



Yantai Changyu Pioneer Wine Co., Ltd.

2019 the First Quarter Report

2019-Final 02

April 2019

I. Important Notice

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

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

Mr. Zhou Hongjiang (person in charge of the Company) and Mr. Jiang Jianxun (person in charge of accounting work, person in charge of accounting organization and person in charge of accounting) declare to assure the truthfulness, accuracy and completeness of the financial statement in this quarter report.

II、Corporate Information

1. Key accounting data and financial indicators

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

☐ Yes ☒ No

Item	This report period	The same period of last year	More or less than the same period of last year (%)
Operating revenue (CNY)	1, 667, 424, 758	1, 804, 057, 976	-7. 57%
Net profit attributed to the shareholders of the listed company (CNY)	456, 381, 471	479, 444, 238	-4. 81%
Net profit attributed to the shareholders of the listed company after deducting the irregular profit and loss (CNY)	450, 709, 661	466, 181, 564	-3. 32%
Net cash flows from the operating activities (CNY)	294, 678, 342	507, 263, 964	-41. 91%
Basic earnings per share (CNY)	0. 67	0. 70	-4. 29%
Diluted earnings per share (CNY)	0. 67	0. 70	-4. 29%
Weighted average for earning rate of the net assets	4. 75%	5. 24%	-0. 49%
	The end of this report period	The end of last year	More or less than the end of last year (%)
Total assets (CNY)	13, 317, 351, 339	13, 117, 729, 052	1. 52%
Net Assets attributed to the shareholders of the listed company (CNY)	10, 055, 194, 755	9, 606, 099, 365	4. 68%

Details of irregular profit and loss

☒ Yes ☐ No

Unit: CNY

Item	From beginning of year to end of report period	Explanation
Gain on disposal of non-current assets, including the reversal of accrued impairment provision	1, 138	
Government grants credited in profit and loss (except for those recurring government grants that are closely related to the entity's operation, in line with related regulations and have proper basis of calculation)	6, 172, 178	

Other non-operating income and expenses	1, 259, 563	
Less: Income tax effect	1, 741, 770	
Minority interests effect(after-tax)	19, 299	
Total	5, 671, 810	--

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

☐ Available ☒ Not available

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

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

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

Unit: share

Total number of common shareholders at the end of report period	45, 104	Total number of preferred shareholders with recovered voting power at the end of report period	0			
Shareholding of top 10 shareholders						
Name of Shareholders	Character of shareholders	Percentage (%)	Shares held	Number of restricted shares	Pledged or frozen	
					Share status	Amount
YANTAI CHANGYU GROUP COMPANY LIMITED	Domestic non-state-owned legal person	50.40%	345, 473, 856	0		0
GAOLING FUND,L.P.	Foreign legal person	3.08%	21, 090, 219	0		0
CHINA SECURITIES FINANCE CORP	State-owned legal person	2.25%	15, 440, 794	0		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign legal person	2.22%	15, 241, 826	0		0
SHENWAN HONGYUAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	1.24%	8, 492, 763	0		0
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	Foreign legal person	0.93%	6, 350, 762	0		0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.80%	5, 516, 796	0		0
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	State-owned legal person	0.69%	4, 761, 200	0		0

VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.55%	3,788,487	0		0
FIDELITY CHINA SPECIAL SITUATIONS PLC	Foreign legal person	0.55%	3,779,202	0		0
Shareholding of top 10 shareholders with unrestricted shares						
Name of Shareholders	Number of unrestricted shares held	Type of share		Amount		
		Type of share				
YANTAI CHANGYU GROUP COMPANY LIMITED	345,473,856	A share		345,473,856		
GAOLING FUND,L.P.	21,090,219	B share		21,090,219		
CHINA SECURITIES FINANCE CORP	15,440,794	A share		15,440,794		
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	15,241,826	B share		15,241,826		
SHENWAN HONGYUAN SECURITIES(HONGKONG) LIMITED	8,492,763	B share		8,492,763		
FIDELITY PURITAN TRUST: FIDELITY SERIES INTRINSIC OPPORTUNITIES FUND	6,350,762	B share		6,350,762		
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	5,516,796	B share		5,516,796		
CENTRAL HUIJIN ASSET MANAGEMENT LTD.	4,761,200	A share		4,761,200		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,788,487	B share		3,788,487		
FIDELITY CHINA SPECIAL SITUATIONS PLC	3,779,202	B share		3,779,202		
The explanation for the associated relationship and accordant action of the top 10 shareholders	Among the top 10 shareholders, Yantai Changyu Group Company Limited has no associated relationship or accordant action relationship with the other 9 listed shareholders, and the relationship among the other shareholders is unknown.					
Explanation for the top 10 common shareholders who involved in financing activities and stock trading business(if any)	No					

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

☐ Yes ☒ No

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

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

☐ Available ☒ Not available

III Major Issue

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

☒ Available ☐ Not available

Compared the end of the report period with the beginning of the report period: Monetary fund increased by 14.28%, mainly due to the reduce in cash outflow for investment activities and increase in bank deposit. Notes receivable increased by 64.09%, mainly due to increased amount of bank acceptances. Advance payment decreased by 55.58%, mainly due to the decrease in advance payment for raw material procurement. Interest receivable increased by 39.65%, mainly due to the increased interest of bank term deposits. Non-current liabilities due within one year increased by 21.39%, mainly due to the transfer of long-term account payable.

Compared with the same period of last year: operating revenue decreased by 7.57%, which was caused by four reasons. Firstly, in order to implement the strategy of “Focus on high quality, Focus on mid-to-high end and Focus on big product”, the prices of low-end wines were raised at the end of November 2018. Due to the pressure-bearing process of the market, the low-end wines have fallen sharply. Secondly, due to aging of products as well as relatively concentrated markets, the low-end brandy has shown a downward trend since last year. However, the growth of mid-to-high-end brandy is not enough to make up for the decline of low-end brandy. Thirdly, the sales policy of imported wines has further focused on the acquisition brands including Kilikanoon and Indomita etc, which results in a decline in non-acquisition brands in imported wines and drags down the overall growth of imported wines. Fourthly, listed company adjusted about 20% of provincial managers and marketing personnel in February, which also had a certain impact on current indicators.

Compared with the same period of last year: sales expense decreased by 14.9%, mainly due to decrease in advertising expense. Financial expense decreased by 156.04%, mainly due to offset of financial expense by received loan with discounted interest. Net profit attributable to parent company decreased by 4.81%, mainly due to decrease in income. Net cash flow from operating activities decreased by 41.91%, mainly due to reduce in received cash of selling products and providing service. Cash inflow from investment activities increased by 9064.93%, mainly due to increase in withdrawal of fixed term deposit. Cash outflow for investment activities decreased by 73.86% and net cash flow from investment activities increased by 79.14%, mainly due to the reduce in the cash paid for purchasing fixed term deposit. Net increase in cash and cash equivalents increased by 24149.03%, mainly due to reduce in cash outflow for investment activities.

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

☐ Available ☒ Not available

Implementation progress of share repurchase

☐ Available ☒ Not available

Implementation progress of reducing or repurchasing shares by the way of centralized bidding

☐ Available ☒ Not available

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

☒ Available ☐ Not available

Commitments	Commitment Party	Commitment Type	Commitment content	Commitment time	Commitment period	Implementation
Commitments at share reform	-		—			
Commitments made in acquisition report or equity changes report	-		-		-	-
Commitments at asset restructuring	-		-		-	-
Commitments at the initial public offering or refinancing	Yantai Changyu Group Co., Ltd.	Solve horizontal competition	Non-horizontal competition	1997.05.18	Permanent	Has been fulfilling the commitment
	Yantai Changyu Group Co., Ltd.	Define the use of trademark fee	According to <i>Trademark License Contract</i> , the annual trademark use fee of trademarks including “张裕” (Changyu) paid by the Company to Yantai Changyu Group Co., Ltd. should be mainly used by Yantai Changyu Group Co., Ltd. to publicize trademarks	1997.05.18	Permanent	According to <i>Trademark License Contract</i> , the annual trademark use fee charged by Yantai Changyu Group Co., Ltd. should be mainly used to publicize trademarks including “张裕” (Changyu) and contractual products. Except the period from 2013 to 2017 when Yantai

			including “张裕” (Changyu) and contractual products.			Changyu Group Co., Ltd. didn't strictly fulfill the commitment, Yantai Changyu Group Co., Ltd. has been fulfilling the commitment.
Equity incentive commitments						
Commitments made to the minority shareholders of the Company	-		-		-	-
Commitment under timely implementation or not	No					
For commitments that exceed the time limit and are not completed, specific reasons of not completing the implementation and the next step	<p>According to <i>Trademark License Contract</i> (hereafter referred to as “this Contract”), Changyu Group promised that the annual trademark use fee paid by the Company to Changyu Group would be mainly used by Changyu Group to publicize these trademarks and contractual products. However, the above-mentioned "mainly" is not a specific number. During the implementation process, due to inconsistent understanding, it is easy to cause divergence and leads to problems.</p> <p>Changyu Group totally charged trademark use fee of CNY420,883,902 from 2013 to 2017. Based on this Contract, the amount (51% of trademark use fee) used for publicity of trademarks including “张裕” (Changyu) and contractual products involved in this Contract should be CNY214,650,790, compared to which, the amount that has already been used for publicity of trademarks including “张裕” (Changyu) and contractual products involved in this Contract is CNY50,025,181 with a balance of CNY164,625,609. In addition, Changyu Group totally charged 2017 annual and 2018 annual trademark use fee of CNY155,623,907 in 2018 and 2019. Based on This Contract, the amount (51% of trademark use fee) used for publicity of trademarks including “张裕” (Changyu) and contractual products involved in this Contract should be CNY79,368,193, compared to which, the amount that has already been used for publicity of trademarks including “张裕” (Changyu) and contractual products involved in This Contract is CNY12,225,187 with a balance of CNY67,143,006.</p> <p>From 2013 to now, the total balance of trademark use fee used for publicity of trademarks including “张裕” (Changyu) and contractual products involved in this Contract is CNY231,768,615.</p> <p>Changyu Group promised that Changyu Group would use the trademark use fee that would be charged for 2019 annual to 2022 annual to offset above-mentioned total balance. If it is not enough, the insufficient amount will be complemented for one time in 2023; if it is sufficient, Changyu Group will</p>					

	<p>begin to charge the excess trademark use fee from the year when there generates excess trademark use fee.</p> <p>If Changyu Group is not able to implement the above-mentioned commitment owing to various reasons, the Company will timely supervise and urge Changyu Group to fulfill its commitment and request Changyu Group to raise funds through bank loaning, assets sales and equity sales etc in order to implement the commitment.</p> <p>For detailed information, please refer to the Company's <i>Announcement of Commitment Issues of Yantai Changyu Group Co., Ltd</i> disclosed on April 4th, 2019.</p>
--	--

4. Forecast on the operating performance in the period from January to June of 2019

Warning and explanation for the estimation on the possible loss of cumulative net profit in the period from the beginning of this year to the end of the next report period or the great change comparing with same period of last year.

☐ Available ☒ Not available

5. Situation of security investment

☐ Available ☒ Not available

There is no security investment during the report period.

6. Situation of derivative investment

☐ Available ☒ Not available

There is no derivative investment during the report period.

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

☐ Available ☒ Not available

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

8. Situation of illegal external guarantee

☐ Available ☒ Not available

There is no illegal external guarantee during the report period.

9. Situation of non-operating fund occupation of controlling shareholders and related parties

☐ Available ☒ Not available

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

IV Financial Statements

1. Financial statements

1) Consolidated balance sheet

Preparation Unit: Yantai Changyu Pioneer Wine Co., Ltd.

Unit: CNY

Item	March 31 st , 2019	December 31 st , 2018
Current assets:		
Monetary fund	1,686,467,643	1,475,700,477
Settlement funds		
Trading financial assets		
Financial assets which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial liability		
Notes receivable and accounts receivable	712,241,039	530,821,071
Including: Notes receivable	473,671,893	288,667,988
Accounts receivable	238,569,146	242,153,083
Advance payment	1,874,421	4,219,949
Insurance premiums receivable		
Provision of cession receivable		
Other receivable	21,954,602	22,636,086
Including: Interests receivable	1,861,068	1,332,681
Dividends receivable		
Inventories	2,562,649,190	2,724,591,457
Assets held for sale		
Non-current assets due within one year		
Other current assets	277,964,944	258,676,396
Total current assets	5,263,151,839	5,016,645,436
Non-current assets:		
Financial assets for sale		467,251
Investment held to expiration		
Long-term account receivable		
Long-term equity investment		
Real estate for investment	31,183,889	31,572,489
Fixed assets	5,735,574,387	5,749,731,667
Construction in progress	765,770,394	759,296,591
Biological assets for production	207,109,664	209,266,373
Oil and gas assets		
Intangible assets	649,996,533	655,473,459
Development expenditure		

Goodwill	165,199,111	165,199,111
Long-term deferred expenses	276,110,331	244,640,416
Assets of deferred income tax	222,801,549	285,436,259
Other non-current assets	453,642	
Total non-current assets	8,054,199,500	8,101,083,616
Total assets	13,317,351,339	13,117,729,052
Current liabilities:		
Short-term loan	676,078,947	688,002,410
Financial liabilities which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial liability		
Notes payable and accounts payable	595,555,189	713,572,881
Advance money	232,110,538	226,075,244
Wage payable	171,926,352	212,304,217
Tax payable	100,575,817	128,912,790
Other accounts payable	530,951,517	608,479,890
Including: Interests payable	2,017,538	712,826
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	185,654,332	152,940,788
Other current liabilities	14,545,254	15,860,254
Total current liabilities	2,507,397,946	2,746,148,474
Non-current liabilities:		
Long-term loan	172,989,751	156,480,662
Bond payable		
Including: Preferred stock		
Perpetual capital securities		
Long-term accounts payable	203,000,000	225,000,000
Long-term wages payable		
Special accounts payable		
Deferred income	67,915,609	70,367,039
Liabilities of deferred income tax	21,290,654	22,010,647
Other non-current liabilities	7,234,853	7,234,853
Total non-current liabilities	472,430,867	481,093,201
Total liabilities	2,979,828,813	3,227,241,675
Shareholder rights and interests:		
Share capital	685,464,000	685,464,000
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital reserve	565,955,441	565,955,441
Less: Inventory shares		

Other comprehensive Income	-4,320,704	2,965,377
Reasonable reserve		
Surplus reserve	342,732,000	342,732,000
Retained profit	8,465,364,018	8,008,982,547
Total owner's equity attributable to parent company	10,055,194,755	9,606,099,365
Minority interests	282,327,771	284,388,012
Total owner's equity	10,337,522,526	9,890,487,377
Total liabilities and owner's equity	13,317,351,339	13,117,729,052

Legal representative: Zhou Hongjiang Person in charge of accounting: Jiang Jianxun Person in charge of accounting organ: Jiang Jianxun

2) Balance sheet of parent company

Unit: CNY

Item	March 31 st , 2019	December 31 st , 2018
Current assets:		
Monetary fund	898,617,027	624,588,809
Financial assets which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial liability		
Notes receivable and accounts receivable	53,248,347	41,333,227
Including: Notes receivable	52,028,187	39,885,254
Accounts receivable	1,220,160	1,447,973
Advance money	121,922	227
Other receivable	529,375,393	1,025,643,356
Including: Interests receivable	506,337	254,088
Dividends receivable	152,136,162	500,000,000
Inventories	450,274,793	385,154,740
Assets held for sale		
Non-current assets due within one year		
Other current assets	28,853,540	24,704,844
Total current assets	1,960,491,022	2,101,425,203
Non-current assets:		
Financial assets for sale		
Investment held to expiration		
Long-term account receivable		
Long-term equity investment	7,420,803,068	7,420,803,069
Real estate for investment	31,183,889	31,572,489
fixed assets	265,196,149	265,311,274
Construction in progress	7,129,202	6,311,701
Biological assets for production	123,016,068	125,002,793
Oil and gas assets		
Intangible assets	66,649,278	67,244,066
Development expenditure		
Goodwill		
Long-term deferred expenses		
Assets of deferred income tax	20,799,602	24,194,967
Other non-current assets	985,700,000	972,700,000
Total non-current assets	8,920,477,256	8,913,140,359
Total assets	10,880,968,278	11,014,565,562
Current liabilities:		
Short-term loan	150,000,000	150,000,000

Financial liabilities which are measured by fair value and which changes are recorded in current profit and loss		
Derivative financial liability		
Notes payable and accounts payable	102,401,642	132,704,304
Advance money		
Wage payable	62,212,233	72,345,179
Tax payable	2,552,051	13,111,431
Other accounts payable	522,292,133	607,974,519
Including: Interests payable	181,250	181,250
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	3,433,054	3,433,054
Total current liabilities	842,891,113	979,568,487
Non-current liabilities:		
Long-term loan		-
Bond payable		
Including: Preferred stock		
Perpetual capital securities		
Long-term accounts payable		
Long-term wages payable		
Special accounts payable		
Deferred income	8,318,053	8,910,918
Liabilities of deferred income tax		
Other non-current liabilities	2,710,575	2,710,575
Total non-current liabilities	11,028,628	11,621,493
Total liabilities	853,919,741	991,189,980
Shareholder rights and interests:		
Share capital	685,464,000	685,464,000
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital reserve	557,222,454	557,222,454
Less: Inventory shares		
Other comprehensive Income		
Reasonable reserve		
Surplus reserve	342,732,000	342,732,000
Retained profit	8,441,630,083	8,437,957,128
Total owner's equity	10,027,048,537	10,023,375,582
Total liabilities and owner's equity	10,880,968,278	11,014,565,562

3) Consolidated profit statement

Unit: CNY

Item	Amount incurred in current period	Amount incurred in previous period
1. Revenue	1,667,424,758	1,804,057,976
Including: Operating income	1,667,424,758	1,804,057,976
Interest income		
Earned premium		
Handling fees and commission income		
2. Total operating costs	1,061,511,440	1,184,474,700
Including: Operating costs	601,688,193	625,431,208
Interest expenditure		
Handling fees and commission expenditure		
Premium rebate		
Net amount of indemnity expenditure		
Net amount of insurance contract reserve fund withdrawal		
Policy bonus payment		
Amortized reinsurance expenditures		
Taxes and surcharges	67,002,049	101,766,053
Selling expenses	318,512,447	374,283,098
Administrative expenses	81,023,493	80,493,010
Research and development expenditure	990,219	1,120,457
Financial expenses	-2,640,255	4,711,493
Including: Interest expenses	1,827,791	6,578,902
Interest income	2,420,094	2,272,889
Loss for impairment of assets	-5,064,706	-3,330,619
Loss of credit impairment		
Plus: Other income	6,172,178	16,861,473
Investment profit (loss is listed with "-")		
Including: Investment profit for joint-run business and joint venture		
Net exposure hedging income (Loss is listed with "-")		
Fair value charge profit (loss is listed with "-")		
Assets disposal income (loss is listed with "-")	1,138	84,719
Exchange income (loss is listed with "-")		
3. Operating profit (loss is listed with "-")	612,086,634	636,529,468
Plus: Non-operating income	1,262,992	936,426
Minus: Non-operating expenditure	3,429	411,037
4. Total profits (total loss is listed with "-")	613,346,197	637,054,857
Minus: Income taxes	157,428,397	158,539,458
5. Net profit (net loss is listed with "-")	455,917,800	478,515,399
(一) Classification by continuous operation		
1. Net profit from continuous operation (net loss is listed with "-")	455,917,800	478,515,399
2. Net profit from terminational operation (net loss is listed with "-")		

(二)Classification by ownership		
1. Minority interests	-463,671	-928,839
2.Net profits attribute to equity holders of the company	456,381,471	479,444,238
6. Net value of other comprehensive income after tax	-8,882,651	-6,819,043
6.1 Net value of other comprehensive income after tax of holding company's owners	-7,286,081	-5,547,374
6.1.1 Other comprehensive income that will not be classified into the profit and loss		
6.1.1.1 Changes of the defined benefit plans that re-measured		
6.1.1.2 Other comprehensive income under equity method that cannot be transfer to gain/loss		
6.1.1.3 Change of fair value of investment in other equity instrument		
6.1.1.4 Fair value change of enterprise's credit risk		
6.1.1.5 Other		
6.1.2 Other comprehensive income that will be classified into the profit and loss	-7,286,081	-5,547,374
6.1.2.1 Other comprehensive income under equity method that can transfer to gain/loss		
6.1.2.2 Change of fair value of other debt investment		
6.1.2.3 gain/loss of fair value changes for available-for-sale financial assets		
6.1.2.4 Amount of financial assets re-classify to other comprehensive income		
6.1.2.5 Gain/loss of held-to-maturity investments that re-classify to ailable-for-sale financial asset		
6.1.2.6 Credit impairment provision for other debt investment		
6.1.2.7 Cash flow hedging reserve		
6.1.2.8 Translation differences arising on translation of foreign currency financial statements	-7,286,081	-5,547,374
6.1.2.9 Other		
6.2 Net value of other comprehensive income after tax of minority shareholders	-1,596,570	-1,271,669
7.Total comprehensive Income	447,035,149	471,696,356
Total comprehensive income of holding company	449,095,390	473,896,864
Total comprehensive income of minority shareholders	-2,060,241	-2,200,508
8. Earnings per share		
8.1 Basic earnings per share	0.67	0.70
8.2 Diluted earnings per share	0.67	0.70

During this report period, the issue relates to company consolidation under common control, consolidated party completes net profit amount of CNY 0 before being consolidated, and consolidated party completes net profit amount of CNY 0 in the same period of last year.

Legal representative: Zhou Hongjiang Person in charge of accounting: Jiang Jianxun Person in charge of accounting organ: Jiang Jianxun

4) Profit statement of parent company

Unit: CNY

Item	Amount incurred in current period	Amount incurred in previous period
1. Revenue	242,003,808	262,548,732
Minus: Operating costs	213,607,081	223,847,815
Taxes and surcharges	8,712,074	14,257,566
Selling expenses		
Administrative expenses	20,122,062	20,301,162
Research and development expenditure	219,892	208,742
Financial expenses	-4,343,667	5,548,315
Including: Interest expenses	-4,311,896	5,872,648
Interest income	489,663	975,383
Loss for impairment of assets		
Loss of credit impairment		
Plus: Other income	858,264	1,059,414
Investment profit (loss is listed with "-")		20,000,000
Including: Investment profit for joint-run business and joint venture		
Net exposure hedging income (Loss is listed with "-")		
Fair value charge profit (loss is listed with "-")		
Assets disposal income (loss is listed with "-")		75,000
2. Operating profit (loss is listed with "-")	4,544,630	19,519,546
Plus: Non-operating income	539,265	47,479
Minus: Non-operating expenses		
3. Total profits (total loss is listed with "-")	5,083,895	19,567,025
Minus: Income tax	1,410,940	23,498
4. Net profit (net loss is listed with "-")	3,672,955	19,543,527
1. Net profit from continuous operation (net loss is listed with "-")	3,672,955	19,543,527
2. Net profit from terminational operation (net loss is listed with "-")		
5. Net value of other comprehensive income after tax		
5.1 Other comprehensive income that will not be classified into the profit and loss		
5.1.1 Remeasure the changes in net assets or liabilities of defined benefit plans		
5.1.2 Shares of other comprehensive income from investee which cannot be reclassified into profit and loss under the equity method		
5.1.3 Change of fair value of investment in other equity instrument		
5.1.4 Fair value change of enterprise's credit risk		
5.1.5 Other		
5.2 Other comprehensive income that will be classified		

into the profit and loss		
5.2.1 Other comprehensive income under equity method that can transfer to gain/loss		
5.2.2 Change of fair value of other debt investment		
5.2.3 gain/loss of fair value changes for available-for-sale financial assets		
5.2.4 Amount of financial assets re-classify to other comprehensive income		
5.2.5 Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
5.2.6 Credit impairment provision for other debt investment		
5.2.7 Cash flow hedging reserve		
5.2.8 Translation differences arising on translation of foreign currency financial statements		
5.2.9 Other		
6. Total comprehensive income	3,672,955	19,543,527
7. Earnings per share		
7.1 Basic earnings per share	0.01	0.03
7.2 Diluted earnings per share	0.01	0.03

5) Consolidated cash flow statement

Unit: CNY

Item	Amount incurred in current period	Amount incurred in previous period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	1,542,378,382	1,766,530,391
Net increase in customer and interbank deposits		
Net increase in borrowings from central bank		
Net increase in borrowings from other financial institutions		
Cash received from receiving insurance premium of original insurance contract		
Net cash received from reinsurance business		
Net increase of deposit of insured and investment fund		
Net increase in disposing of financial assets that measured by fair value with changes recorded into the current profit and loss		
Cash received from collecting interest, handling fees and commission		
Net increase in borrowings		
Net increase in repurchasement business funds		
Tax refund received	9,948,082	6,890,085
Other cash received related to operating activities	11,283,776	18,289,974
Sub-total of cash inflows of operating activities	1,563,610,240	1,791,710,450
Cash paid for goods and services	461,343,969	418,799,244
Net increase in customer loans and advances		
Net increase in deposits in central bank and interbank deposits		
Cash paid to original insurance contract payments		
Cash paid to interest, handling fees and commission		
Cash paid to policy bonus		
Cash paid to and on behalf of employees	162,305,720	152,403,775
Cash paid for taxes and expenses	401,268,381	486,679,596
Other cash paid related to operating activities	244,013,828	226,563,871
Sub-total of cash outflows of operating activities	1,268,931,898	1,284,446,486
Net cash flow from operating activities	294,678,342	507,263,964
2. Cash flow from investing activities:		
Cash received from return of investment	0	
Cash received from return of fixed deposit	26,755,750	
Cash received from obtaining investment profit		
Cash received from interest income	484,857	35,723
Cash received from disposal of fixed assets, intangible assets and other long-term assets	21,379	261,737
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities		
Subtotal of cash inflows of investment activities	27,261,986	297,460

Cash paid to acquire fixed assets, intangible assets and other long-term assets	114,280,901	110,862,244
Cash for investments		
Cash paid for fixed deposit	20,458,100	300,000,000
Net cash received from disposal of branch and other business unit		
Net cash paid to acquire branch and other business unit		104,566,419
Other cash paid related to investment activities		
Subtotal of cash outflows of investment activities	134,739,001	515,428,663
Net cash flow from investing activities	-107,477,015	-515,131,203
3. Cash flow from financing activities		
Cash received from acquiring investment		
Cash received from acquiring minority shareholders' investment by branch		
Cash received from acquiring loans	78,214,913	96,644,015
Cash received from issuing bonds		
Other cash received related to financing activities		
Sub-total cash inflows of financing activities	78,214,913	96,644,015
Cash paid to repay debts	64,904,847	79,119,513
Cash paid to distribute dividend, profit or pay interest	8,203,612	8,294,731
Dividend and profit paid to minority shareholders by branch		
Other cash paid related to financing activities		
Sub-total of cash outflows of financing activities	73,108,459	87,414,244
Net cash flow from financing activities	5,106,454	9,229,771
4. Influences of exchange rate fluctuation on cash and cash equivalents	-468,104	-571,409
5. Net Increase of cash and cash equivalents	191,839,677	791,123
Plus: balance at the beginning of the period of cash and cash equivalents	1,206,860,334	1,180,889,274
6. Balance at the end of the period of cash and cash equivalents	1,398,700,011	1,181,680,397

6) Cash flow statement of parent company

Unit: CNY

Item	Amount incurred in current period	Amount incurred in previous period
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	171,139,612	156,753,252
Tax refund received		
Other cash received related to operating activities	13,968,773	42,356,221
Sub-total of cash inflows of operating activities	185,108,385	199,109,473
Cash paid for goods and services	115,043,734	83,858,780
Cash paid to and on behalf of employees	28,667,432	35,076,108
Cash paid for taxes and expenses	17,016,423	27,242,412
Other cash paid related to operating activities	75,568,493	13,004,908
Sub-total of cash outflows of operating activities	236,296,082	159,182,208
Net cash flow from operating activities	-51,187,697	39,927,265
2. Cash flow from investing activities:		
Cash received from return of investment		
Fixed deposit with the term of over 3 months		
Cash received from obtaining investment profit	347,863,838	140,000,000
Cash received from interest income		35,723
Cash received from disposal of fixed assets, intangible assets and other long-term assets		538,055
Net cash received from disposal of branch and other business unit		
Other cash received related to investing activities		
Sub-total of cash inflows of investment activities	347,863,838	140,573,778
Cash paid to acquire fixed assets, intangible asset and other long-term assets	8,209,927	8,617,593
Cash for investments	13,000,000	105,926,184
Cash paid to acquire fixed deposit	12,200,000	300,000,000
Net cash paid to acquire branch and other business unit		
Other cash paid related to investment activities		
Subtotal of cash outflows of investment activities	33,409,927	414,543,777
Net cash flow from investing activities	314,453,911	-273,969,999
3. Cash flow from financing activities		
Cash received from acquiring investment		
Cash received from acquiring loans		
Cash received from issuing bonds		
Other cash received related to financing activities		
Sub-total cash inflows of financing activities		
Cash paid to repay debts		
Cash paid to distribute dividend, profit or pay interest	1,631,250	5,872,500
Other cash paid related to financing activities		
Sub-total of cash outflows of financing activities	1,631,250	5,872,500
Net cash flow from financing activities	-1,631,250	-5,872,500
4. Influences of exchange rate fluctuation on cash and cash equivalents		

5. Net Increase of cash and cash equivalents	261,634,964	-239,915,234
Plus: balance at the beginning of the period of cash and cash equivalents	532,384,882	493,568,866
6. Balance at the end of the period of cash and cash equivalents	794,019,846	253,653,632

2. Notes on financial statement adjustments

1) Relevant situations of adjustment in financial statement at the beginning of the year when the new financial instrument standards, new income standards and new lease standards are first implemented

☐ Available ☒ Not available

2) Explanation on retrospective adjustments in the previous comparison data for the first implementation of new financial instrument standards and new lease standards

☐ Available ☒ Not available

3. Audit report

Whether the first quarter report has been audited.

☐ Yes ☒ No

The first quarter report has not been audited.

Yantai Changyu Pioneer Wine Co., Ltd.

Board of Directors

April 27th 2019