Announcement [2023] No.19 of the Ministry of Finance and the State Taxation Administration), the taxable sales revenue of small-scale VAT taxpayers to which a levy rate of 3% is applicable shall be subject to VAT at a reduced levy rate of 1%; and the prepaid VAT items to which a pre-levy rate of 3% is applicable shall be subject to a reduced pre-levy rate of 1% from the period from 1 January 2024 to 31 December 2027. Xinjiang Changyu Sales Co., Ltd. Weimeisi Tasting Centre Branch is entitled to the above preferential tax policies.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Further Stepping up the Implementation of the Policy for the Refund of Term-End Excess Input Value-Added Tax Credits (Notice of the Ministry of Finance and State Taxation Administration [2022] No. 14), the government should further step up the implementation of the policy for the refund of term-end excess input value-added tax credits and expand the scope of industries applicable to this policy. The Company and its qualified subsidiaries have enjoyed this policy.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on the Further Implementation of Reduction and Exemption in Six Taxes and Two Fees for Small-Scale and Micro Enterprises (Notice of the Ministry of Finance and State Taxation Administration [2022] No. 10), from 1 January 2022 to 31 December 2024, People's Governments of all provinces, autonomous regions and municipalities can reduce the resource tax, urban maintenance and construction tax, property tax, Urban and township land use tax, stamp duty (excluding stamp duty on securities transaction), farmland occupation tax, education surcharges, and local education surcharges within a 50% tax range for small-scale VAT taxpayers, small-scale and low-profit enterprises, and individually-owned businesses based on the actual situation in the region. Shandong, Xinjiang, Ningxia, Shaanxi, and other provinces (regions, cities) are all subject to a 50% reduction in "six taxes and two fees", and some subsidiaries of the Company are qualified to enjoy the tax reduction.

V. Notes to the consolidated financial statements

1 Cash at bank and on hand

<i>Item</i>	2024	2023
Cash on hand	27,228	74,951
Bank deposits	1,797,503,539	2,217,280,801
Other monetary funds	317,363	337,895
Total	1,797,848,130	2,217,693,647
Including: Total overseas deposits	33,384,691	24,317,469

As at 31 December 2024, details of restricted bank deposits are as follows :

<i>Item</i>	2024	2023
Escrow account for migrant workers' wages	1,153,216	-

As at 31 December 2024, the Group's term deposits with previous maturity of more than three months is RMB 78,650,000, with interest rate 1.70% - 2.25% (31 December 2023: 254,200,000).

As at 31 December 2024, the Group's other monetary assets is as follows:

<i>Item</i>	2024	2023
Alipay account balance	158,894	192,997
Deposits for the customs	134,076	134,898
Deposit for ICBC platform	24,393	10,000
Total	317,363	337,895

As at 31 December 2024, the Group did not have any special interest arrangements such as the establishment of joint fund management accounts with related parties.

2 Bills receivable

Classification of bills receivable

<i>Item</i>	2024	2023
Bank acceptance bills	1,036,243	1,260,000
Total	1,036,243	1,260,000

All of the above bills are due within one year.

3 Accounts receivable

(1) Accounts receivable by customer type are as follows:

<i>Type</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Amounts due from related parties	1,458,339	4,401,307
Amounts due from other customers	276,983,985	390,889,475
Sub-total	278,442,324	395,290,782
Less: Provision for bad and doubtful debts	(7,612,723)	(13,158,448)
Total	270,829,601	382,132,334

As at 31 December 2024, ownership restricted accounts receivable is RMB 35,917,860 (31 December 2023: RMB73,628,265), referring to Note V. 52.

(2) The ageing analysis of accounts receivable is as follows:

<i>Ageing</i>	<i>2024</i>	<i>2023</i>
Within 1 year (inclusive)	274,048,512	387,161,172
Over 1 year but within 2 years (inclusive)	747,104	2,367,283
Over 2 years but within 3 years (inclusive)	2,122,990	5,396,673
Over 3 years	1,523,718	365,654
Sub-total	278,442,324	395,290,782
Less: Provision for bad and doubtful debts	(7,612,723)	(13,158,448)
Total	270,829,601	382,132,334

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable by provisioning method

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the loss given default. According to the historical experience of the Group, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

2024

	<i>Loss given default</i>	<i>Carrying amount at the end of the year</i>	<i>Impairment loss at the end of the year</i>
Current	0.1%	245,292,444	265,047
Overdue for 1 to 30 days	1.5%	19,549,341	293,143
Overdue for 31 to 60 days	6.0%	4,278,753	256,562
Overdue for 61 to 90 days	15.4%	432,734	66,747
Overdue for 91 to 120 days	23.5%	605,044	142,111
Overdue for 121 to 150 days	30.7%	1,337,986	410,793
Overdue for 151 to 180 days	38.2%	558,511	213,620
Overdue for 181 to 210 days	46.0%	492,202	226,407
Overdue for 211 to 240 days	57.1%	56,462	32,224
Overdue for 241 to 270 days	83.6%	793,827	663,562
Overdue for 271 to 300 days	92.5%	33,343	30,830
Overdue for 301 to 330 days	100.0%	898,444	898,444
Overdue for 331 to 360 days	100.0%	780	780
Overdue for 360 days	100.0%	4,112,453	4,112,453
Total	2.7%	278,442,324	7,612,723

2023

	<i>Loss given default</i>	<i>Carrying amount at the end of the year</i>	<i>Impairment loss at the end of the year</i>
Current	0.2%	365,010,895	660,099
Overdue for 1 to 30 days	2.7%	14,276,606	384,812
Overdue for 31 to 60 days	10.8%	1,939,270	208,908
Overdue for 61 to 90 days	20.8%	443,199	92,141
Overdue for 91 to 120 days	37.2%	880,565	328,007
Overdue for 121 to 150 days	55.4%	874,822	485,022
Overdue for 151 to 180 days	55.4%	499,866	277,137
Overdue for 181 to 210 days	72.1%	497,356	358,689
Overdue for 211 to 240 days	77.1%	693,596	534,607
Overdue for 241 to 270 days	82.9%	980,610	812,545
Overdue for 271 to 300 days	88.9%	1,596,409	1,418,894
Overdue for 301 to 330 days	100.0%	9,150	9,150
Overdue for 331 to 360 days	100.0%	82,541	82,541
Overdue for 360 days	100.0%	7,505,897	7,505,896
Total	3.3%	395,290,782	13,158,448

The loss given default is measured based on the actual credit loss experience in the past 12 months, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

(4) Movements of provisions for bad and doubtful debts:

	2024	2023
Balance at the beginning of the year	(13,158,448)	(14,556,106)
Charge for the year	(3,956,483)	(7,361,616)
Recoveries or reversals during the year	9,502,208	8,759,274
Balance at the end of the year	(7,612,723)	(13,158,448)

(5) Five largest accounts receivable by debtor at the end of the year:

Name	Relationship with the Group	Balance at the end of the year	Ageing	Percentage of ending balance of others (%)	Ending balance of provision for bad and doubtful debts
Debtor One	Third party	71,881,360	Within 1 year	25.8%	77,670
Debtor Two	Third party	16,123,936	Within 1 year	5.8%	150,769
Debtor Three	Third party	12,590,397	Within 1 year	4.5%	117,729
Debtor Four	Third party	9,460,951	Within 1 year	3.4%	88,466
Debtor Five	Third party	7,218,304	Within 1 year	2.6%	67,496
Total		117,274,948		42.1%	502,130

4 Receivables under financing

Item	Note	2024	2023
Bills receivable	(1)	230,960,211	408,316,028

(1) Pledged bills receivable by the Group at the end of the year:

As at 31 December 2024, there was no pledged bills receivable (31 December 2023: Nil).

(2) Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	Amount derecognised at year end
Bank acceptance bills	261,965,866

As at 31 December 2024, bills endorsed by the Group to other parties which are not yet due at the end of the period is RMB 261,965,866 (31 December 2022: RMB 394,923,505). The notes are used for payment to suppliers and constructions. The Group believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Group would undertake limited liability for the notes.

5 Prepayments

(1) Prepayments by category:

Item	2024	2023
Prepayments	60,631,575	61,497,933

(2) The ageing analysis of prepayments is as follows:

Ageing	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	59,383,101	97.9%	61,468,643	99.9%
Over 1 year but within 2 years (inclusive)	1,248,474	2.1%	29,290	0.1%
Total	60,631,575	100.0%	61,497,933	100.0%

The ageing is counted starting from the date when prepayments are recognised.

(3) Five largest prepayments by debtor at the end of the year:

<i>Name</i>	<i>Nature of the receivable</i>	<i>Balance at the end of the year</i>	<i>Ageing</i>	<i>Percentage of ending balance of others (%)</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Debtor One	Prepayments	28,736,338	Within 1 year	47.4%	-
Debtor Two	Prepayments	7,486,368	Within 1 year	12.3%	-
Debtor Three	Prepayments	5,965,968	Within 1 year	9.8%	-
Debtor Four	Prepayments	5,876,264	Within 1 year	9.7%	-
Debtor Five	Prepayments	5,344,237	Within 1 year	8.8%	-
Total		53,409,175		88.0%	-

6 Other receivables

	<i>31 December 2024</i>	<i>31 December 2023</i>
Others	264,598,394	71,496,276

(1) Others by customer type:

<i>Customer type</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Amounts due from other companies	268,325,284	71,496,276
Sub-total	268,325,284	71,496,276
Less: Provision for bad and doubtful debts	(3,726,890)	-
Total	264,598,394	71,496,276

(2) The ageing analysis is as follows:

<i>Ageing</i>	<i>2024</i>	<i>2023</i>
Within 1 year (inclusive)	227,970,834	29,551,266
Over 1 year but within 2 years (inclusive)	583,562	39,753,227
Over 2 years but within 3 years (inclusive)	38,599,235	160,000
Over 3 years	1,171,653	2,031,783
Sub-total	268,325,284	71,496,276
Less: Provision for bad and doubtful debts	(3,726,890)	-
Total	264,598,394	71,496,276

The ageing is counted starting from the date when other receivables are recognised.

(3) Movements of provisions for bad and doubtful debts

	<i>2024</i>	<i>2023</i>
Balance at the beginning of the year	-	-
Charge for the year	(3,726,890)	-
Balance at the end of the year	(3,726,890)	-

As at 31 December 2024, the Group has no other receivables written off (31 December 2023: Nil).

(4) Others categorised by nature

<i>Nature of other receivables</i>	<i>2024</i>	<i>2023</i>
Compensation receivable for the disposal of a vineyard (Note)	200,666,088	-
Land purchases and reserves receivable	37,268,902	37,768,902
Refund of consumption tax and VAT	15,560,239	19,104,008
Deposit	6,163,682	5,429,202
Housing maintenance funds	2,640,911	2,670,094
Petty cash receivable	28,781	154,354
Others	5,996,681	6,369,716
Sub-total	268,325,284	71,496,276
Less: Provision for bad and doubtful debts	(3,726,890)	-
Total	264,598,394	71,496,276

Note: The Company signed a Compensation Agreement with the People's Government of Zhuqiao Town, Laizhou City and the People's Government of Yidao Town, Laizhou City (both collectively referred to as the "Transferees") in December 2024. Pursuant to the Compensation Agreement, the Company transferred assets related to the vineyard in Zhuqiao Town to the Transferees at an estimated valuation of RMB 221,284,768 as consideration (compensation). After deducting compensation totalling RMB 19,618,680 that have been paid to farmers and collectively owned assets, the actual compensation receivable by the Company amounts to RMB 201,666,088 (tax inclusive). The transaction resulted in a decrease in the carrying value of the Company's bearer biological assets and fixed assets of RMB 71,792,304 and RMB 36,629, respectively, and recognition of gains or losses from disposal of assets of RMB 127,400,859. As of 15 April 2025, the Company has received a total of RMB 101,000,000 in compensation.

(5) Five largest others-by debtor at the end of the year

<i>Name</i>	<i>Nature of the receivable</i>	<i>Balance at the end of the year</i>	<i>Ageing</i>	<i>Percentage of ending balance of others (%)</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Debtor One	Compensation receivable for the disposal of a vineyard	200,666,088	Within 1 year	74.8%	-
Debtor Two	Land purchases and reserves receivable	37,268,902	2-3 years	13.9%	3,726,890
Debtor Three	Refund of VAT	14,350,724	Within 1 year	5.3%	-
Debtor Four	Housing maintenance funds	2,640,911	1-2 years	1.0%	-
Debtor Five	Others	1,650,000	Within 1 year	0.6%	-
Total		256,576,625		95.6%	3,726,890

7 Inventories

(1) Inventories by category:

Item	2024			2023		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	287,082,056	-	287,082,056	241,961,713	-	241,961,713
Work in progress	1,921,142,415	-	1,921,142,415	1,915,860,327	-	1,915,860,327
Finished goods	714,804,585	(18,958,500)	695,846,085	625,076,081	(17,507,534)	607,568,547
Total	2,923,029,056	(18,958,500)	2,904,070,556	2,782,898,121	(17,507,534)	2,765,390,587

(2) Provision for impairment of inventories:

Item	Opening balance	Increase during the year	Decrease during the year	Closing balance
		Recognised	Reversal	
Finished goods	17,507,534	(18,958,500)	17,507,534	18,958,500

8 Other current assets

Item	2024	2023
Input tax to be credited	63,225,758	65,228,189
Right to recover returned goods	13,866,802	16,876,869
Prepaid income taxes	1,408,482	4,438,001
Deferred expenses	1,882,199	1,825,483
Sub-total	80,383,241	88,368,542
Less: Provision for bad and doubtful debts	-	-
Total	80,383,241	88,368,542

9 Long-term equity investments

(1) Long-term equity investments by category:

Item	2024	2023
Investments in joint ventures	32,797,631	37,018,893
Investments in associates	2,067,117	1,266,727
Sub-total	34,864,748	38,285,620
Less: Provision for impairment	-	-
Total	34,864,748	38,285,620

(2) Movements of long-term equity investments during the year are as follows:

Investee	2024 Balance at the beginning of the year	Movements during the year		2024 Closing balance	Shareholding percentage
		New Investment	(Losses)/Profits from investments under equity-method I		
Joint ventures					
SAS L&M Holdings ("L&M Holdings")	37,018,893	-	(4,221,262)	32,797,631	55%
Associates					
Shanghai Yufeng Brand Management Co., Ltd. (Note1)	365,362	-	18,358	383,720	10%
Yantai Guolong Wine Industry Co., Ltd. (Note1)	901,365	-	(144,364)	757,001	10%
Taizhou Changyu Winery Wine Sales Co., Ltd. ("Taizhou Changyu"). (Note2)	-	1,000,000	(73,604)	926,396	10%
Sub-total	1,266,727	1,000,000	(199,610)	2,067,117	
Total	38,285,620	1,000,000	(4,420,872)	34,864,748	

Note 1: The Group has appointed one director to each of these investees.

Note 2: The Group has appointed two directors to this investee.

10 Investment properties

	<i>Plants and buildings</i>
Cost	
31 December 2023 and 31 December 2024	81,165,619
Accumulated depreciation	
31 December 2023	(56,682,788)
Charge for the year	(2,522,380)
31 December 2024	(59,205,168)
Carrying amount	
31 December 2024	21,960,451
31 December 2023	24,482,831

11 Fixed assets

(1) Fixed assets

<i>Item</i>	<i>Plant & buildings</i>	<i>Machinery & equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost				
31 December 2023	5,882,104,759	2,811,522,051	24,268,214	8,717,895,024
Additions during the year				
- Purchases	4,453,135	61,995,235	2,257,884	68,706,254
- Transfers from construction in progress	5,057,887	1,074,995	-	6,132,882
Disposals or written-offs during the year	(33,999,075)	(24,820,992)	(4,414,088)	(63,234,155)
31 December 2024	5,857,616,706	2,849,771,289	22,112,010	8,729,500,005
Accumulated depreciation				
31 December 2023	(1,312,265,801)	(1,577,413,953)	(22,769,318)	(2,912,449,072)
Charge for the year	(157,070,918)	(141,017,363)	(1,418,191)	(299,506,472)
Disposals or written-offs during the year	18,618,413	22,052,343	3,819,961	44,490,717
31 December 2024	(1,450,718,306)	(1,696,378,973)	(20,367,548)	(3,167,464,827)
Provision for impairment				
31 December 2023 and 31 December 2024	-	(10,363,383)	-	(10,363,383)
Carrying amount				
31 December 2024	4,406,898,400	1,143,028,933	1,744,462	5,551,671,795
31 December 2023	4,569,838,958	1,223,744,715	1,498,896	5,795,082,569

As at 31 December 2024, ownership restricted net value of fixed assets is RMB 32,467,803 (31 December 2023: 37,985,117), referring to Note V. 52.

(2) Temporarily idle fixed assets

<i>Item</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Machinery equipment	29,423,698	(19,060,315)	(10,363,383)	-
Total	29,423,698	(19,060,315)	(10,363,383)	-

(3) Fixed assets leased out under operating leases

<i>Item</i>	<i>Carrying amount at the end of the year</i>
Plant & buildings	85,545,955
Machinery equipment	931

Fixed assets pending certificates of ownership

<i>Item</i>	<i>Carrying amount</i>	<i>Reason why the certificates are pending</i>
Dormitories, main building and reception building of Changan Chateau	252,909,228	Processing
European town, main building and service building of AFIP	153,027,262	Processing
Fermentation shop and workshop of Zhangyu (Ningxia)	5,849,794	Processing
Office, experiment building and workshop of Fermentation Centre	3,704,745	Processing
Fermentation shop of Zhangyu (Jingyang)	3,893,174	Processing
Finished goods warehouse and workshop of Kylin Packaging	1,852,782	Processing
Others	563,097	Processing

The buildings without property certificate above have no significant impact on the Group's management.

12 Construction in progress

(1) Construction in progress

<i>Project</i>	<i>2024</i>			<i>2023</i>		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Upgrade of the production line of Noble Dragon	7,202,959	-	7,202,959	-	-	-
Upgrade of main building of AFIP	1,128,971	-	1,128,971	-	-	-
Nnigxia Chateau museum construction project	-	-	-	1,376,147	-	1,376,147
Shihezi Chateau Construction Project	-	-	-	700,000	-	700,000
Other Companies' Construction Project	1,845,442	-	1,845,442	1,247,094	-	1,247,094
Total	10,177,372	-	10,177,372	3,323,241	-	3,323,241

(2) Movements of major construction projects in progress during the year

<i>Item</i>	<i>Budget (RMB million)</i>	<i>Opening balance</i>	<i>Additions during the year</i>	<i>Transfers to fixed assets</i>	<i>Other transfers out</i>	<i>Closing balance</i>	<i>Percentage of actual cost to budget (%)</i>	<i>Accumulated capitalised interest</i>	<i>Attributable to: Interest capitalised for the year</i>	<i>Interest rate for capitalisation in 2024 (%)</i>	<i>Sources of funding</i>
Upgrade of the production line of Noble Dragon	9	-	7,202,959	-	-	7,202,959	85%	-	-	-	Self-raised
Upgrade of main building of AFIP	3	-	1,128,971	-	-	1,128,971	37%	-	-	-	Self-raised
Fermentation workshop and warehouse of Zhangyu (Ningxia)	5	-	5,057,887	(5,057,887)	-	-	100%	-	-	-	Self-raised
Shihezi Chateau Construction Project	780	700,000	-	-	(700,000)	-	100%	-	-	-	Self-raised

13 Bearer biological assets

Bearer biological assets are vines, which measured in cost method.

<i>Item</i>	<i>Immature biological assets</i>	<i>Mature biological assets</i>	<i>Total</i>
Original book value			
31 December 2023	32,791,446	248,838,320	281,629,766
Additions during the year			
- Increase in cultivated	1,999,035	347,445	2,346,480
- Transferred to mature	(10,035,518)	10,035,518	-
Decrease during the year (Note)	(8,158,622)	(152,105,687)	(160,264,309)
31 December 2024	16,596,341	107,115,596	123,711,937
Accumulated amortisation			
31 December 2023	-	(104,167,783)	(104,167,783)
Charge for the year	-	(13,833,533)	(13,833,533)
Decrease during the year (Note)	-	60,773,343	60,773,343
31 December 2024	-	(57,227,973)	(57,227,973)
Carrying amount			
31 December 2024	16,596,341	49,887,623	66,483,964
31 December 2023	32,791,446	144,670,537	177,461,983

Note: A decrease in bearer biological assets during the year is mainly due to the Group's disposal of the vineyard in Zhuqiao Town and the Mouziguo grape-growing base.

(1) The carrying value of the Group's bearer biological assets decreased by RMB 71,792,304 as a result of the disposal of the vineyard in Zhuqiao Town. See Note V. 6 (4) for details.

(2) The Group signed a Compensation Agreement with Yantai Zhihai Agricultural Professional Cooperative ("Zhihai Cooperative") in December 2024, whereby the Group transferred the Mouziguo grape-growing base at a consideration of RMB 30,000,000 (tax inclusive) to Zhihai Cooperative. The transaction resulted in a decrease in the Company's bearer biological assets and fixed assets of RMB 17,159,765 and RMB 16,651,622, respectively, and recognition of losses from disposal of assets of RMB 4,183,849.

As at 31 December 2024, there is no biological asset with ownership restricted (31 December 2023: Nil).

As at 31 December 2024, no provision for impairment of biological asset of the Group was recognised as there is no any indication exists (31 December 2023: Nil).

14 Right-of-use assets

As a lessee

<i>Item</i>	<i>Plant&buildings</i>	<i>Lands</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at the beginning of the year	80,425,384	137,980,409	1,697,986	220,103,779
Additions during the year	2,184,052	-	-	2,184,052
Decreases during the year	(53,842)	(53,299,318)	-	(53,353,160)
Balance at the end of the year	82,555,594	84,681,091	1,697,986	168,934,671
Accumulated depreciation				
Balance at the beginning of the year	(41,596,011)	(55,403,469)	(1,358,389)	(98,357,869)
Charge for the year	(15,966,192)	(4,438,690)	(339,597)	(20,744,479)
Decreases during the year	-	21,928,939	-	21,928,939
Balance at the end of the year	(57,562,203)	(37,913,220)	(1,697,986)	(97,173,409)
Carrying amounts				
At the end of the year	24,993,391	46,767,871	-	71,761,262
At the beginning of the year	38,829,373	82,576,940	339,597	121,745,910

15 Intangible assets

<i>Item</i>	<i>Land use rights</i>	<i>Software licenses</i>	<i>Trademarks</i>	<i>Total</i>
Original book value				
31 December 2023	444,520,847	102,888,216	189,715,738	737,124,801
Additions during the year				
- Purchase	-	2,286,226	1,534,621	3,820,847
31 December 2024	444,520,847	105,174,442	191,250,359	740,945,648
Accumulated amortisation				
31 December 2023	(108,815,810)	(69,678,463)	(16,004,752)	(194,499,025)
Additions during the year				
- Charge for the year	(5,867,776)	(12,287,382)	(585,082)	(18,740,240)
31 December 2024	(114,683,586)	(81,965,845)	(16,589,834)	(213,239,265)
Carrying amount				
31 December 2024	329,837,261	23,208,597	174,660,525	527,706,383
31 December 2023	335,705,037	33,209,753	173,710,986	542,625,776

As at 31 December 2024, the Group has land use right with infinite useful lives of RMB 32,503,590 (31 December 2023: RMB32,863,731), representing the freehold land held by Chile Indomita Wine Group and Australia Kilikanoon Estate under relevant Chile and Australia laws, on which the amortisation is not required.

As at 31 December 2024, the Group has trademark with infinite useful lives of RMB 156,740,196 (31 December 2023: RMB155,447,037), which is held by Chile Indomita Wine Group and Australia Kilikanoon Estate. The recoverable amount of the trademark is determined according to the present value of the expected future cash flows generated from the asset group to which the single assets of trademark right belongs. The management prepares the cash flow projection for future 5 years (the “projecting period”) based on the latest financial budget assumption, and estimates the cash flows after the future 5 years (the “subsequent period”). The pretax discount rates used in the cash flow projections are 12.5% and 13.6%, (2023 :13.3%-13.9%). The estimated long-term average growth rate of cash flows after 5 years is 0.0% - 2.0% (2023: 0.0% - 2.5%), which represents the long-term average growth rate for the industry or the region in which the company operates.

According to the result of impairment assessment, by the end of 31 December 2024, the management believes there is no impairment loss on those trademarks with infinite useful lives of the Group (31 December 2023: Nil).

As at 31 December 2024, there is no ownership restricted net value of intangible assets. (31 December 2023: Nil).

16 Goodwill

(1) Changes in goodwill

<i>Name of investee or events from which goodwill arose</i>	<i>Note</i>	<i>31 December 2023</i>	<i>Additions during the year</i>	<i>Disposals during the year</i>	<i>31 December 2024</i>
Original book value					
Etablissements Rouillet Fransac ("Rouillet Fransac")	(a)	13,112,525	-	-	13,112,525
Dicot Partners, S.L ("Dicot")	(a)	92,391,901	-	-	92,391,901
Chile Indomita Wine Group	(a)	6,870,115	-	-	6,870,115
Australia Kilikanoon Estate	(a)	37,063,130	-	-	37,063,130
Sub-total		149,437,671	-	-	149,437,671
Impairment provision					
Australia Kilikanoon Estate		(37,063,130)	-	-	(37,063,130)
Dicot Partners, S.L ("Dicot")		(5,210,925)	(6,014,534)	-	(11,225,459)
Sub-total		(42,274,055)	(6,014,534)	-	(48,288,589)
Carrying amount		107,163,616	(6,014,534)	-	101,149,082

(a) The Group acquired Fransac Sales, Dicot and Mirefleurs, Chile Indomita Wine Group and Australia Kilikanoon Estate in December 2013, September 2015, July 2017 and January 2018 respectively, resulting in respective goodwill amounting to RMB13,112,525, RMB92,391,901, RMB 6,870,115 and RMB37,063,130. The goodwill had been allocated to corresponding asset groups for impairment testing.

(2) Provision for impairment of goodwill

The Group has allocated the above goodwill to relevant asset groups for impairment testing.

As at 31 December 2024, Australia Kilikanoon Estate has made full provision for impairment of goodwill and Atrio has made provision for impairment amounted to RMB 11,225,459 for the current period.

The recoverable amount of the asset group is determined according to the present value of the expected future cash flows. The management prepares the cash flow projection for future 5 years (the "projecting period") based on the latest financial budget assumption, and estimates the cash flows after the future 5 years (the "subsequent period"). The pretax discount rate used in calculating the recoverable amounts of Rouillet Fransac, Dicot, and Mirefleurs, Indomita Wine are 11.8%, 11.7%, and 12.5%, respectively (2023: 10.7%, 9.1%, and 13.3%). The key assumption is the growth rate of annual revenue of relevant subsidiaries, which is computed based on the expected growth rate of each subsidiary and long-term average growth rates of relevant industries. The annual revenue growth rate for Rouillet Fransac, Dicot, and Mirefleurs, Indomita Wine during the projecting period is 4.9% -18.5% and the revenue growth rate during the subsequent period is 0.0% - 2.5%. Other relevant key assumption is budget gross profit margin, which is determined based on the historical performance of each subsidiary and its expectations for market development. The average gross profit margin for the projecting period of Rouillet Fransac, Dicot, and Mirefleurs, Indomita Wine is 40.9% - 44.8% and the average gross profit margin during the subsequent period is 40.9% - 45.6%.

17 Long-term deferred expenses

<i>Item</i>	<i>31 December 2023</i>	<i>Additions during the year</i>	<i>Amortisation for the year</i>	<i>31 December 2024</i>
Land requisition fee	43,264,838	-	(1,778,943)	41,485,895
Greening fee	110,315,085	-	(8,579,904)	101,735,181
Leasehold improvement	146,637,493	12,776,010	(10,092,888)	149,320,615
Others	6,444,691	1,014,007	(1,206,687)	6,252,011
Total	306,662,107	13,790,017	(21,658,422)	298,793,702

18 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and liabilities

<i>Item</i>	<i>31 December 2024</i>		<i>31 December 2023</i>	
	<i>Deductible or taxable temporary differences</i>	<i>Deferred tax assets/(liabilities)</i>	<i>Deductible or taxable temporary differences</i>	<i>Deferred tax assets/(liabilities)</i>
Deferred tax assets:				
Provision for impairment of assets	40,661,496	10,437,775	41,029,365	10,563,366
Unrealised profits of intra-group transactions	417,770,236	104,442,560	403,653,124	100,913,281
Unpaid bonus	123,258,072	30,814,518	138,873,637	34,718,409
Termination benefits	6,739,412	1,684,853	8,475,845	2,118,961
Deductible tax losses	280,061,166	68,206,780	261,937,563	61,634,797
Deferred income	25,938,817	5,540,954	32,582,734	7,021,304
Effects of Restricted Share Incentive Plan	-	-	17,614,180	4,370,992
Effect of the lease standard	3,462,626	865,659	708,367	177,094
Sub-total	897,891,825	221,993,099	904,874,815	221,518,204
Deferred tax liabilities:				
Revaluation due to business combinations involving entities not under common control	24,447,790	7,076,871	26,659,530	7,718,480
Effect of the lease standard	1,069,168	267,294	3,995,628	1,001,249
Sub-total	25,516,958	7,344,165	30,655,158	8,719,729

(2) Details of unrecognised deferred tax assets

<i>Item</i>	<i>2024</i>	<i>2023</i>
Deductible tax losses	478,477,359	420,651,124

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

<i>Year</i>	<i>2024</i>	<i>2023</i>
2024	-	36,171,778
2025	70,528,510	70,528,510
2026	60,274,856	68,479,171
2027	123,557,586	128,025,572
2028	117,444,729	117,446,093
2029	106,671,678	-
Total	478,477,359	420,651,124

19 Other non-current assets

<i>Item</i>	2024	2023
Prepaid for Construction fee	3,554,409	1,760,000

20 Short-term loans

<i>Item</i>	2024	2023
Unsecured loans	63,222,270	178,605,850
Mortgaged loans	126,552,126	163,103,275
Guaranteed loans	26,365,950	23,272,320
Total	216,140,346	364,981,445

As at 31 December 2024, details of short-term borrowings were as follows:

	<i>Amount</i>	<i>Amount</i>	<i>Nature of interest rate</i>	<i>Interest rate</i>	<i>Interest rate at the end of the year</i>
		<i>RMB</i>		<i>%</i>	<i>%</i>
Mortgaged loans (USD)	12,375,000	90,634,266	Fixed	5.53% ~ 5.94%	5.53% ~ 5.94%
Credit loans (RMB)	50,000,000	50,000,000	Floating	1 YEAR LPR-0.95%	2.27%
Mortgaged loans (EUR)	4,772,694	35,917,860	Floating	3.41% ~4.65%	3.41% ~4.65%
Secured loan (AUD)	5,850,000	26,365,950	Floating	BBSW+1.5%	5.9%
Credit loans (USD)	1,000,000	7,323,981	Fixed	5.61%	5.61%
Credit loans (EUR)	783,753	5,898,289	Floating	3.41% ~4.65%	3.41% ~4.65%
Total		216,140,346			

- As at 31 December 2024, mortgaged loans (EUR) were Hacienda y Viñedos Marques del Atrio, S.L.U ("Atrio") factoring of accounts receivable from banks including Banco ANTANDER、BBVA、CAIXABANK of EUR 4,772,694 (equivalent of RMB 35,917,860) (31 December 2023: EUR 9,368,417 (equivalent of RMB 73,628,264).
- On 31 December 2024, Chile Indomita Wine Group pledged its fixed assets to Banco Scotiabank and Banco de Chile to borrow USD 12,375,000 (equivalent to RMB 90,634,266) (31 December 2023: USD 12,625,000 (equivalent to RMB 89,475,011).
- On 31 December 2024, the secured loan represented the secured loan of Australia Kilikanoon Estate of AUD5,850,000 (equivalent to RMB 26,365,950) (31 December 2023: AUD 4,800,000, equivalent to RMB 23,272,320).

21 Accounts payable

(1) Details of accounts payable are as follows:

<i>Ageing</i>	2024	2023
Within 1 year (inclusive)	413,307,306	459,106,370
Over 1 year but within 2 years (inclusive)	2,486,147	10,654,983
Over 2 years but within 3 years (inclusive)	372,036	990,316
Over 3 years	1,344,950	2,600,856
Total	417,510,439	473,352,525

(2) There is no significant accounts payable with ageing of more than one year.

22 Contract liabilities

<i>Item</i>	<i>As at 31 December 2024</i>	<i>As at 31 December 2023</i>
Receipt in advance	127,855,694	174,757,233
Withholding sales rebates	234,659	521,616
Total	128,090,353	175,278,849

Contract liabilities primarily relate to the Group's advances from sales contracts of specific customers and the withholding sales rebates. Relevant contract liabilities are recognised as revenue when the control of the goods is transferred to the customer.

23 Employee benefits payable

(1) Employee benefits payable:

	<i>Note</i>	<i>31 December 2023</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2024</i>
Short-term employee benefits	(2)	176,534,963	433,947,987	(450,840,565)	159,642,385
Post-employment benefits - defined contribution plans	(3)	320,484	42,565,593	(42,562,957)	323,120
Termination benefits		8,475,845	2,040,462	(3,776,895)	6,739,412
Total		185,331,292	478,554,042	(497,180,417)	166,704,917

(2) Short-term employee benefits

	<i>31 December 2023</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2024</i>
Salaries, bonuses, allowances	173,350,251	383,410,051	(400,269,302)	156,491,000
Staff welfare	1,247,367	14,763,504	(14,740,774)	1,270,097
Social insurance	295,016	19,202,639	(19,195,603)	302,052
Medical insurance	295,016	17,600,108	(17,593,104)	302,020
Work-related injury insurance	-	1,387,614	(1,387,582)	32
Maternity insurance	-	214,917	(214,917)	-
Housing fund	38,582	12,564,213	(12,564,214)	38,581
Labour union fee, staff and workers' education fee	1,603,747	4,007,580	(4,070,672)	1,540,655
Total	176,534,963	433,947,987	(450,840,565)	159,642,385

(3) Post-employment benefits - defined contribution plans

	<i>31 December 2023</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2024</i>
Basic pension insurance	319,251	41,355,245	(41,352,689)	321,807
Unemployment insurance	1,233	1,210,348	(1,210,268)	1,313
Total	320,484	42,565,593	(42,562,957)	323,120

24 Taxes payable

<i>Item</i>	2024	2023
Value-added tax	39,051,407	65,545,854
Consumption tax	40,806,933	50,879,210
Corporate income tax	88,479,855	134,574,175
Individual income tax	828,712	1,414,309
Tax on the use of urban land	2,301,066	1,730,986
Education surcharges	3,857,746	5,072,436
Urban maintenance and construction tax	5,372,605	6,787,018
Others	8,448,730	8,719,443
Total	189,147,054	274,723,431

25 Other payables

	<i>Note</i>	31 December 2024	31 December 2023
Others	(1)	398,149,521	555,634,336
Total		398,149,521	555,634,336

(1) Others

(a) Details of others by nature are as follows:

<i>Item</i>	2024	2023
Deposit payable to dealer	170,639,777	194,060,993
Advertising fee payable	44,729,221	104,815,517
Payables for repurchase of treasury shares	70,704,426	103,411,919
Trademarks	18,630,742	27,515,798
Freight charges payable	21,041,131	22,301,368
Deposits due to suppliers	16,515,150	18,284,971
Equipment and construction fee payable	13,160,841	14,832,439
Payables for equities	-	14,623,377
Contracting fee payable	3,179,094	3,360,355
Staff deposit	735,016	462,672
Others	38,814,123	51,964,927
Total	398,149,521	555,634,336

(b) There are no significant others aged over one year accrued this year.

26 Other current liabilities

<i>Item</i>	2024	2023
Refund liabilities arising from rights of return	16,425,141	24,869,246
Tax to be transferred out as sales	24,339,101	20,089,051
Total	40,764,242	44,958,297

27 Non-current liabilities due within one year

Non-current liabilities due within one year by category are as follows:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Long-term loans due within one year	61,161,578	58,510,868
Lease liabilities due within one year	18,788,191	20,013,125
Total	79,949,769	78,523,993

28 Long-term loans

Long-term loans by category

<i>Item</i>	<i>Note</i>	<i>2024</i>	<i>2023</i>
Credit loans		111,798,781	125,127,311
Less: Long-term loans due within one year	V.27	61,161,578	58,510,868
Total		50,637,203	66,616,443

As at 31 December 2024, details of long-term borrowings were as follows:

	<i>Amount</i>	<i>Amount</i>	<i>Nature of interest rate</i>	<i>Interest rate</i>	<i>Interest rate at the end of the year</i>	<i>Long-term loans due within one year</i>	<i>Long-term loans due after one year</i>
		<i>RMB</i>		<i>%</i>	<i>%</i>		
Credit loans (EUR)	842,761	6,342,368	Fixed	2.80% - 4.65%	2.80% - 4.65%	2,394,178	3,948,190
Credit loans (EUR)	14,012,838	105,456,413	Floating	3.41% - 7.59%	3.41% - 7.59%	58,767,400	46,689,013
Total		111,798,781				61,161,578	50,637,203

As at 31 December 2024, Credit loans (EUR) were EUR 14,855,599 borrowed by Banco Santander, BBVA, Caja Rural de Navarr, Caixa Bank etc. (equivalent of RMB 111,798,781 (31 December 2023: EUR15,921,126 , equivalent of RMB 125,127,311).

29 Lease liabilities

<i>Item</i>	<i>Note</i>	<i>2024</i>	<i>2023</i>
Long-term lease liabilities		46,331,020	105,051,460
Less: Lease liabilities due within one year	V.27	18,788,191	20,013,125
Total		27,542,829	85,038,335

The specific arrangement of leases activities of the Group refers to Note 53.

30 Deferred income

<i>Item</i>	<i>31 December 2023</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>31 December 2024</i>
Government grants	32,582,734	3,174,000	(9,817,917)	25,938,817

Government grants:

<i>Liability</i>	<i>31 December 2023</i>	<i>Additions of government grants during the year</i>	<i>Amounts recognised in other income during the year</i>	<i>31 December 2024</i>	<i>Related to assets/income</i>
Industrial development support project	12,300,000	-	(4,100,000)	8,200,000	Government grants related to assets
Retaining wall subsidies	8,835,333	-	(988,000)	7,847,333	Government grants related to assets
Xinjiang industrial revitalisation and technological transformation project	8,532,000	-	(1,422,000)	7,110,000	Government grants related to assets
Wine fermentation capacity construction project	1,200,000	-	(1,200,000)	-	Government grants related to assets
Special fund for efficient water-saving irrigation project	829,000	-	(162,000)	667,000	Government grants related to assets
Subsidy for economic and energy-saving technological transformation projects	384,900	-	(128,300)	256,600	Government grants related to assets
Subsidies for construction of scenic spots	245,784	-	(50,600)	195,184	Government grants related to assets
Subsidy for mechanic development of Penglai Daliuhang Base	55,717	-	(55,717)	-	Government grants related to assets
Improvement of service facilities in scenic spots	-	264,000	-	264,000	Government grants related to assets
The "Ten-Hundred-Thousand Program" leisure agriculture subsidies from Jugezhuang government	200,000	150,000	(350,000)	-	Related to income
Technology research and industrial subsidies for utilizing China-produced oak for winemaking	-	2,760,000	(1,361,300)	1,398,700	Related to income
Total	32,582,734	3,174,000	(9,817,917)	25,938,817	

31 *Share capital*

	<i>Balance at the beginning of the year</i>	<i>Changes during the year</i>		<i>Balance at the end of the year</i>
		<i>Release of lock-up shares</i>	<i>Cancellation of repurchased shares</i>	
Unrestricted RMB ordinary shares	453,460,800	1,720,495	-	455,181,295
Restricted RMB ordinary shares (Note1)	6,785,559	(1,720,495)	(425,666)	4,639,398
Foreign shares listed domestically (Note2)	232,003,200	-	(19,999,993)	212,003,207
Total shares	692,249,559	-	(20,425,659)	671,823,900

Note1: The Proposal on the Company's 2023 Restricted Share Incentive Plan (Draft) and Relevant Summary and the Proposal on the Request for the Authorisation to the Board of Directors by the General Meetings of Shareholders to Handle Matters related to the Company's 2023 Restricted Share Incentive Plan were passed by resolutions in the Group's 2022 General Meetings of Shareholders held on 26 May 2023. In addition, the Proposal on the Adjustments to Matters related to 2023 Restricted Share Incentive Plan and the Proposal on the Granting of Restricted Shares to Incentive Objects under the 2023 Restricted Share Incentive Plan were reviewed and passed in the 2023 first extraordinary Board meeting held on 26 June 2023 (hereinafter referred to as the "Restricted Share Incentive Plan", see Note XIII for details). The Group determined to grant 6,850,000 restricted shares to 204 incentive objects at a grant price of RMB15.24 per share on 26 June 2023 (the grant date). A total of 203 incentive objects of the Group actually subscribed for 6,785,559 restricted shares at a grant price of RMB15.24 per share. The transaction increased the Company's registered capital by RMB6,785,559, increased the capital reserve by RMB96,626,360 and recognised the repurchase obligation on restricted shares of RMB103,411,919.

The Group convened the Second Meeting of the Remuneration Committee of the Board of Directors for 2024, the Fourth Extraordinary Board Meeting for 2024 and the Second Extraordinary Supervisory Committee Meeting for 2024 on 22 July 2024, at which the Proposal on Satisfaction of the Release of Lock-up Shares Granted under the Company's 2023 Restricted Share Incentive Plan in the First Unlocking Period and the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted under the Company's 2023 Restricted Share Incentive Plan and Adjustment of Repurchase Price were reviewed and approved. The Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted under the Company's 2023 Restricted Share Incentive Plan and Adjustment of Repurchase Price was reviewed and approved according to the resolution of the Third Extraordinary General Meeting on 8 August 2024. 172 incentive participants held the first tranche of restricted shares eligible for unlocking in 2024, and the total number of restricted shares unlocked was 1,720,495. These unlocked shares were listed and traded on 6 August 2024. Some incentive participants no longer met the conditions of the Company's 2023 Restricted Share Incentive Plan as they have left the Company due to individual reasons or got job transfer, and 157,790 restricted shares that have been granted to them but not yet

unlocked were repurchased and cancelled. 267,876 restricted shares that cannot be unlocked during the first unlocking period due to personal performance appraisal results were repurchased and cancelled. The number of restricted shares that have been repurchased and cancelled were 425,666 in total. The transaction resulted in a decrease of RMB425,666 in the Group's share capital, a decrease of RMB6,061,484 in capital reserve.

Note2: The Group convened the First Extraordinary Board Meeting for 2024 on 22 February 2024 and the First Extraordinary General Meeting for 2024 on 11 March 2024 to review and approve the Proposal on Repurchasing Certain Domestically Listed Foreign Shares (B Shares) of the Company. As of 17 July 2024, the Group repurchased a total of 19,999,993 B shares by way of call auction through the special account for repurchase, totalling RMB178,084,318. The Group completed the cancellation of the repurchased shares with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on 8 November 2024. The transaction resulted in a decrease of RMB 19,999,993 in the Group's share capital and a decrease of RMB 158,084,325 in capital reserve.

32 Capital reserve

Items	Note	31 December 2023	Additions during the year	Decrease during the year	31 December 2024
Share premium	(1)	615,678,532	-	(164,145,809)	451,532,723
Others	(2)	35,408,175	-	(4,797,351)	30,610,824
Total		651,086,707	-	(168,943,160)	482,143,547

- (1) During the reporting period, the Group repurchased and cancelled 19,999,993 B shares of the Company, resulting in a decrease of RMB 158,084,325 in share premium. Refer to Note V. 31 for details.

During the reporting period, the Group repurchased and cancelled 425,666 restricted shares, resulting in a decrease of RMB 6,061,484 in share premium. See Note V. 31 for details.

- (2) During the reporting period, based on the best estimate of the number of equity instruments granted under the Group's Restricted Share Incentive Plan, capital reserve decreased by RMB 4,016,468 due to confirmation of amortization expenses, refer to NoteXIII.1.

During the reporting period, the difference between the long-term equity investments obtained by the Group due to the purchase of minority equity and the share of net assets of the subsidiary calculated continuously since the purchase date according to the newly increased shareholding ratio reduced the capital reserve by RMB 780,883, refer to NoteVIII.2.

33 *Treasury shares*

<i>Item</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>Balance at the end of the year</i>
Treasury shares	103,411,919	178,084,318	(210,791,811)	70,704,426
Total	103,411,919	178,084,318	(210,791,811)	70,704,426

During the reporting period, the Group's treasury shares decreased by RMB 26,220,343 due to the unlocking of shares granted under the Group's Restricted Share Incentive Plan. The Group's treasury shares also decreased by RMB 6,487,150 as some incentive participants have left the Company due to individual reasons or got job transfer and no longer met the conditions of the Company's 2023 Restricted Share Incentive Plan.

The Group repurchased and cancelled 19,999,993 B shares, resulting in an increase and decrease in treasury shares of RMB 178,084,318 respectively during the period. Please refer to note V.31.

34 *Other comprehensive income*

<i>Item</i>	<i>Balance at the beginning of the year attributable to shareholders of the Company</i>	<i>Accrued during the year</i>					<i>Balance at the end of the year attributable to shareholders of the Company</i>
		<i>Before-tax amount</i>	<i>Less: Previously recognised amount transferred to profit or loss</i>	<i>Less: Income tax expenses</i>	<i>Net-of-tax amount attributable to shareholders of the Company</i>	<i>Net-of-tax amount attributable to non-controlling interests</i>	
Items that may be reclassified to profit or loss							
Translation differences arising from translation of foreign currency financial statements	(14,784,671)	(27,197,921)			(24,930,291)	(2,267,630)	(39,714,972)

35 *Surplus reserve*

<i>Item</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Statutory surplus reserve	342,732,000	342,732,000

In accordance with the Company Law and the Articles of Association Company, the Company appropriated 10% of its net profit to statutory surplus reserve. The appropriation to the statutory surplus reserve may be ceased when the accumulated appropriation reaches over 50% of the registered capital of the Company. The Company does not appropriate net profit to the surplus reserve in 2024 as surplus reserve of the Company is above 50% of the registered capital.

The Company can appropriate discretionary surplus reserve after appropriation of the statutory surplus reserve. Discretionary surplus reserve can be utilised to offset the deficit or increase the share capital after approval.

36 Retained earnings

<i>Item</i>	<i>Note</i>	<i>2024</i>	<i>2023</i>
Retained earnings at the beginning of the year		9,273,629,318	9,049,649,211
Add: Net profits for the year attributable to shareholders of the Company		305,210,999	532,438,907
Less: Dividends to ordinary shares	(1)	(345,911,947)	(308,458,800)
Retained earnings at the end of the year	(2)	9,232,928,370	9,273,629,318

(1) Dividends in respect of ordinary shares declared during the year

As approved by the general meeting of shareholders on May 17, 2024, the Company distributed cash dividends of RMB 0.5 per share (2023: RMB 0.45 per share) to common shareholders on June 17, 2024 and June 19, 2024, totaling RMB346,124,780 (2023: RMB308,458,800).

During the reporting period, the Group repurchased and cancelled 425,666 restricted shares granted under the Group's Restricted Share Incentive Plan, and recovered cash dividends of RMB 212,833.

(2) Retained earnings at the end of the year

As at 31 December 2024, the consolidated retained earnings attributable to the Company included an appropriation of RMB 64,459,076 (2023: RMB 55,900,659) to surplus reserve made by the subsidiaries.

37 Operating income and operating costs

<i>Item</i>	<i>2024</i>		<i>2023</i>	
	<i>Income</i>	<i>Cost</i>	<i>Income</i>	<i>Cost</i>
Principal activities	3,196,761,585	1,360,000,070	4,309,556,631	1,754,792,956
Other operating activities	80,516,762	32,602,329	75,207,704	32,190,701
Total	3,277,278,347	1,392,602,399	4,384,764,335	1,786,983,657
Including: Revenue from contracts with customers	3,271,223,512	1,387,836,538	4,380,255,840	1,783,149,498
Rent income	6,054,835	4,765,861	4,508,495	3,834,159

(1) Disaggregation of revenue from contracts with customers:

<i>Type of contract</i>	<i>2024</i>	<i>2023</i>
By type of goods or services		
- Liquor	3,196,761,585	4,309,556,631
- Others	74,461,927	70,699,209
By timing of transferring goods or services		
- Revenue recognised at a point in time	3,271,223,512	4,380,255,840

(2) Geographical regions of operating income and operating costs :

Type of contract	2024		2023	
	Income	Cost	Income	Cost
By geographical regions				
- China	2,685,914,511	1,031,980,984	3,761,534,793	1,378,286,484
- Other countries and regions	591,363,836	360,621,415	623,229,542	408,697,173
Total	3,277,278,347	1,392,602,399	4,384,764,335	1,786,983,657

38 Taxes and surcharges

Item	2024	2023
Consumption tax	185,547,704	239,887,676
Urban maintenance and construction tax	23,268,173	35,197,172
Education surcharges	16,775,249	23,177,137
Property tax	33,918,780	34,003,219
Tax on the use of urban land	9,869,535	10,331,175
Stamp duty	4,022,461	5,289,257
Others	360,727	1,849,935
Total	273,762,629	349,735,571

39 Selling and distribution expenses

Item	2024	2023
Marketing fee	322,040,390	490,535,793
Salaries and benefits	294,724,158	313,083,923
Labour service fee	86,440,275	93,243,814
Advertising fee	63,037,709	75,527,637
Depreciation expense	51,846,831	48,882,915
Design and production fee	19,561,846	32,182,656
Travelling expenses	29,989,425	29,318,913
Trademarks expenses	17,770,743	27,515,798
Storage rental	25,233,942	27,290,488
Conference fee	16,578,022	19,309,557
Water, electricity and gas fee	12,987,461	16,830,073
Others	72,769,618	66,061,209
Total	1,012,980,420	1,239,782,776

40 General and administrative expenses

<i>Item</i>	<i>2024</i>	<i>2023</i>
Salaries and benefits	96,337,276	87,857,355
Depreciation expenses	99,816,234	89,486,538
Repair costs	12,001,516	11,978,855
Administrative expenses	19,512,898	19,929,523
Amortisation of greening fee	17,550,658	17,409,398
Amortisation expenses	15,903,477	16,202,523
Safety production costs	9,793,378	10,743,063
Security and cleaning fee	8,593,907	8,326,301
Contracting fee	3,913,648	4,337,738
Others	30,488,889	37,719,564
Total	313,911,881	303,990,858

41 Financial expenses

<i>Item</i>	<i>2024</i>	<i>2023</i>
Interest expenses from loans and payables	30,125,387	31,297,810
Interest expenses from lease liabilities	4,136,343	4,502,287
Interest income from deposits	(34,643,667)	(30,571,465)
Exchange losses	10,911,603	5,002,117
Other financial expenses	2,306,407	852,710
Total	12,836,073	11,083,459

42 Other income

<i>Item</i>	<i>2024</i>	<i>2023</i>	<i>Related to assets/income</i>
Industrial development support project	4,100,000	4,100,000	Government grants related to assets
Xinjiang Industrial Revitalization and Technological Transformation Project	1,422,000	1,422,000	Government grants related to assets
Wine production capacity construction project	1,200,000	400,000	Government grants related to assets
Subsidies for retaining wall	988,000	638,000	Government grants related to assets
Special funds for the maintenance of wine cellars	-	2,079,711	Government grants related to assets
Engineering technology transformation of information system project	-	580,000	Government grants related to assets
Others - Government grants related to assets	396,617	329,207	Government grants related to assets
Special funds for the development of enterprises	16,700,000	9,237,716	Related to income
Tax rebates	13,297,771	19,533,196	Related to income
Regional sales incentive fund	2,800,000	-	Related to income
Talent development funds from Shihezi government	2,200,000	1,500,000	Related to income
Wine Industry Development Project	1,224,301	2,684,281	Related to income
Funds for the integration development project of agricultural industry	536,000	1,000,000	Related to income
Others - Government grants related to income	7,749,221	8,019,688	Related to income
Total	52,613,910	51,523,799	

Other income during reporting period has been included in non-recurring gains and losses.

43 Investment (losses) /income

Investment (losses) /income by items

<i>Item</i>	2024	2023
Long-term equity investment losses under equity method	(4,420,872)	(712,480)
Investment profit/(loss) arising from disposal of subsidiaries and long-term equity investments	-	24,559,930
Total	(4,420,872)	23,847,450

44 Credit reversal

<i>Item</i>	2024	2023
Accounts receivable	5,545,725	1,397,658
Other receivable	(3,726,890)	-
Total	1,818,835	1,397,658

45 Impairment losses

<i>Item</i>	2024	2023
Fixed assets	-	10,363,383
Inventories	1,450,966	3,143,575
Goodwill	6,014,534	-
Total	7,465,500	13,506,958

46 Gains/(loss) from asset disposals

<i>Item</i>	2024	2023
Gains/(loss) from asset disposals	132,116,926	(134,133)

Note: The Group's gains on disposal of assets in 2024 mainly include proceeds of RMB 127,400,859 from the disposal of the vineyard in Zhuqiao Town., please refer to Note V.6.

Gains from disposal of assets during reporting period has been included in non-recurring gains and losses.

47 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

<i>Item</i>	2024	2023
Insurance compensation	1,709,700	452,242
Net income from fine	1,501,900	9,325,229
Others	1,766,330	2,214,799
Total	4,977,930	11,992,270

Non-operating income during reporting period has been included in non-recurring gains and losses.

(2) Non-operating expenses

<i>Item</i>	<i>2024</i>	<i>2023</i>
Losses from disposal of non-current assets	1,868,546	573,560
Donations provided	1,416,240	1,212,015
Compensation, penalty and fine expenses	127,736	80,403
Losses from scrapping of packaging materials	-	1,137,256
Others	320,552	425,176
Total	3,733,074	3,428,410

Non-operating expenses during reporting period has been included in non-recurring gains and losses.

48 Income tax expenses

<i>Item</i>	<i>Note</i>	<i>2024</i>	<i>2023</i>
Current tax expense for the year based on tax law and regulations		115,078,031	216,588,992
Changes in deferred tax assets/liabilities	(1)	(1,850,459)	4,844,455
Total		113,227,572	221,433,447

(1) The analysis of changes in deferred tax is set out below:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Origination of temporary differences	(1,850,459)	4,844,455
Total	(1,850,459)	4,844,455

(2) Reconciliation between income tax expenses and accounting profit:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Profit before taxation	427,554,857	747,466,156
Estimated income tax at 25%	106,888,714	186,866,539
Effect of different tax rates applied by subsidiaries	1,503,486	2,070,828
Effect of non-taxable income (Note)	(25,961,339)	-
Effect of non-deductible costs, expense and losses	6,891,065	4,978,035
Effect of using deductible losses for which no deferred tax asset was recognized in previous periods	(3,134,547)	-
Effect of deductible losses of deferred tax assets not recognised for the year	25,217,629	25,756,996
Deferred tax assets written-off	1,822,564	1,761,049
Income tax expenses	113,227,572	221,433,447

Note: In December 2024, the Company recognized gains or losses from disposal of assets of RMB 127,400,859 due to the disposal of assets related to the vineyard in Zhuqiao Town, among which gains from disposal of biological assets amounted to RMB103,845,356. See Note V. 6 for details.

49 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company	305,210,999	532,438,907
Weighted average number of ordinary shares outstanding	684,370,832	685,464,000
Basic earnings per share (RMB/share)	0.45	0.78

Weighted average number of ordinary shares is calculated as follows:

	2024	2023
Issued ordinary shares at the beginning of the year	685,464,000	685,464,000
Effect of repurchasing shares	(1,666,666)	-
Effects of unlocking of ordinary shares subject to sales restrictions	573,498	-
Weighted average number of ordinary shares at the end of the year	684,370,832	685,464,000

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit (diluted) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (diluted):

	Note	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company (Dilute)	(a)	305,210,999	532,438,907
Weighted average number of ordinary shares outstanding (Dilute)	(b)	684,370,832	685,670,893
Diluted earnings per share (RMB/share)		0.45	0.78

(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:

	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company	305,210,999	532,438,907
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	305,210,999	532,438,907

- (b) The weighted average number of the Company's ordinary shares (diluted) is calculated as follows:

	2024	2023
Weighted average number of ordinary shares at 31 December	684,370,832	685,464,000
Diluted adjustments:		
Effects of restricted shares	-	206,893
Weighted average number of ordinary shares (diluted) at the end of the year	684,370,832	685,670,893

50 Cash flow statement

(1) Cash relating to operating activities

- a. Proceeds relating to other operating activities:

Item	2024	2023
Government grants	45,969,993	45,677,242
Interest income from bank	29,707,469	27,375,399
Penalty income	1,501,900	9,325,229
Recovery of prior years' trademarks right receivables	-	120,930,641
Others	3,857,611	16,077,111
Total	81,036,973	219,385,622

- b. Payments relating to other operating activities:

Item	2024	2023
Selling and distribution expenses	512,511,750	539,874,320
General and administrative expenses	105,557,429	99,254,521
Others	23,092,431	36,569,908
Total	641,161,610	675,698,749

(2) Cash relating to investing activities

- a. Proceeds relating to significant investing activities:

Item	2024	2023
Recovery of fixed deposits	464,200,000	238,200,000

- b. Payments relating to significant investing activities:

Item	2024	2023
Investments in fixed deposits	288,650,000	464,200,000
Acquisition of fixed assets and construction in progress	74,604,013	110,067,855
Total	363,254,013	574,267,855

(3) Cash relating to financing activities

a. Proceeds relating to other financing activities:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Repurchase of treasury shares(Note V.33)	178,084,318	-
Cancellation of restricted shares (Note V.33)	6,487,150	-
Cash paid for lease	26,235,103	31,931,214
Payment for acquisition of non-controlling interests	16,506,915	14,623,400
Payment of capital reduction	-	20,674,509
Total	227,313,486	67,229,123

b. Changes in liabilities arising from financing activities

	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>		<i>Decreases during the year</i>		<i>Balance at the end of the year</i>
		<i>Cash</i>	<i>Non-cash</i>	<i>Cash</i>	<i>Non-cash</i>	
Short-term loan	364,981,445	459,993,522	-	(608,834,621)	-	216,140,346
Long-term loan	66,616,443	47,965,738	-	-	(63,944,978)	50,637,203
Lease liabilities	85,038,335	-	2,184,052	(2,085,636)	(57,593,922)	27,542,829
Non-current liabilities due within one year	78,523,993	-	82,733,169	(81,307,393)	-	79,949,769
Other accounts payable - dividends payable	-	-	347,336,613	(347,336,613)	-	-
Other accounts payable - interest payable	-	-	34,261,730	(34,261,730)	-	-
Other accounts payable - payables for equities	14,623,377	-	1,883,538	(16,506,915)	-	-
Other accounts payable - payables for repurchase of treasury shares	103,411,919	-	-	(6,487,150)	(26,220,343)	70,704,426
Total	713,195,512	507,959,260	468,399,102	(1,096,820,058)	(147,759,243)	444,974,573

51 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

a. Reconciliation of net profit to cash flows from operating activities:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Net profit	314,327,285	526,032,709
Add: Credit/asset impairment losses	5,646,665	12,109,300
Depreciation of fixed assets and investment property	302,028,852	317,061,135
Amortisation of intangible assets	18,740,240	16,932,862
Amortisation of long-term deferred expenses	21,658,422	18,514,442
Amortisation of productive biological assets	13,833,533	13,800,290
Depreciation of ROU assets	20,744,479	22,107,603
(Profits)/losses from disposal of fixed assets, intangible assets, and other long-term assets	(132,116,926)	707,693
Financial expenses	32,778,256	32,287,868
Equity incentive (reversal)/expenses	(4,016,467)	30,735,755
Investment losses/(profits)	4,420,872	(23,847,450)
(Increase)/decrease in deferred tax assets	(474,895)	5,174,683
Decrease in deferred tax liabilities	(1,375,564)	(330,228)
(Increase)/decrease in gross inventories	(140,130,935)	131,877,015
Decrease/(increase) in operating receivables	268,230,903	(54,231,481)
(Decrease)/increase in operating payables	(326,553,653)	124,159,547
Net cash flows from operating activities	397,741,067	1,173,091,743

b. Significant investing and financing activities not requiring the use of cash:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Payment of construction in progress and other long-term assets by bank acceptances	37,753,184	13,226,592

c. Change in cash and cash equivalents:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Cash equivalents at the end of the year	1,717,727,551	1,963,155,752
Less: Cash equivalents at the beginning of the year	1,963,155,752	1,612,753,600
Net (decrease)/increase in cash and cash equivalents	(245,428,201)	350,402,152

(2) Details of cash and cash equivalents

<i>Item</i>	<i>2024</i>	<i>2023</i>
Cash at bank and on hand		
Including: Cash on hand	27,228	74,951
Bank deposits available on demand	1,718,853,539	1,963,080,801
Closing balance of cash and cash equivalents	1,718,880,767	1,963,155,752

52 Assets with restrictive ownership title or right of use

<i>Item</i>	<i>Opening balance</i>	<i>Balance at the end of the year</i>	<i>Reason for restriction</i>
Cash at bank and on hand	337,895	1,470,579	The Company deposits and Escrow account for migrant workers' wages etc.
Account receivable (i)	73,628,265	35,917,860	Short-term borrowings mortgage from Atrio
Fixed assets	37,985,117	32,467,803	Short-term borrowings from Dicot
Total	111,951,277	69,856,242	

- (i) As at 31 December 2024, the amount of accounts receivable with restricted ownership is EUR 4,772,694 , equivalent of RMB 35,917,860 which refers to accounts receivable Atrio conducted for factoring from Banco de Sabadell, S.A. Etc. (31 December 2023: EUR 9,368,417, equivalent of RMB 73,628,265).

53 Leases

(1) As a lessee

<i>Item</i>	<i>2024</i>	<i>2023</i>
Short-term lease expenses for which the practical expedient has been applied	386,346	527,463
Total cash outflow for leases	26,621,449	32,458,677

The Group leases buildings and motor vehicles with the lease terms of 1 year or less, and all of these leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(2) As a lessor

<i>Item</i>	<i>2024</i>	<i>2023</i>
Lease income	6,054,835	4,508,495

The Group leased out some machineries in 2023 and 2024 with a lease term within 1 year. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The undiscounted lease receipts to be received by the Group after the balance sheet date are as follows:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Within 1 year (inclusive)	5,872,890	5,958,604
Over 1 year but within 2 years (inclusive)	5,872,890	5,872,890
Over 2 years but within 3 years (inclusive)	5,850,872	5,872,890
Over 3 years but within 4 years (inclusive)	1,941,507	5,850,872
Over 4 years but within 5 years (inclusive)	-	1,941,507
Total	19,538,159	25,496,763

VI. Research and development expenses

Presentation by nature

<i>Item</i>	<i>2024</i>	<i>2023</i>
Salaries	7,362,919	6,564,884
Diagnostic test fees	2,600,375	3,448,000
Consultancy fee	1,412,609	3,039,519
Material consumption	4,242,275	2,212,169
Others	3,920,065	2,148,962
Total	19,538,243	17,413,534
Including: research and development expenditures that are expensed	19,538,243	17,413,534

VII. Change of consolidation scope

The Group's subsidiaries - Liaoning Changyu Ice Wine Winery Co., Ltd., merged Changyu (Huanren) Grape Wine Co., Ltd. ("Huanren Wine") in December 2024.

VIII. Interests in other entities

1 Interests in subsidiaries

(1) Composition of the Group

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Etablissements Roullet Fransac ("Roullet Fransac")	Cognac, France	Cognac, France	Trading	EUR29,000	-	100	Business combinations involving entities not under common control
Dicot Partners, S.L ("Dicot")	Navarre, Spain	Navarre, Spain	Marketing and sales	EUR2,000,000	90	-	Business combinations involving entities not under common control
Viña Indómita, S.A., Viña Dos Andes, S.A., and Bodegas Santa Alicia SpA.. ("Chile Indomita Wine Group")	Santiago, Chile	Santiago, Chile	Marketing and sales	CLP31,100,000,000	85	-	Acquired through establishment or investment
Kilikanoon Estate Pty Ltd. ("Australia Kilikanoon Estate")	Adelaide, Australia	Adelaide, Australia	Marketing and sales	AUD6,420,000	99	-	Business combinations involving entities not under common control
Beijing Changyu Sales and Distribution Co., Ltd. ("Beijing Sales")	Beijing, China	Beijing, China	Marketing and sales	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Kylin Packaging Co., Ltd. ("Kylin Packaging")	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB15,410,000	100	-	Acquired through establishment or investment
Yantai Chateau Changyu-Castel Co., Ltd. ("Chateau Changyu") (a)	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	USD5,000,000	70	-	Acquired through establishment or investment
Changyu (Jingyang) Wine Co., Ltd. ("Jingyang Wine")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	RMB1,000,000	90	10	Acquired through establishment or investment
Yantai Changyu Pioneer Wine Sales Co., Ltd. ("Sales Company")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB8,000,000	100	-	Acquired through establishment or investment
Shanghai Changyu Sales and Distribution Co., Ltd. ("Shanghai Sales")	Shanghai, China	Shanghai, China	Marketing and sales	RMB1,000,000	100	-	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Yantai Changyu Wine Sales Co., Ltd. ("Wines Sales")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	90	10	Acquired through establishment or investment
Yantai Changyu Pioneer International Co., Ltd. ("Pioneer International")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	70	30	Acquired through establishment or investment
Hangzhou Changyu Wine Sales Co., Ltd. ("Hangzhou Changyu")	Hangzhou, Zhejiang, China	Hangzhou, Zhejiang, China	Marketing and sales	RMB500,000	-	100	Acquired through establishment or investment
Ningxia Changyu Grape Growing Co., Ltd. ("Ningxia Growing")	Yinchuan, Ningxia, China	Ningxia, China	Plating	RMB1,000,000	100	-	Acquired through establishment or investment
Huanren Changyu National Wines Sales Co., Ltd. ("National Wines")	Benxi, Liaoning, China	Benxi, Liaoning, China	Marketing and sales	RMB2,000,000	100	-	Acquired through establishment or investment
Liaoning Changyu Golden Icewine Valley Co., Ltd. ("Golden Icewine Valley")	Benxi, Liaoning, China	Benxi, Liaoning, China	Manufacturing	RMB64,687,300	100	-	Acquired through establishment or investment
Yantai Development Zone Changyu Trading Co., Ltd. ("Development Zone Trading")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	-	100	Acquired through establishment or investment
Beijing AFIP Meeting Center ("Meeting Center")	Miyun, Beijing, China	Miyun, Beijing, China	Services	RMB500,000	-	100	Acquired through establishment or investment
Beijing AFIP Tourism and Culture ("AFIP Tourism")	Miyun, Beijing, China	Miyun, Beijing, China	Tourism	RMB500,000	-	100	Acquired through establishment or investment
Changyu (Ningxia) Wine Co., Ltd. ("Ningxia Wine")	Ningxia, China	Ningxia, China	Manufacturing	RMB1,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Chateau Tinlot Co., Ltd. ("Chateau Tinlot")	Yantai, Shandong, China	Yantai, Shandong, China	Wholesale and retail	RMB400,000,000	65	35	Acquired through establishment or investment
Xinjiang Chateau Changyu Baron Balboa Co., Ltd. ("Chateau Shihezi")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Manufacturing	RMB550,000,000	100	-	Acquired through establishment or investment
Ningxia Chateau Changyu Moser XV Co., Ltd. ("Chateau Ningxia")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Manufacturing	RMB2,000,000	100	-	Acquired through establishment or investment
Shaanxi Chateau Changyu Rena Co., Ltd. ("Chateau Changan")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Manufacturing	RMB20,000,000	100	-	Acquired through establishment or investment
Yantai Changyu Wine Research & Development Centre Co., Ltd. ("R&D Centre")	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB805,000,000	100	-	Acquired through establishment or investment
Xinjiang Changyu Sales Co., Ltd. ("Xinjiang Sales")	Shihezi, Xinjiang, China	Shihezi, Xinjiang, China	Marketing and sales	RMB10,000,000	-	100	Acquired through establishment or investment
Ningxia Changyu Trading Co., Ltd. ("Ningxia Trading")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Shaanxi Changyu Rena Wine Sales Co., Ltd. ("Shanxi Sales")	Xianyang, Shaanxi, China	Xianyang, Shaanxi, China	Marketing and sales	RMB3,000,000	-	100	Acquired through establishment or investment
Penglai Changyu Wine Sales Co., Ltd. ("Penglai Sales")	Penglai, Shandong, China	Penglai, Shandong, China	Marketing and sales	RMB5,000,000	-	100	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Laizhou Changyu Wine Sales Co., Ltd. ("Laizhou Sales")	Laizhou, Shandong, China	Laizhou, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Francs Champs Participations SAS ("Francs Champs")	Cognac, France	Cognac, France	Investment and trading	EUR32,000,000	100	-	Acquired through establishment or investment
Yantai Rouillet Fransac Wine Sales Co., Ltd. ("Yantai Rouillet Fransac")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Yantai Changyu Wine Sales Co., Ltd. ("Wine Sales Company")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB5,000,000	100	-	Acquired through establishment or investment
Shaanxi Chateau Changyu Rena Tourism Co., Ltd. ("Chateau Tourism")	Xianxin, Shaanxi, China	Xianxin, Shaanxi, China	Tourism	RMB1,000,000	-	100	Acquired through establishment or investment
Longkou Changyu Wine Sales Co., Ltd. ("Longkou Sales")	Yantai, Shandong, China	Yantai, Shandong, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Yantai Changyu Cultural Tourism Development Co., Ltd. ("Culture Development")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB10,000,000	100	-	Acquired through establishment or investment
Beijing Changyu AFIP Agriculture development Co., Ltd. ("Agriculture Development")	Miyun, Beijing, China	Miyun, Beijing, China	Marketing and sales	RMB1,000,000	-	100	Acquired through establishment or investment
Beijing Chateau Changyu AFIP Global Co., Ltd. ("AFIP") (b)	Beijing, China	Beijing, China	Manufacturing	RMB642,750,000	92	-	Acquired through establishment or investment
Yantai Changyu Wine Culture Museum Co., Ltd. ("Museum")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB500,000	-	100	Acquired through establishment or investment
Yantai Changyu Culture Tourism Production Sales Co., Ltd. ("Culture Sales")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB5,000,000	-	100	Acquired through establishment or investment
Yantai Changyu International Window of the Wine City Co., Ltd. ("Window of the Wine City")	Yantai, Shandong, China	Yantai, Shandong, China	Tourism	RMB60,000,000	-	100	Acquired through establishment or investment
Yantai KOYA Brandy Chateau Co., Ltd. ("Chateau KOYA")	Yantai, Shandong, China	Yantai, Shandong, China	Manufacturing	RMB10,000,000	100	-	Acquired through establishment or investment
Changyu (Shanghai) International Digital Marketing Center Limited ("Digital Marketing")	Shanghai, China	Shanghai, China	Marketing and sales	RMB50,000,000	100	-	Acquired through establishment or investment
Shanghai Changyu Guoqu Digital Technology Co., Ltd. ("Shanghai Guoqu")	Shanghai, China	Shanghai, China	Marketing and sales	RMB6,000,000	-	51	Acquired through establishment or investment
Tianjin Changyu Yixin Digital Technology Co., Ltd. ("Tianjin Yixin")	Tianjin, China	Tianjin, China	Marketing and sales	RMB10,000,000	-	51	Acquired through establishment or investment
Shanghai Changyu Yixin Digital Technology Co., Ltd. ("Shanghai Yixin")	Shanghai, China	Shanghai, China	Marketing and sales	RMB10,000,000	-	51	Acquired through establishment or investment

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding ratio (%) (or similar equity interest)		Acquisition method
Yantai Creighton Catering Company Limited ("Creighton Catering")	Yantai, Shandong, China	Yantai, Shandong, China	Services	RMB1,000,000	-	100	Acquired through establishment or investment
Weimeisi (Shanghai) Enterprise Development Co., Ltd ("Weimeisi Shanghai")	Shanghai, China	Shanghai, China	Marketing and sales	RMB10,000,000	100	-	Acquired through establishment or investment
Ningxia Longyu Food Trading Co., Ltd. ("Ningxia Longyu")	Yinchuan, Ningxia, China	Yinchuan, Ningxia, China	Marketing and sales	RMB500,000	100	-	Acquired through establishment or investment
Beijing Changyu Trading Co., Ltd. ("Beijing Trading")	Miyun, Beijing, China	Miyun, Beijing, China	Marketing and sales	RMB500,000	100	-	Acquired through establishment or investment

Reasons for the inconsistency between the proportion of shareholdings in a subsidiary and the proportion of voting rights:

- (a) Chateau Changyu is a Sino-foreign joint venture established by the Company and a foreign investor, accounting for 70% of Changyu Chateau's equity interest. Through agreement arrangement, the Company has the full power to control Changyu Chateau's strategic operating, investing and financing policies. The agreement arrangement is terminated on 31 December 2027.
- (b) AFIP is a limited liability company established by Yantai De'an Investment Co., Ltd and Beijing Qinglang Ecological Agricultural Technology Development Co., Ltd. After the equity change, the Company holds 91.53% of its equity. Through agreement arrangement, the Company has the full power to control AFIP's strategic operating, investing and financing policies. The agreement arrangement will be terminated on 2 September 2027.

(2) Material non-wholly owned subsidiaries

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests	Comprehensive income attributable to non-controlling interests for the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
AFIP	8.47%	-	-	56,409,393
IWCC	15.00%	364,279	1,039,338	56,686,379

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made for the fair value adjustment at the acquisition date and any differences in accounting policies:

	AFIP		Chile Indomita Wine Group	
	2024	2023	2024	2023
Current assets	256,982,569	268,602,777	237,880,401	252,718,459
Non-current assets	373,266,371	384,948,572	306,022,908	314,112,626
Total assets	630,248,940	653,551,349	543,903,309	566,831,085
Current liabilities	16,704,310	26,013,757	150,938,775	167,265,413
Non-current liabilities	3,708,917	3,603,886	7,497,696	9,598,445
Total liabilities	20,413,227	29,617,643	158,436,471	176,863,858
Operating income	81,045,348	198,426,991	222,156,497	232,778,304
Net profit/(loss)	(8,859,147)	2,636,577	11,847,093	11,018,541
Total comprehensive income	(8,859,147)	2,636,577	2,428,528	8,322,765
Cash flows from operating activities	12,596,851	10,320,219	19,487,568	22,541,317

2 Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

(1) Changes in the Group's interests in subsidiaries:

<i>Fiscal year</i>	<i>Name of Subsidiary</i>	<i>Percentage of minority shareholdings acquired</i>	<i>Purchase date</i>
2024	<i>Kilikanoon Estate PtyLtd.</i>	1.5%	12/01/2024

(2) Impact of transactions on non-controlling interests and equity attributable to the shareholders of the Company:

	<i>KilikanoonEstatePtyLtd.</i>
Acquisition cost consideration	
- Cash	1,883,538
Less: Share of net assets in subsidiaries based on the shares acquired	1,102,655
Difference	(780,883)
Including: Adjustment to capital reserve	(780,883)

IX. Risk related to financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The Group's maximum credit risk exposure is the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet.

In order to minimise the credit risk, the Group has adopted a policy to ensure that all sales customers have good credit records. According to the policy of the Group, credit review is required for clients who require credit transactions. In addition, the Group continuously monitors the balance of account receivable to ensure there's no exposure to significant bad debt risks. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at 31 December 2024, 42.1% of the Group trade receivables are due from top five customers (31 December 2023: 49.0%). There is no collateral or other credit enhancement on the balance of the trade receivables of the Group.

2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands (subject to approval by the Company's board when the borrowings exceed certain predetermined levels). The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

Item	2024 Contractual undiscounted cash flow					Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Short-term loans	219,471,784	-	-	-	219,471,784	216,140,346
Accounts payable	417,510,439	-	-	-	417,510,439	417,510,439
Other payables	398,149,521	-	-	-	398,149,521	398,149,521
Long-term loans (including the portion due within one year)	34,442,156	21,327,296	66,175,216	-	121,944,668	111,798,781
Lease liability (including the portion due within one year)	20,108,712	10,585,667	11,049,349	15,155,422	56,899,150	46,331,020
Total	1,089,682,612	31,912,963	77,224,565	15,155,422	1,213,975,562	1,189,930,107

Item	2023 Contractual undiscounted cash flow					Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
Short-term loans	378,707,190	-	-	-	378,707,190	364,981,445
Accounts payable	473,352,525	-	-	-	473,352,525	473,352,525
Other payables	555,634,336	-	-	-	555,634,336	555,634,336
Long-term loans (including the portion due within one year)	62,702,857	9,455,183	61,890,894	-	134,048,934	125,127,311
Lease liability (including the portion due within one year)	24,050,888	23,215,484	21,007,143	62,047,723	130,321,238	105,051,460
Total	1,494,447,796	32,670,667	82,898,037	62,047,723	1,672,064,223	1,624,147,077

3 Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(1) As at 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Item	2024		2023	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	1.70% - 2.25%	78,650,000	1.45% - 2.25%	579,200,000
Financial liabilities				
- Short-term loans	5.53% - 5.94%	(97,958,247)	6.83% - 7.30%	(96,562,141)
- Long-term loans (including the portion due within one year)	2.80% - 4.65%	(6,342,368)	1.50% - 3.28%	(5,860,499)
- Lease liability (including the portion due within one year)	4.65%	(46,331,020)	4.65%	(105,051,460)
Total		(71,981,635)		371,725,900

Variable rate instruments:

Item	2024		2023	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
- Cash at bank	0.20% - 0.35%	1,718,853,538	0.20% - 1.61%	1,638,418,696
Financial liabilities				
- Short-term loans	1Year LPR - 0.95%	(50,000,000)	1 year LPR 0.95%	(100,000,000)
- Short-term loans	BBSW+1.5%	(26,365,950)	1.81% - 2.54%	(23,272,320)
- Short-term loans	3.41% - 4.65%	(41,816,149)	3.90% - 6.95%	(145,146,984)
- Long-term loans (including the portion due within one year)	3.41% - 7.59%	(105,456,413)	2.00% - 7.59%	(119,266,812)
Total		1,495,215,026		1,250,732,580

(2) Sensitivity analysis

Management of the Group believes interest rate risk on bank deposit is not significant, therefore does not disclose sensitivity analysis for interest rate risk.

As at 31 December 2024, based on assumptions above, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would decrease the Group's equity by RMB 838,644 (2023: RMB1,453,823), and net profit by RMB 838,644 (2023: RMB1,453,823).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

4 Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (1) As at 31 December, the Group's exposure to main currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	2024		2023	
	<i>Balance at foreign currency</i>	<i>Balance at RMB equivalent</i>	<i>Balance at foreign currency</i>	<i>Balance at RMB equivalent</i>
Cash at bank and on hand				
- USD	906,574	6,516,817	308,229	2,184,232
- EUR	62,611	471,195	67	523
- HKD	2	1	217	196
Short-term loans				
- USD	13,375,000	97,958,247	13,625,000	96,562,141

- (2) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Balance sheet date mid-spot rate	
	2024	2023	2024	2023
USD	7.1217	7.0558	7.1884	7.0871
EUR	7.7248	7.6689	7.5257	7.8592
HKD	0.9127	0.9011	0.9260	0.9062

(3) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar, Euro dollar and HK dollar at 31 December would have impact on the Group's equity and net profit by the amount shown below. whose effect is in Renminbi and translated using the spot rate at the year-end date:

	<i>Equity</i>	<i>Net profit</i>
31 December 2024		
USD	3,433,649	3,433,649
EUR	(17,200)	(17,200)
HKD	-	-
Total	3,416,449	3,416,449
31 December 2023		
USD	3,539,172	3,539,172
EUR	(20)	(20)
HKD	(7)	(7)
Total	3,539,145	3,539,145

A 5% weakening of the Renminbi against the US dollar, Euro dollar and HK dollar at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

X. Fair value disclosure

All financial assets and financial liabilities held by the Group are carried at amounts not materially different from their fair value at 31 December 2024 and 31 December 2023.

XI. Related parties and related party transactions

1 Information about the parent of the Company

<i>Company name</i>	<i>Registered place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage (%)</i>	<i>Percentage of voting rights (%)</i>	<i>Ultimate controlling party of the Company</i>
Changyu Group	Yantai	Manufacturing	50,000,000	51.4%	51.4%	Jointly controlled by Yantai GuoFeng Investment Holding Ltd, ILLVA SARONNO HOLDING SPA, International Finance Corporation and Yantai Yuhua Investment and Development Company Limited.

The registered capital of the parent company did not change in 2024, while the parent company's shareholding percentage and proportion of voting rights changed from 49.9% to 51.4%.

2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VIII.1.

3 Information on other related parties

<i>Name of other related parties</i>	<i>Related party relationship</i>
Yantai Shenma Packaging Co., Ltd. ("Shenma Packaging")	Controlled by the same parent company
Yantai Zhongya Zhibao Pharmaceutical Co., Ltd. ("Zhongya Zhibao")	Information on the Group's directors, supervisors and the senior management
Shanghai Yufeng Brand Management Co., Ltd. ("Shanghai Yufeng")	Associate of the Group
Taizhou Changyu Winery Wine Sales Co., Ltd. ("Taizhou Changyu")	Associate of the Group
Yantai Guolong Wine Industry Co., Ltd ("Yantai Guolong")	Associate of the Group
Societe Civile Agricole Du Chateau De Mirefleurs ("Mirefleurs")	Subsidiaries of the joint venture
CHATEAU DE LIVERSAN ("LIVERSAN")	Subsidiaries of the joint venture
Yantai Changyu Wine Culture Museum ("Museum")	Non profit organizations associated with the company

4 Transactions with related parties

(1) Product procurement

<i>Related parties</i>	<i>Nature of transaction</i>	<i>2024</i>	<i>2023</i>
Shenma Packaging	Product procurement	67,118,462	83,991,232
Zhongya Zhibao	Product procurement	63,910	152,932
Mirefleurs	Product procurement	5,940,476	7,844,108
LIVERSAN	Product procurement	2,997,312	2,602,967
Total		76,120,160	94,591,239

(2) Sales of goods

<i>Related parties</i>	<i>Nature of transaction</i>	<i>2024</i>	<i>2023</i>
Zhongya Zhibao	Sales of goods	4,977,296	4,306,827
Shanghai Yufeng	Sales of goods	1,747,006	5,691,239
Shenma Packaging	Sales of goods	119,317	121,548
Yantai Guolong	Sales of goods	13,221,519	9,152,265
Taizhou Changyu	Sales of goods	4,329,478	-
Total		24,394,616	19,271,879

(3) Purchase of fixed assets

<i>Related parties of the Company</i>	<i>Nature of transaction</i>	<i>2024</i>	<i>2023</i>
Shenma Packaging	Purchase of fixed assets	219,821	1,592,698
Total		219,821	1,592,698

(4) Leases

(a) As the lessor

<i>Name of lessee</i>	<i>Type of assets leased</i>	<i>Lease income recognised in 2024</i>	<i>Lease income recognised in 2023</i>
Shenma Packaging	Offices and plants	1,549,410	1,549,410
Zhongya Zhibao	Offices and plants	963,810	963,810
Museum	Offices	382,110	-
Total		2,895,330	2,513,220

(b) As the lessee

<i>Name of lessor</i>	<i>Type of assets leased</i>	<i>Lease expense recognised in 2024</i>	<i>Lease expense recognised in 2023</i>
Changyu Group	Office buildings	1,548,899	1,612,118
Changyu Group	Offices and plants	1,396,340	1,394,762
Changyu Group	Offices and plants	4,189,020	4,184,286
Changyu Group	Offices and commercial building	6,484,558	7,057,143
Total		13,618,817	14,248,309

(5) Remuneration of key management personnel

<i>Item</i>	<i>2024</i>	<i>2023</i>
Remuneration of key management personnel	10,298,399	12,846,007

(6) Other related party transactions

<i>Related parties</i>	<i>Nature of transaction</i>	<i>2024</i>	<i>2023</i>
Changyu Group	Trademarks	17,770,743	27,515,798

Pursuant to a royalty agreement dated 18 May 1997, starting from 18 September 1997, the Group may use certain trademarks of Changyu Group, which have been registered with the PRC Trademark Office. An annual royalty fee at 2% of the Group's annual sales is payable to Changyu Group. The license is effective until the expiry of the registration of the trademarks.

On 18 May 2019, the general meeting of shareholders approved the proposal of the amendment to the royalty agreement. Article 6.1 of the royalty agreement with Changyu Group was amended to: During the validity period of this contract, the Group pays Changyu Group royalty on an annual basis. The royalty is calculated based on 0.98% of the sales volume of the Group's contract products using this trademark. The article 6.3 is amended to: The royalty paid to the Changyu Group by the Group shall not be used to promote this trademark and the contract products.

The Group incurred a trademark usage fee of RMB17,770,743 this year.

5 Receivables from and payables to related parties

Receivables from related parties

Item	Related party	2024		2023	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Zhongya Zhibao	1,041,839	1,126	1,476,262	2,670
Accounts receivable	Museum	416,500	450	-	-
Accounts receivable	Shanghai Yufeng	-	-	2,925,045	5,290
Prepayments	Mirefleurs	5,346,651	-	6,642,165	-
Prepayments	Shenma Packaging	112,579	-	-	-

Payables to related parties

Item	Related party	2024	2023
Accounts payable	Shenma Packaging	20,649,261	27,358,723
Accounts payable	Zhongya Zhibao	1,133,362	2,066
Accounts payable	Shanghai Yufeng	7,318	-
Contract liabilities	Taizhou Changyu	5,927,230	-
Contract liabilities	Yantai Guolong	51,696	14,840,000
Contract liabilities	Shenma Packaging	11,835	-
Other payables	Changyu Group	18,630,742	27,515,798
Other payables	Shenma Packaging	400,000	400,000
Other payables	Yantai Guolong	50,000	-

XII. Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

XIII. Share-based payments

1 Equity instruments

(1) Share options or other equity instruments outstanding at the end of the year

Type of grantees	Granted during the year		Exercised during the year		Unlocked during the year		Forfeited during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Some directors, the senior management, the middle management and core technical (operational) cadre	-	-	-	-	1,720,495	26,220,343	425,666	6,487,150

(2) Equity-settled share-based payments

Pursuant to the Proposal on the Company's 2023 Restricted Share Incentive Plan (Draft) and Relevant Summary and the Proposal on the Request for the Authorisation to the Board of Directors by the General Meetings of Shareholders to Handle Matters related to the Company's 2023 Restricted Share Incentive Plan passed by resolutions in the Group's 2022 General Meetings of Shareholders held on 26 May 2023 as well as the Proposal on the Adjustments to Matters related to 2023 Restricted Share Incentive Plan and the Proposal on the Granting of Restricted Shares to Incentive Objects under the 2023 Restricted Share Incentive Plan reviewed and passed in the 2023 first extraordinary Board meeting held on 26 June 2023, the Group determined to grant 6,850,000 restricted shares to 204 incentive objects at a grant price of RMB15.24 per share on 26 June 2023 (the grant date). A total of 203 incentive objects of the Group actually subscribed for 6,785,559 restricted shares at a grant price of RMB15.24 per share. The transaction increased the Company's registered capital by RMB6,785,559, increased the capital reserve by RMB96,626,360.

All restricted shares granted to incentive objects are subject to different restricted sales periods, which are respectively 12 months, 24 months and 36 months from the date of completion of the grant registration of the restricted shares granted to the incentive objects. The restricted shares granted to the incentive objects under the Restricted Share Incentive Plan shall not be transferred, pledged as collateral or to repay debts during the restricted sales periods. All restricted shares granted to incentive objects will be unlocked in three phases after 12 months from the grant date, with the proportion of unlocking in each phase being 30%, 30% and 40%, respectively, corresponding to unlocking dates of one year, two years and three years from the grant date. The actual unlocked shares shall be linked to the performance appraisal for each year.

When the Company's performance meets the corresponding criteria, the unlocking proportion of the above-mentioned restricted shares is determined based on the business performance of the incentive object's operation and the contribution value of the incentive object. The Company will repurchase the locked restricted shares at the granted price of the incentive objects if the unlocked criteria stipulated in this plan are not met, and the incentive object shall not unlock the restricted shares for the current period.

The Group convened the Second Meeting of the Remuneration Committee of the Board of Directors for 2024, the Fourth Extraordinary Board Meeting for 2024 and the Second Extraordinary Supervisory Committee Meeting for 2024 on 22 July 2024, at which the Proposal on Satisfaction of the Release of Lock-up Shares Granted under the Company's 2023 Restricted Share Incentive Plan in the First Unlocking Period and the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted under the Company's 2023 Restricted Share Incentive Plan and Adjustment of Repurchase Price were reviewed and approved. The Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted under the Company's 2023 Restricted Share Incentive Plan and Adjustment of Repurchase Price was reviewed and approved according to the resolution of the Third Extraordinary General Meeting on 8 August 2024. 172 incentive participants held the first tranche of restricted shares eligible for unlocking in 2024, and the total number of restricted shares unlocked was 1,720,495. These unlocked shares were listed and traded on 6 August 2024. The transaction resulted in a decrease of RMB26,220,343 in treasury shares. Some incentive participants no longer met the conditions of the Company's 2023 Restricted Share Incentive Plan as they have left the Company due to individual reasons or got job transfer, and 157,790 restricted shares that have been granted to them but not yet unlocked were repurchased and cancelled. 267,876 restricted shares that cannot be unlocked during the first unlocking period due to personal performance appraisal results were repurchased and cancelled. The number of restricted shares that have been repurchased and cancelled were 425,666 in total. The transaction resulted in a decrease of RMB425,666 in the Group's share capital, a decrease of RMB6,061,484 in capital reserve, and a decrease of RMB 6,487,150 in treasury shares.

As at 31 December 2024, the total costs of equity-settled share-based payments in the consolidate financial statements for the year were RMB4,016,468, and the accumulated amount of equity-settled share-based payments recognised in the capital reserve for the year amounted to RMB26,719,287.

XIV. Commitments and contingencies

1 Significant commitment

(1) Capital commitments

<i>Item</i>	<i>2024</i>	<i>2023</i>
Long-term assets acquisition commitment	41,228,000	50,057,140
Total	41,228,000	50,057,140

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of the Group's properties were payable as follows:

<i>Item</i>	<i>2024</i>	<i>2023</i>
Within 1 year (inclusive)	-	50,000
Total	-	50,000

2 Contingencies

The Group do not have any significant contingencies as at balance sheet date.

XV. Subsequent events

1 Distribution of dividends on ordinary shares approved after the balance sheet date

According to the proposal of the Board of Directors on 16 April 2025, the Company intends to distribute cash dividend totaling RMB268,729,560 to all shareholders of 671,823,900 capital shares for the year ended 31 December 2024 on the basis of RMB 4 (including tax) for every 10 shares. The proposal is subject to the approval by the Shareholders' meeting. This distribution of profit in cash has not been recognised as a liability at the balance sheet date.

XVI. Other significant items

1 Segment reporting

The Group is principally engaged in the production and sales of wine, brandy, and sparkling wine in China, France, Spain, Chile and Australia. In accordance with the Group's internal organisation structure, management requirements and internal reporting system, the Group's operation is divided into five parts: China, Spain, France, Chile and Australia. The management periodically evaluates segment results, in order to allocate resources and evaluate performances. In 2024, over 82% of revenue, more than 93% of profit and over 91% of non-current assets derived from China/are located in China. Therefore, the Group does not need to disclose additional segment report information.

XVII. Notes to the Company's financial statements

1 Receivables under financing

<i>Item</i>	<i>Note</i>	<i>2024</i>	<i>2023</i>
Bills receivable	(1)	13,110,297	36,322,019
Total		13,110,297	36,322,019

(1) The pledged bills receivable of the Company at the end of the year

As at 31 December 2024, there was no pledged bills receivable (31 December 2023: Nil).

(2) Outstanding derecognised endorsed bills that have not matured at the end of the year

<i>Item</i>	<i>Amount recognised at year end</i>
Bank acceptance bills	60,323,326
Total	60,323,326

As at 31 December 2024, derecognised bills endorsed by the Company to other parties which are not yet due at the end of the period is RMB 60,323,326 (31 December 2023: RMB 53,825,102). The notes are used for payment to suppliers. The Company believes that due to good reputation of bank, the risk of notes not accepting by bank on maturity is very low, therefore derecognise the note receivables endorsed. If the bank is unable to pay the notes on maturity, according to the relevant laws and regulations of China, the Company would undertake limited liability for the notes.

2 Other receivables

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Dividends receivable	(1)	130,000,000	-
Others	(2)	822,762,563	576,949,997
Total		952,762,563	576,949,997

(1) Dividends receivable

<i>Item</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Dividends to subsidiaries	130,000,000	-
Total	130,000,000	-

(2) Others

(a) Others by customer type:

<i>Customer type</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Amounts due from subsidiaries	615,371,507	574,127,885
Amounts due from related parties	207,391,056	2,822,112
Sub-total	822,762,563	576,949,997
Less: Provision for bad and doubtful debts	-	-
Total	822,762,563	576,949,997

(b) The ageing analysis is as follows:

<i>Ageing</i>	<i>2024</i>	<i>2023</i>
Within 1 year (inclusive)	822,658,091	576,845,525
Over 1 year but within 2 years (inclusive)	-	-
Over 2 years but within 3 years (inclusive)	-	-
Over 3 years	104,472	104,472
Sub-total	822,762,563	576,949,997
Less: Provision for bad and doubtful debts	-	-
Total	822,762,563	576,949,997

The ageing is counted starting from the date.

(c) Movements of provisions for bad and doubtful debts

As at 31 December 2024, no bad and doubtful debt provision was made for other receivables (31 December 2023: Nil).

As at 31 December 2024, the Company has no other receivables written off (31 December 2023: Nil).

(d) Others categorised by nature

<i>Nature of other receivables</i>	<i>2024</i>	<i>2023</i>
Amounts due from subsidiaries	615,371,507	574,127,885
Compensation receivable for the disposal of a vineyard (Note V.6)	200,666,088	-
Others	6,724,968	2,822,112
Sub-total	822,762,563	576,949,997
Less: Provision for bad and doubtful debts	-	-
Total	822,762,563	576,949,997

(e) Five largest others-by debtor at the end of the year

<i>Debtor</i>	<i>Nature of the receivable</i>	<i>Balance at the end of the year</i>	<i>Ageing</i>	<i>Percentage of ending balance of others (%)</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Company I	Compensation receivable for the disposal of a vineyard	200,666,088	Within 1 year	24.4%	-
Dicot	Amounts due from subsidiaries	138,187,227	Within 1 year	16.8%	-
Sales Company	Amounts due from subsidiaries	135,160,033	Within 1 year	16.4%	-
Kilikanoon Australia	Amounts due from subsidiaries	56,668,527	Within 1 year and 1-2 years	6.9%	-
Pioneer International	Amounts due from subsidiaries	12,290,287	Within 1 year	1.5%	-
Total		542,972,162		66.0%	-

3 Long-term equity investments

(1) Long-term equity investments by category:

<i>Item</i>	<i>2024</i>			<i>2023</i>		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Investments in subsidiaries	7,737,521,508	(48,288,589)	7,689,232,919	7,690,772,693	(42,274,055)	7,648,498,638
Total	7,737,521,508	(48,288,589)	7,689,232,919	7,690,772,693	(42,274,055)	7,648,498,638

(2) Investments in subsidiaries:

<i>Subsidiary</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year - Purchase of equity</i>	<i>Additions/ (Decrease) during the year - Equity Incentives</i>	<i>Decrease during the year</i>	<i>Balance at the end of the year</i>	<i>Balance of provision for impairment at the end of the year</i>
Kylin Packaging	23,543,435	-	10,496	-	23,553,931	-
Chateau Changyu	29,273,059	-	8,713	-	29,281,772	-
Pioneer International	5,934,696	-	(1,469,982)	-	4,464,714	-
Ningxia Growing	36,573,247	-	-	-	36,573,247	-
National Wines	2,000,000	-	-	-	2,000,000	-
Golden Icewine Valley	63,431,494	22,200,000	6,978	-	85,638,472	-
Chateau Beijing	588,633,661	-	14,554	-	588,648,215	-
Sales Company	21,259,694	-	(2,307,582)	-	18,952,112	-
Wine Sales	5,333,190	-	(224,024)	-	5,109,166	-
Shanghai Marketing	1,000,000	-	-	-	1,000,000	-
Beijing Sales	850,000	-	-	-	850,000	-
Jingyang Wine	900,000	-	-	-	900,000	-
Ningxia Wine	222,309,388	-	-	-	222,309,388	-
Chateau Ningxia	453,747,514	-	12,770	-	453,760,284	-
Chateau Tinlot	212,039,586	-	-	-	212,039,586	-
Chateau Shihezi	812,303,784	-	8,115	-	812,311,899	-
Chateau Changan	804,197,217	-	8,713	-	804,205,930	-
R&D Centre	3,290,230,714	-	37,836	-	3,290,268,550	-
Huanren Wine	22,200,000	-	-	(22,200,000)	-	-
Wine Sales Company	5,102,210	-	2,920	-	5,105,130	-
Francs Champs	236,025,404	-	-	-	236,025,404	-
Dicot	233,142,269	-	-	-	233,142,269	11,225,459
Chile Indomita Wine Group	274,248,114	-	-	-	274,248,114	-
Australia Kilikanoon Estate	129,275,639	1,883,538	-	-	131,159,177	37,063,130
Digital Marketing	1,186,121	49,000,000	5,318	-	50,191,439	-
Chateau Koya	110,328,128	-	9,375	-	110,337,503	-
Shanghai Weimeisi	7,910,985	-	-	-	7,910,985	-
Culture Development	92,621,574	-	27,986	-	92,649,560	-
Development Zone Trading	861,192	-	(23,587)	-	837,605	-
Penglai sales	1,104,339	-	(272,727)	-	831,612	-
Longkou sales	1,611,286	-	-	-	1,611,286	-
Laizhou sales	84,916	-	2,426	-	87,342	-
Yantai Rouillet Fransac	244,217	-	6,979	-	251,196	-
Museum	265,162	-	-	-	265,162	-
Window of the Wine City	470,134	-	-	-	470,134	-
AFIP Tourism	162,952	-	-	-	162,952	-
Meeting Center	102,210	-	-	-	102,210	-
Ningxia Trading	162,952	-	-	-	162,952	-
Creighton Catering	102,210	-	-	-	102,210	-
Total	7,690,772,693	73,083,538	(4,134,723)	(22,200,000)	7,737,521,508	48,288,589

For information about the subsidiaries of the Company, refer to Note VIII.

4 Operating income and operating costs

Item	2024		2023	
	Income	Cost	Income	Cost
Principal activities	557,517,562	494,323,439	723,412,525	615,998,040
Other operating activities	4,561,209	2,555,898	7,746,429	5,638,524
Total	562,078,771	496,879,337	731,158,954	621,636,564
Including: Revenue from contracts with customers	557,517,562	494,323,439	723,412,525	615,998,040
Rent income	4,561,209	2,555,898	7,746,429	5,638,524

Disaggregation of revenue from contracts with customers:

Type of contract	2024	2023
By type of goods or services		
- Liquor	557,517,562	723,412,525
By timing of transferring goods or services		
- Revenue recognised at a point in time	557,517,562	723,412,525

5 Investment income

Item	2024	2023
Income from long-term equity investments accounted for using cost method	368,167,007	476,632,356
Income from long-term equity investments accounted for using equity method	-	54,935
Loss from disposal of subsidiaries and long-term equity investment	-	(37,436,762)
Total	368,167,007	439,250,529

6 Transactions with related parties

(1) Product procurement

Related parties	Nature of transaction	2024	2023
Subsidiary of the parent company	Product procurement	214,788,248	292,073,183
Other related parties of the Company	Product procurement	36,256,009	43,934,847
Total		251,044,257	336,008,030

(2) Sales of goods

<i>Related parties</i>	<i>Nature of transaction</i>	<i>2024</i>	<i>2023</i>
Subsidiary of the parent company	Sales of goods	590,568,772	787,731,546
Other related parties of the Company	Sales of goods	3,626,159	3,184,145
Total		594,194,931	790,915,691

(3) Guarantee

The Company as the guarantor

<i>Guarantee holder</i>	<i>Currency</i>	<i>Amount of guarantee</i>	<i>Inception date of guarantee</i>	<i>Maturity date of guarantee</i>	<i>Guarantee expired (Y/N)</i>
Australia Kilikanoon Estate	AUD	5,850,000	1 September 2023	2 March 2026	N

(4) Leases

(a) As the lessor

<i>Name of lessee</i>	<i>Type of assets leased</i>	<i>Lease income recognised in 2024</i>	<i>Lease income recognised in 2023</i>
Other related parties of the Company	Offices and plants	2,513,220	2,513,220
Subsidiary of the parent company	Offices buildings	85,714	85,714
Total		2,598,934	2,598,934

(b) As the lessee

<i>Name of lessor</i>	<i>Type of assets leased</i>	<i>Lease expense recognised in 2024</i>	<i>Lease expense recognised in 2023</i>
Other related parties of the Company	Office buildings	1,396,340	1,394,762
Total	Office buildings	1,396,340	1,394,762

7 Receivables from and payables to related parties

Receivables from related parties

<i>Item</i>	<i>Related party</i>	<i>2024</i>		<i>2023</i>	
		<i>Book value</i>	<i>Provision for bad and doubtful debts</i>	<i>Book value</i>	<i>Provision for bad and doubtful debts</i>
Accounts receivables	Other related parties of the Company	227,042	245	727,123	1,298
Prepayments	Other related parties of the Company	5,344,237	-	4,472,159	-
Other receivables	Subsidiary of the parent company	745,371,507	-	574,127,885	-
Other non-current assets	Subsidiary of the parent company	1,864,430,000	-	1,934,430,000	-

Payables to related parties

<i>Item</i>	<i>Related party</i>	<i>2024</i>	<i>2023</i>
Accounts payable	Other related parties of the Company	5,528,108	13,895,970
Other payables	Subsidiary of the parent company	441,845,995	441,681,129
Other payables	Other related parties of the Company	400,000	400,000

XVIII. Extraordinary gains and losses in 2024

	<i>Item</i>	<i>Amount</i>
(1)	Profit and loss from disposal of non-current assets	132,116,926
(2)	Government grants recognised through profit or loss (except for those which are closely related to the company's normal operations, which the company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the company)	52,613,910
(3)	Other non-operating income and expenses besides items above	1,244,856
	Sub-total	185,975,692
(4)	Tax effect	(6,873,074)
(5)	Effect on non-controlling interests after taxation	(4,956,976)
	Total	174,145,642

Note: Extraordinary gain and loss items (1) to (3) listed above are presented in the amount before taxation.

XIX. Return on net assets and earnings per share

1 Calculation of earnings per share

(1) Basic earnings per share

For calculation of the basic earnings per share, please refer to Note V.49.

(2) Basic earnings per share excluding extraordinary gain and loss

Basic earnings per share excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company	305,210,999	532,438,907
Extraordinary gains and losses attributable to ordinary shareholders of the Company	174,145,642	68,365,214
Consolidated net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	131,065,357	464,073,693
Weighted average number of ordinary shares outstanding	684,370,832	685,464,000
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.19	0.68

(3) Diluted earnings per share

For calculation of the diluted earnings per share, please refer to Note V.49.

(4) Diluted earnings per share excluding extraordinary gains and losses

Diluted earnings per share excluding extraordinary gains and losses is calculated by dividing consolidated net profit excluding extraordinary gains and losses attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted):

	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	305,210,999	532,438,907
Extraordinary gains and losses attributable to ordinary shareholders of the Company	174,145,642	68,365,214
Consolidated net profit excluding extraordinary gains and losses attributable to the Company's ordinary equity shareholders (diluted)	131,065,357	464,073,693
Weighted average number of ordinary shares outstanding (diluted)	684,370,832	685,670,893
Diluted earnings per share excluding extraordinary gains and losses (RMB/share)	0.19	0.68

2 Calculation of weighted average return on net assets

(1) Weighted average return on net assets

Weighted average return on net assets is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company	305,210,999	532,438,907
Weighted average amount of consolidated net assets	10,773,554,817	10,684,054,057
Weighted average return on net assets	2.83%	4.98%

Calculation of weighted average amount of consolidated net assets is as follows:

	2024	2023
Consolidated net assets at the beginning of the year	10,841,500,988	10,579,053,733
Effect of consolidated net profit attributable to ordinary shareholders of the Company	140,140,353	270,707,233
Effects of Restricted Share Incentive Plan	9,251,615	15,367,878
Acquisition of non-controlling interests (Note VIII.2)	(715,809)	(1,140,487)
Effect of shares repurchased (Note V.32)	(14,840,361)	-
Effect of cash dividends (Note V.36)	(201,781,969)	(179,934,300)
Weighted average amount of consolidated net assets	10,773,554,817	10,684,054,057

(2) Weighted average return on net assets excluding extraordinary gain and loss

Weighted average return on net assets excluding extraordinary gain and loss is calculated as dividing consolidated net profit excluding extraordinary gain and loss attributable to ordinary shareholders of the Company by the weighted average amount of consolidated net assets:

	2024	2023
Consolidated net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	131,065,357	464,073,693
Weighted average amount of consolidated net assets	10,773,554,817	10,684,054,057
Weighted average return on net assets excluding extraordinary gain and loss	1.22%	4.34%

Yantai Changyu Pioneer Wine Co., Ltd.

Board of Directors

April 18, 2025