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Legendary Wuliangye, Classic Spirit

Corporate Social Responsibility Report 2019
Wuliangye Yibin Co., Ltd.

守 创
诚信 恒久伟业
做 极致 绵长大爱
Integrity
Excellence
Create everlasting achievement
Advocate universal love.

About this Report

This report is the 12th annual corporate social responsibility (CSR) report released by Wuliangye Yibin Co., Ltd. since 2008. Based on the principles of being objective, standard, transparent, and comprehensive, this report discloses Wuliangye's practices and performances in responsible areas of environmental, social, and governance (ESG) in 2019 in detail.



Report Period

From January 1, 2019 to December 31, 2019. To make the report more comparable and complete, this report contains data of previous years and information collected during the fight against the COVID-19 pandemic.



Release Period

This report is released annually. The 2018 report was released in March, 2019.



Data Resource and Credibility

Data contained in this report is collected from the government's public data, Wuliangye's internal statistical statements, third-party surveys, administrative documents and reports, and third-party evaluations and interviews. This report has been reviewed and approved by the Board of Directors of Wuliangye Yibin Co., Ltd.



Normative References

GRI Sustainability Reporting Standards (GRI Standards)
Chinese Academy of Social Sciences - Corporate Social Responsibility 4.0 (CASS-CSR4.0)
The Ten Principles of the UN Global Compact
ISO26000: Guidance on Social Responsibility (2010)
GB/T36001-2015 Guidance on Social Responsibility Reporting
Shenzhen Stock Exchange (SZSE) - Guidelines for the Standard Operation of Listed Companies
Shenzhen Stock Exchange (SZSE) - Guidelines for the ESG Information Disclosure of Listed Companies (Exposure Draft)



Designation

"Wuliangye", "The Company", "Company", or "We" are used in this report to refer to "Wuliangye Yibin Co., Ltd."



Report Scope

This report covers Wuliangye (SZSE: 000858) and its subsidiaries.



Availability

This report is available online. The online report can be viewed and downloaded at <http://www.cninfo.com.cn>. For more information about the Company, please refer to 2019 Annual Report of Wuliangye.



Comments and Feedback

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Message from Senior Management



The return of spring brings life and vitality on earth. In 2019, we made achievements with all-out efforts, and progressed with down-to-earth actions. Based on the core values of “creating outstanding experiences for customers, happiness for employees, and returns for investors”, the Company carried out various reform measures to eliminate weakness, enhance advantages, and upgrade new business drivers, delivering a record-high performance. The total annual sales stood at RMB 50.118 billion (unless otherwise stated, financial data in this report is in RMB), and the total profit reached RMB 24.106 billion. With a net profit of RMB 17.402 billion attributed to shareholders of the listed company, the Company has increased its annual sales by RMB 10 billion for three consecutive years and continued to develop in a robust way.

In 2019, the Company closely followed new market trends and captured emerging opportunities. The Company made progresses in brand building, marketing, and quality, and significantly enhanced core competitiveness by adjusting the roadmap for deepening supply-side structural reform. Brand value and influence have been further strengthened by speeding up the implementation of requirements of “ensuring Wuliangye’s genuineness, integrity, and grade and reinforcing brand identity”. The 8th-generation classic Wuliangye baijiu was launched successfully. The “1+3” product system of Wuliangye’s main brands, and the four national strategic product structures for the wine series have been realized, which has enriched the product portfolio and optimized the brand system. Wuliangye was recognized as a China-EU geographical indication brand, cementing and amplifying our voice in the EU and global markets. Efforts were made in marketing transformation and digitalization, enhancing market services and control capacity. The Company set up Wuliangye Brand Project Business Unit, Wuliang NongXiang Series Baijiu Yibin Co.,Ltd. and Yibin Wuliangye Xianlin Ecological Liquor Co., Ltd., which has integrated marketing resources, advanced management level, and realized horizontal professionalization

in the headquarters and vertical delayering in regional organizations. By introducing the ERP project and clarifying responsibilities of marketing foreground, middle ground, and background, digitalization was fully implemented in marketing, production, and management systems, which has synchronized production, supply, and sales processes and increased operation efficiency and respond speed. We underscored technology innovation and traceability management to reinforce quality guarantee and supply capacity. In 2019, we set up a number of high-level research platforms, including Sichuan Provincial Engineering Technology Research Center on Liquor Grains, Sichuan Provincial Engineering Research Center on Solid-state Fermented Baijiu Production, and Wuliangye academician workstation, to continue to boost technology innovation throughout the whole product chain from grain breeding, production, and development to quality control. With enhanced baijiu quality, the Company was awarded the National Outstanding Product Quality Award. The Company set up a site dedicated for liquor grains, covering roughly 66,667 hectares, and enabled 100% pre-inspection, traceability, and management for liquor grains.

While striving to promote production and operation, the Company played an active role in building corporate culture and facilitating opening-up and cooperation, environmental protection, and social responsibilities to strengthen our soft power throughout 2019. Sticking to the principle of people-orientation, we endeavored to build a harmonious and enterprising culture of cooperation. The Company consistently acted in line with the core principle of “creating happiness for employees” by providing them with a good working environment and diversified development opportunities while safeguarding their legitimate interests. We consistently used corporate culture construction as a driver to promote reform, innovation, and high-quality development across the group. For instance, Wuliangye Culture Research Institute was established to explore insights of the culture. The Company consolidated opening-up and exchanges to establish a new development system based on extensive consultation, joint contribution, and shared benefits. The Company was elected a member of APEC China Business Council, co-sponsored the Yibin Summit of the Sixth National Governance Forum, and organized the 2019 Belt and Road Forum for Cooperation and Development of Sichuan International Friendship Cities. We enhanced strategic cooperation by partnering with well-known enterprises, universities, and local governments at home and abroad. We improved investor relationship management and communication channels, and received many awards including the Best Board of Directors and Listed Company with Best Investor Relationship. Efforts were made to make production sites more sustainable and to build an environmental conservation system. We implemented the Minjiang River ecological restoration project and pressed ahead with the ecological improvement of Songgonghe River’s basin. What’s more, we fully enhanced the treatment system for solid, liquid, and gas waste and related capacity system, bringing the sustainable development of sites and factories to a higher level. The Company resolutely emphasized the awareness of responsibility and accountability to build a CSR system with SOE (state-owned enterprises) characteristics. Wuliangye Charity Fund continued its contribution to implement the national strategy of “rural revitalization” by carrying out targeted poverty alleviation and charity projects in a systematic and professional way. The Company committed a larger amount of donations to external parties and launched poverty alleviation activities by facilitating education, transportation, and industry development, and was thus awarded the Jinding Prize at the 5th Annual Conference of Chinese Food Enterprises.

Responsibility converges power, and actions shape future. 2020 is crucial for the group to make blueprints for the “post-100 billion” era, to create a strong start for the “14th Five-Year Plan” and to prepare for its entry into Fortune Global 500 by growing into a world-leading company. People at Wuliangye always bear in mind the dream of the great rejuvenation of the Chinese nation, seizing the day, and living it to the fullest. By upholding the new development concepts of innovation, coordination, green, opening-up, and inclusiveness, we will write a new chapter with efforts and growth by initiating a new start.

Party Secretary and Chairman of Wuliangye Group, and Party Secretary and Director of Wuliangye Yibin Co., Ltd.:

Deputy Party Secretary, Director and General Manager of Wuliangye Group, and Deputy Party Secretary and Chairman of Wuliangye Yibin Co., Ltd.:

CSR Data in 2019

Economic performance



Indicators	Data	Year-on-year growth
Operating revenue	RMB 50.118 billion	25.20%
Net profits	RMB 18.228 billion	29.84%
Total pre-tax profits	RMB 37.045 billion	22.86%
Total assets	RMB 106.397 billion	23.58%
Cash dividends in 2018	RMB 6.599 billion	30.77%
R&D investment	RMB 126.36 million	50.28%
Patent applications	149	18.25%
Wuliangye exclusive stores	1,587	25.98%
Ex-factory pass rate	100%	-
Customer satisfaction index	94.62	0.94%

Social performance



Indicators	Data
Skilled staff	7,845
Employees	26,348
Investment in targeted poverty alleviation	RMB 133.78 million
Donations to external parties	RMB 147.73 million
Wuliangye site for liquor grains	68,667 hectares
Registered volunteers	2,075

Environmental performance



Indicators	Data
Emission of liquid, gas, and solid wastes	100% compliance
Comprehensive energy consumption	Reduction of 3.3%

Victory over COVID-19 Pandemic

Advocating Wuliangye's charitable spirit by making donations

01 In January, 2020, Wuliangye Group donated to Wuhan Charity Federation,

3,000 RMB '0,000

In January, 2020, Donated Wuliang Chun, a product of the wine series, to the Wuhan Charity Federation

1,200 RMB '0,000

In early February, 2020, Wuliangye Group donated to Sichuan Charity Federation

3,000 RMB '0,000

In early February, 2020, Wuliangye Group donated to Yibin Charity Federation

2,000 RMB '0,000

The accumulated donations amounted to

9,200 RMB '0,000

02 4,361 Party members led by example and donated RMB 425,900 in total.

03 Medical and daily supplies including 400,000 masks, 100-ton disinfectants, and fresh vegetables were donated to the front line of the fight against the epidemic, totaling over RMB 1.2 million.

04 Wuliangye's brand operators were also encouraged to make cash and in-kind donations, which included RMB 78.36 million cash and supplies worth RMB 12.94 million including masks, disinfectants, and ventilators.

Protecting employees with a science-based approach

- During the fight against COVID-19 pandemic, we kept employees' salaries, welfares, endowment insurance premiums, medical insurance, unemployment insurance, supplementary medical insurance, work-related injury insurance, maternity insurance, housing provident fund, and enterprise annuities unchanged, and laid no staff off.
- The Company guaranteed employees' safety and health by integrating insurances included in "Science-based Protection Against COVID-19" public insurance program.
- The Company's labor union released an online anti-epidemic initiative to all employees, receiving over 38,000 views.
- We also actively collected information of employees' health conditions, communicated anti-epidemic knowledge, and provided support and guidance.
- The Company organized a series of activities to provide financial and material support to employees who had difficulties in making ends meet due to the epidemic outbreak.
- Leaders at all levels, Party organizations, and Party members maximized their leadership by setting examples with 122 community-level Party organizations and over 3,500 Party members fighting on the front line to combat COVID-19.

Lift people out of poverty by charity activities

Inspired by Wuliangye's commitment to charity, people at Wuliangye have made contributions on a personal level, which have brought their love and support to those in need in a collective manner.

Zhou Daiqi, one of Wuliangye's employees, and his son-in-law Ye Qing collected and donated 38,000 kg of vegetables to people in Wuhan.

Liu Ding, an employee of the No. 510 Workshop of Wuliangye, and his wife Chen Xiaojuan delivered 30 boxes of meals to the Third People's Hospital of Yibin City for 10 days in a row as lunches for medical staff.

Support distributors to enhance market confidence

Amid the fight against COVID-19, Wuliangye immediately issued A Letter to the Distributors and the Notice on Handling Recent Market Priorities with Targeted Measures to strengthen communication with distributors in a human manner and to revitalize market confidence through measures like optimizing the distributor plan, providing customized financial services to distributors, and timely authorizing reimbursement of distributors' marketing fees. At the same time, the Company implemented six major policies to "benefit distributors", such as logistics and warehousing assistance, helping distributors to adjust inventories, and providing material and financial support to core terminals together with distributors.

Resume production in an orderly way to create opportunity for further development



Since February 3, 2020, different segments have resumed production one after another. As of February 10, 2020, Wuliangye resumed normal work and production as a whole. As of February 13, 2020, liquor production operated at full capacity, allowing supporting segments like glass, printing, and bottle capsules to realize 100% production resumption. To guarantee effective epidemic control and efficient production and operation, the Company has convened multiple special meetings to give guidance on and facilitate work and production resumption.



We shall have a clear understanding of the status quo by enhancing the political position, and align both thoughts and actions to decisions and arrangements made by the CPC Central Committee, the State Council, CPC Sichuan Provincial Committee, CPC Yibin Municipal Committee, Sichuan Provincial People's Government, and Yibin Municipal People's Government. We shall adhere to the general development goals made at the beginning of the year and properly steer epidemic containment and business development in a steady and progressive manner based on the general schedule for major tasks. While continuing to follow the basic guidelines of "one control and three enhancements", we will underline "three optimizations" and accelerate "three transformations" to fulfill expected production and operation goals of the year.

-Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye



Chapter One

Evolution of Wuliangye

Changfasheng, one of Wuliangye's eight ancient liquor production workshops, is located on Guibu Street in the old downtown of Yibin, covering an area of 1,218 m², and boasting 30 cellars from the Ming and Qing dynasties. The mud taken from the fermentation cellar has become a permanent collection of the National Museum of China.

Company Profile

Development History

Review of 2019

Responsibility System



Company Profile

In 1998, Wuliangye Yibin Co., Ltd. was established and listed. As a China Time-honored brand, Wuliangye has remained true to its original aspiration and kept its mission firmly in mind. By producing high-quality liquor for consumers around the world and telling stories of Chinese baijiu, Wuliangye celebrates the 70th anniversary of the founding of the People's Republic of China with outstanding development achievements.

A lasting aroma preserved through a thousand-year legacy

Lasting liquor brand owes to ages of preservation;
Quality liquor requires life-long cellar storage

Yibin, a city built over 2,200 years ago, has gone by different names in history, such as Bohouguo (a country), Rongzhou (a state), and Xuzhou (a state). The local climate is moderate, and its rainy seasons are hot as well. The local liquor production can be dated back over 4,000 years ago, and tea plantation over 3,000 years ago. Yibin sits on land that is rated as "the most suitable region for the production of high-quality genuine distilled liquor at the same latitude in the world" by UNESCO and FAO.

The cellar is in the core of liquor production, and the mud in the cellars plays a fundamental role in fermentation. Wuliangye's cellar cluster was built in 1368 in the Ming Dynasty using the weak acid yellow stick soil which is unique to Yibin. Due to its rich nutrients and other essential ingredients, the soil has facilitated the selection and metabolism of liquor production-related microorganism that finally developed into unique microbial communities and aromatic substances. The more aged the cellar is, the more harmonious and stable the microbial communities are, which generate more aromatic compounds and bring out richer fragrance. Therefore, Wuliangye strong-flavored liquor is renowned for its unique aroma and flavor.

"The liquor in the cup resembles the color of jade, and evaporates like mists rising from a vale. "It has a clear and rich flavor, neither weak nor murky. It tastes sweet and spicy, neither pungent nor irritating."

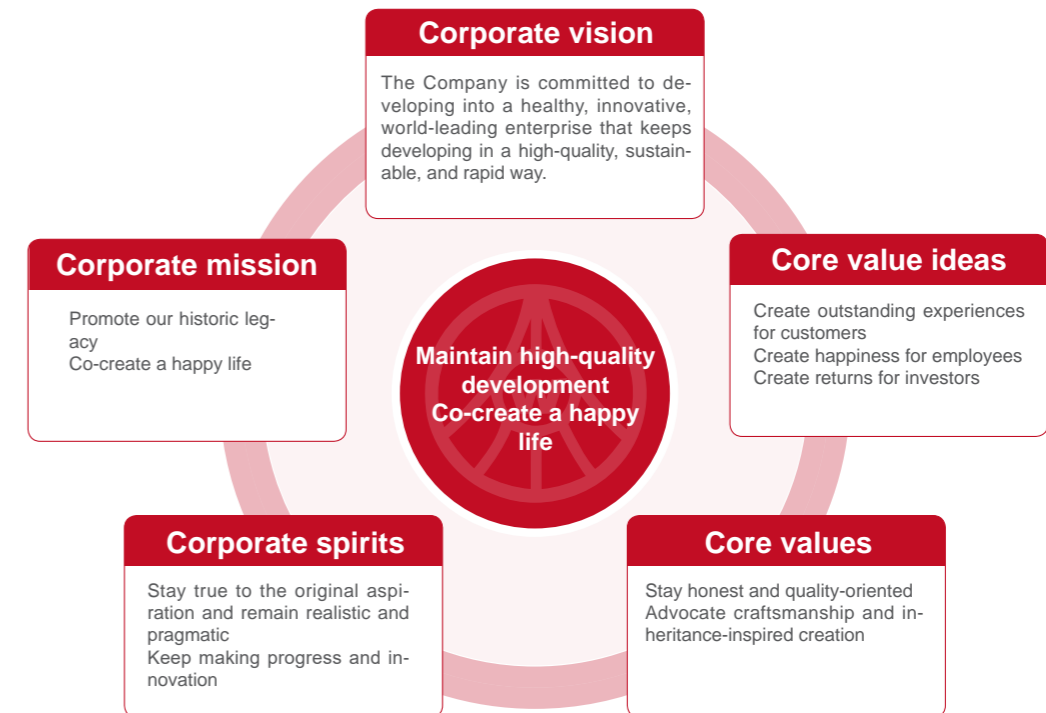
-Huang Tingjian, a poet of the Song Dynasty



Map of Wuliangye's eight ancient liquor production workshops

Remain true to its original aspiration and promote the spirit of the Chinese nation

With unwavering determination and steadfast commitment, Wuliangye has always emphasized craftsmanship and detail-oriented efforts, and continues to promote supply-side structural reform and satisfy the diversified needs of consumers across the world.



A business card of the country and a brand of the world

Wuliangye rose to fame at the Panama-Pacific International Exposition in 1915. As of today, it has received hundreds of major prizes at home and abroad, including In 2019, Wuliangye ranked No. 3 in the Chinese 100 Top Brand Values, No. 19 in China's 500 Most Valuable Brands, No. 40 in Asia's Top 500 Brands, No. 104 in Top 500 Most Valuable Brands in the World, No. 302 in the World's 500 Most Influential Brands, and No. 79 in 2020 Global 500 Top Brand Values.

Global Presence of Wuliangye's Strong-flavor Liquor

- We explored models of direct-sale stores and exclusive stores while continuing to focus on the distributor network. With 337 new exclusive stores opened, there are now 1,587 exclusive stores in total.
- Wuliangye's sales network now covers 70 countries and regions, having set up 17 international duty-free shops.
- With accelerated globalization, marketing centers towards markets in Europe, Asia-Pacific, and North America have been established in Dusseldorf, Hong Kong, and New York respectively. The Hong Kong branch has fully rolled out its distribution network.
- Build smart retail system - With the official launch of Wuliangye Cloud Store, Wuliangye's exclusive stores in China have begun to provide cloud services.



Development history

|| Celebration of the 70th anniversary of the founding of the People's Republic of China

Wuliangye follows Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and fully implements the important guidance of the 19th CPC National Congress and directions given by General Secretary Xi Jinping on work tasks in Sichuan Province, taking the lead to fulfill political, economic, and social responsibilities for state-owned enterprises.

Milestones in 70 years' Adventure

In 1950, the oldest liquor production workshops in Yibin, Changfasheng and Lichuanyong, joined hands with another 4 aged local workshops, Zhangwanhe, Zhongsanhe, Tianxifu, and Quanhengchang, to establish the Yibin Daqu Liquor Production Industrial Joint Venture.

In 1952, the Venture changed its name to Yibin Monopoly State-owned No. 24 Liquor Distillery of Southern Sichuan Monopoly Company.

In 1955, its name was changed to Sichuan Local State-owned Yibin Distillery.

1949-1955

In 1978, Wuliangye low-alcohol liquor was successfully developed, which was praised as "Wuliangye, the famous liquor, with an even better taste" by Hua Luogeng, a well-known mathematician.

1966-1980

In 1991, Wuliangye won the title of "China Well-Known Trademark", ranking high in the "China Top 10 Well-Known Trademarks".

In 1995, Wuliangye was given the title of "China Best Liquor Producer".

In 1998, Wuliangye Co., Ltd. was listed after being restructured.

1991-2000

In 2011, Wuliangye won the National Quality Award for the third time, making it the only company to receive the prize three times in the liquor industry.

In 2012, the "Chinese Baijiu Ancient Workshop" program was included in the Chinese Tentative List of World Cultural Heritage, with "Yinbin Wuliangye Ancient Workshop" being part of it.

In 2013, the "Wuliangye Ancient Cellar" site was put under national-level protection with the approval of the State Council.

In 2015, Wuliangye won a number of gold awards at Expo Milano.

In 2017, Wuliangye opened a new chapter by initiating a fresh start.

In 2018, "Wuliangye Ancient Cellar Group and Production Workshops" was incorporated into the list of National Industrial Heritage by the Ministry of Industry and Information Technology.

In 2019, Wuliangye was included in the China-EU Geographical Indication list, winning recognized protection from the EU as a geographical indication product of China.

2011-2019

1956-1965

In 1959, the name was changed to Sichuan Local State-owned Yibin Wuliangye Distillery.

In 1963, Wuliangye participated in the National Liquor Assessment Conference for the first time and won first place, being awarded with the "National Best Liquor" gold medal. After the debut win, Wuliangye won the prize again in 1979, 1984, and 1989.

In 1964, the name was changed to Sichuan Yibin Wuliangye Distillery.

1981-1990

In 1987, "Wuliangye Computer-based Blending Expert System" won the Major Scientific Achievement Award and Scientific Advancement Award by the former Ministry of Commercial Businesses. Wuliangye reached "unprecedented heights in blending" in terms of manual blending and computer-based blending expertise.

In 1990, Wuliangye won the National Quality Management Award, the most recognized award in quality management in China.

2001-2010

In 2003, Wuliangye won the "National Quality Management Award" again.

In 2005, the mud taken from Wuliangye's ancient fermentation cellar became a permanent collection at the National Museum of China, which is the only "living relic" preserved by the Museum.

In 2006, it was designated as a "China Time-honored Brand".

In 2008, the "Traditional Baijiu-Making Techniques of Wuliangye" were listed as a National Intangible Cultural Heritage by the State Council.



The 70th anniversary of the founding of the People's Republic of China - Key figures in Wuliangye's Development

Wang Guochun

The founder of "China Best Liquor Producer"

By leading the implementation of the four-step strategy from "quality & performance orientation" to "diversified development with one business at the center", Wang built Wuliangye into the "China Best Liquor Producer", marking the first significant success in the course of the development of the Company. In addition, he personally designed the corporate logo and other symbols. "The 100-million-m² liquor city" corporate site was built, shaping baijiu culture with Wuliangye's characteristics. He was awarded the "Lifetime Achievement Award for 40 Years' Reform and Opening-up in Chinese Liquor Industry" and the "Top 10 Most Influential Entrepreneurs in China".

Fan Yuping

Originator of "manual and computer-based blending"

Sparing no efforts, he carried out a number of innovations including the manual and computer-based blending expertise. He was acclaimed for passing down knowledge and techniques to younger technicians. Persistent painstaking efforts led to numerous innovations and mastery of liquor-making secrets. Personalized exemplification and inspiration enable craftsmanship to pass down to younger generations, achieving world-wide acclaim.

Wen Youyuan

Preserver of Wuliangye's traditional production processes

While inspecting workshops as a common folk, he influenced his staff positively by his words and deeds, sticking to enhancement and inheritance of liquor-making technology and promoting international recognition of Wuliangye's craftsmanship.

Liu Peilong

Decoder of low-alcohol Wuliangye liquor "Guardian" of Wuliangye quality management

It took him six years to develop the "selected" low-alcohol Wuliangye liquor. By rigorously maintaining product quality, he laid the foundation for Wuliangye to gain an international reputation.

Tang Wanyu

The founder of Wuliangye's R&D

He worked in a meticulous and diligent manner with high self-discipline and integrity. With focus on scientific research which supports growth, his name will go down in the history of Multiangle.

Liu Zhongguo

The pioneer of Wuliangye's marketing

He fought at the forefront of the market, and turned the tide of the adverse situation when appointed at the most difficult of moments. He devoted over two decades of his life wholeheartedly to the development of the Company.

Fan Guoqiong

The master of Wuliangye's craftsmanship

As the daughter of Fan Yuping, the inventor of manual and computer-based blending technology, she followed in her father's step and has been fully committed to scientific research for over 30 years. The two generations have authored an important chapter of Wuliangye's history spanning 60 years.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, and Zeng Congqin, General Manager of Wuliangye Group and Chairman of Yibin Wuliangye Presented awards to the seven key figures in Wuliangye's Development or their relatives, and extended warm congratulations and sincere greetings, as part of the celebration of the 70th anniversary of the founding of the People's Republic of China.

Review of 2019

- February** ○ The Company started organizational transformation by dividing seven marketing centers into 21 marketing regions, which manage 60 marketing bases to promote vertical delayering in regions.
- March** ○ Wuliangye participated in the 100th China Food & Drinks Fair, exhibiting major liquor products like the 8th-generation classic Wuliangye.
- April** ○ The Company officially started streamlining liquor brand series to eliminate products that fail to contribute to the main Wuliangye brand.
 - The opening ceremony of the SOE Party Construction Research Center and Party School of CPC Wuliangye Committee was held.
 - The Company took part in the 2nd Belt and Road Forum for International Cooperation.
- May** ○ Inheritance and Eternity - 2019 Classic Wuliangye Upgrading Ceremony was held, marking that the 7th-generation classic Wuliangye would be discontinued, and the 8th-generation would take center stage.
- June** ○ The Company donated RMB 20 million to the rescue and restoration after the earthquake in Changning.
 - In 2019, Wuliangye ranked No. 19 in China's 500 Most Valuable Brands with a brand value of RMB 216.598 billion.
- July** ○ Wuliang Nongxiang Series Liquor Company was established, focusing on 4 major liquor products in the Chinese market, namely Wuliang Chun, Wuliang Chun, Wuliang Tequ, and Jianzhuang.
 - The Company participated in the 2019 APEC China CEO Forum, providing support to build a new future for the Asia-Pacific region.
- August** ○ The project of "Analysis on Microbial Structure and Metabolic Characteristics of Single-grain and Multiple-grain Solid Fermented Strong-flavor Liquor" completed together with Jiangnan University passed the review organized by the China National Light Industry Council.
 - China Alcoholic Drinks Association has issued An Initiative to Establish a Collectors Club of Wuliangye's Aged Liquor, supporting the collection of aged Wuliangye liquor.
 - By signing a strategic cooperation agreement with Alibaba Group, the Company has speeded up its digital transformation.
 - The Company ranked No. 40 in 2019 Asia's Top 500 Brands, marking its 5th entry into the list in a row. Wuliangye ranked No.2 in the 2019 Top 10 Asia Food and Beverage Brands, growing into a "super brand" in the Asian food and beverage industry that has a large voice on the international stage.
- September** ○ The Company participated in the Splendeurs de Chine - Soirée de célébration du 70ème anniversaire de la fondation de la République populaire de Chine in Paris sponsored by the Ministry of Culture and Tourism.
- October** ○ The Company signed a strategic cooperation agreement with Huawei, covering areas of digital transformation, business management, and marketing.
- November** ○ The Company sponsored the "Gold Panda" International Communication Award, contributing to build a community of a shared future for mankind and promote capacity construction for international communication.
- December** ○ Wuliangye was included in the China-EU Geographical Indication list, winning recognized protection from the EU as a geographical indication product of China.
 - At the 23rd Wuliangye 1218 Dealer Conference to Develop Win-Win Partnerships, Wuliangye Group declared that its sales had made a historic leap by exceeding RMB 100 billion.
 - The 2019 Sichuan Baijiu National Promotion Tour concluded successfully in Beijing after being events in Xi'an, Guiyang, and Shanghai.



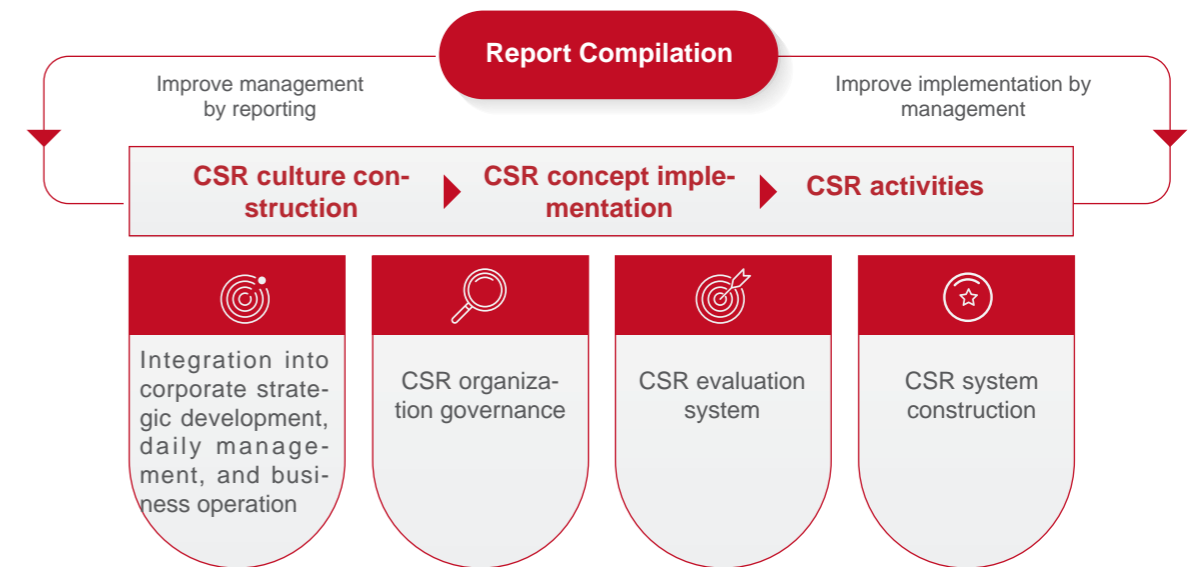
King of Liquor forges ahead amid moments of honors and awards:

Honors and Awards	Organizers
Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was elected one of the "Top 10 Influential Chinese Business Leaders in 2019".	Sina Finance, Smart Media Research Institute of People's Daily, and Channel Wu
No. 302 in the World's 500 Most Influential Brands in 2019	World Brand Lab
No. 40 in Asia's Top 500 Brands in 2019	World Brand Lab
No. 19 in China's 500 Most Valuable Brands (a brand value of RMB 216.598 billion)	World Brand Lab
Brand Value of China's Listed Liquor Companies Top 30	National Business Daily
Gold Prize at 2019 China Brands and Trademarks Exposition	China Trademark Association
70 Chinese brands to celebrate the 70th anniversary of the founding of the People's Republic of China at 2019 13th China Brand Festival	Brandcn.com
Huapu Prize at 2019 13th China Brand Festival	Brandcn.com
Gold Prize at 2019 16th China Time-honored Brand Expo	Organizing Committee of China Time-honored Brand Expo
"Gold Round Table" Prize for Best Board at the 14th China Listed Company's Boards Forum	Directors & Boards magazine
Top 100 Chinese Companies Listed on Main Board at the 13th Chinese Listed Company Value Review	Securities Times
Best Board Prize at 2019 Reputation List of China Listed Companies	National Business Daily
IR Interaction Activity List	p5w.net
Enterprise of Social Responsibility of Year 2019	fangtanchina.com
Dingge Award in 2019 China Enterprise Digital Transformation	Tsinghua University IGI
Outstanding China Credible Enterprise	Center for Honesty and Credit Evaluation, Chinese Academy of Management Sciences
Jiuding Award for Enterprise Credit Builders in Sichuan	Sichuan Association for Promoting Credit Construction in Market-oriented Economy
Top 10 China Companies of Best After-sales Services	China General Chamber of Commerce, China Foundation of Consumer Protection, China Evaluation Committee on Product After-sale Services
Grand Prize for 2018-2019 National Corporate Culture Achievements	China Enterprise Confederation, China Enterprise Directors Association
2019 Outstanding Corporate Social Responsibility Report	Southern Weekly

Responsibility System

The Company has set an example in responsibility management.

Since 2008, Wuliangye has continued to release CSR reports to continuously establish and improve CSR management system and implementation.



Establish CSR implementation system

- Create outstanding experiences for customers**
 Innovative products meet diversified needs of consumers and deliver ultimate experience. Quality control safeguards consumers' health. Honest operation protects consumers' interests. We advocate responsible drinking and harmonious society.
- Create happiness for employees**
 Employees are valuable assets for Wuliangye. A sound salary system protects employees' interests. Diversified activities promote harmonious family relationships. A reliable support system offers a helping hand to employees in need. In this way, employees develop together with the Company.
- Create returns for investors**
 Wuliangye continues to increase its corporate value, offer continuous cash dividends, standardize corporate governance, and improve information disclosure compliance to safeguard equities of investors.
- Make society more harmonious**
 As a corporate citizen, Wuliangye has always fulfilled its social responsibility as an SOE and valued charity to seek balanced corporate and social development.
- Make the environment greener**
 Wuliangye coordinates production and operation with environmental protection, realizing green production and ecological conservation.



Response to stakeholders

Stakeholders	Concerns and requirements	Communication and response methods
Government Community	Compliance with laws and regulations Realization of high-quality green economic development Public benefit activities	Compliance management Legal tax payment Targeted poverty alleviation Community investment Creation of jobs Volunteer service
Shareholders	Return on investment Corporate performance growth Corporate governance and internal control compliance	Active distribution of dividends Information disclosure General meeting of shareholders was convened. Compliance governance Investor exchange meeting
Employees	Salary and welfare guarantee Capacity growth Vocational safety and health Promotion and development mechanism	Timely payment of salaries in full Endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund Enterprise annuities Employee training Periodical physical examination Work safety Intra-company competition
Dealers	Responsible marketing Honest operation Business guidance Professional services	Formulate rules on marketing services Formulate support policies and services rules for exclusive stores Provide training for dealers Provide training for marketing personnel
Consumers	Food safety Product quality After-sales service Consumer health	Stringent quality management Crack down on fake products and safeguard legal interests Establish after-sales service center "Excessive drinking is harmful to your health" is marked in prominent areas on the liquor's exterior package together with slogans encouraging responsible drinking.
Suppliers	Fair procurement Credibility and integrity	Establishment of an open, fair, and equitable procurement system Timely settlement
Environment	Environmental protection Energy conservation and emission reduction Environmental pollution treatment	Ecological construction Disposal of gas and solid wastes and emission control

Communication with stakeholders

On-site ex-changes

General meeting of shareholders
Labor union
Workers' congress
Supplier meeting
Dealer conference
Investor exchange meeting
Special reporting to government

Communication via traditional media

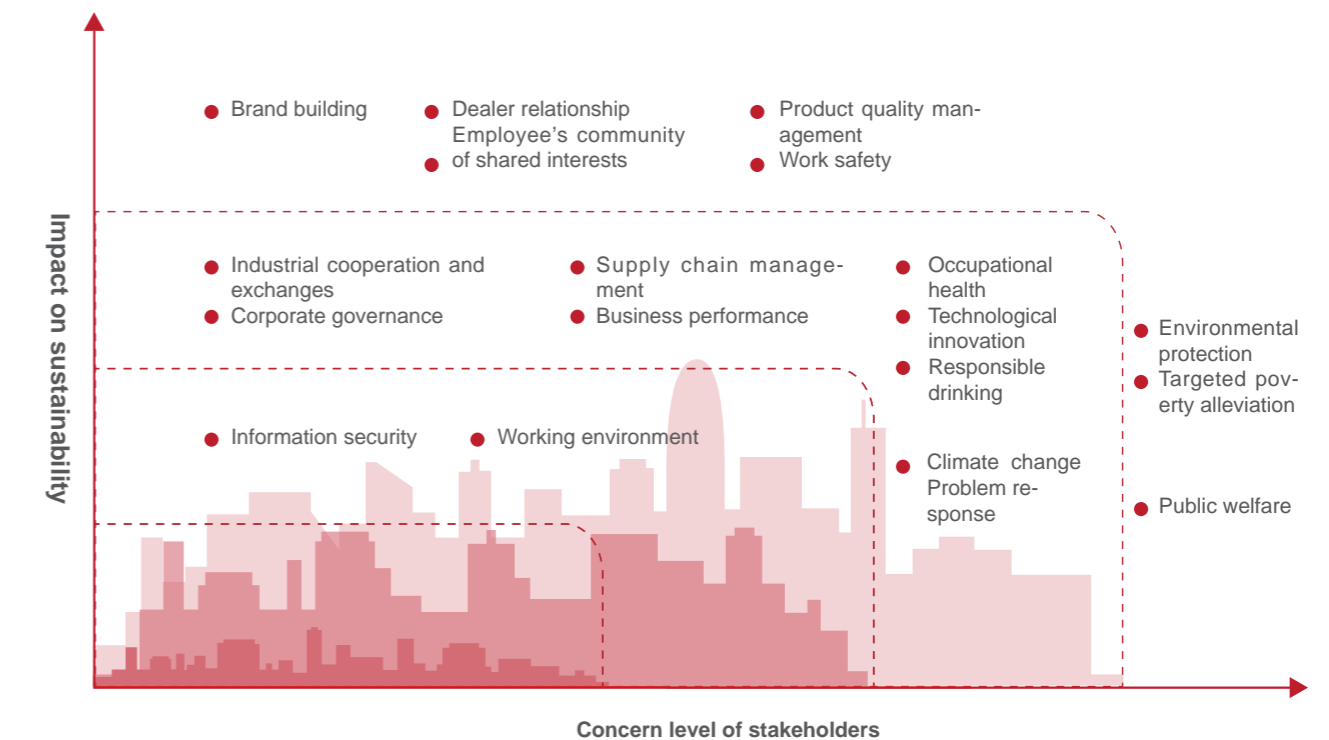
Hotline for consumer compliant
Hotline for cracking down on fake products
Information disclosure
Telephone-based communication with investors
Newspapers and magazines
TV and radio

Communication via new media

Official WeChat account
Official Weibo account
Wuliangye Family app
irm.cninfo.com.cn/
Official website

Identification of material issues

Focus on respective concerns and requirements of stakeholders, analyze material issue matrix, and identify CSR core and major issues





Chapter Two

Source of Imagination and Innovation

Lichuanyong - one of Wuliangye's eight ancient liquor production workshops, was originally named "Wendefeng", and the name Lichuanyong has been used since the late Qing Dynasty.

It is located on Changchun street in the old downtown of Yibin, covering an area of 1,426 m², and boasting 29 cellars from the Ming and Qing dynasties.

Scientific and technological R&D

Innovative product

Quality management

Work safety

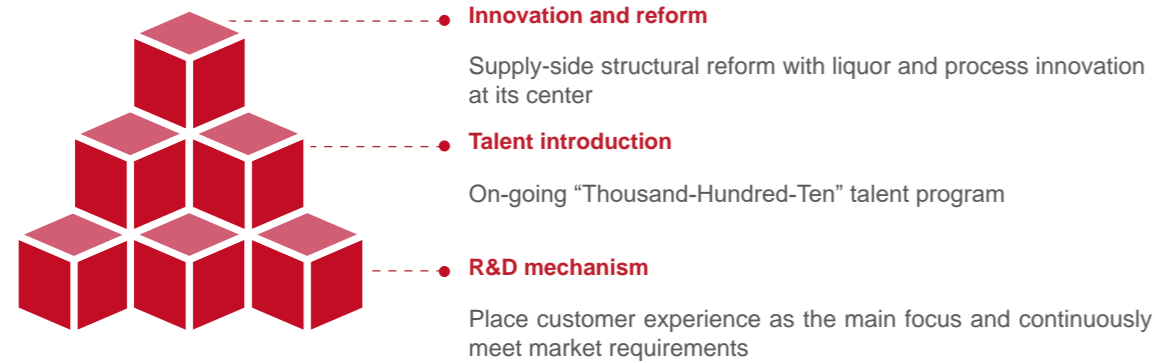


Scientific and technological R&D

Highlight scientific research to drive the development of the industry

Construct a comprehensive innovation system

Wuliangye upholds the combination of tradition and innovation and vigorously enhances the construction of a scientific and technological innovation platform to build a comprehensive innovation system. By investing more resources into research on liquor production ecology, liquor production techniques, and baijiu flavor, it continues to find new ways to innovate across the whole product chain from raw materials, R&D, production, and final quality, resulting in superior liquor quality.



Scientific research platform

- National Enterprise Competence Center
- National Industrial Design Center
- China Liquor Big Data Center
- China Baijiu College
- Wuliangye Academician Workstation
- Scientific and Technological Joint Innovation Center
- National Quality Supervision and Inspection Center of Liquor Products
- International Joint Research Center of Quality and Safety of Alcoholic Beverages (Baijiu Branch)
- China Light Industry Key Laboratory on Strong-flavor Liquor Solid Fermentation
- Sichuan Provincial Engineering Technology Research Center on Liquor Grains
- Sichuan Solid-fermented Liquor Production Engineering Center



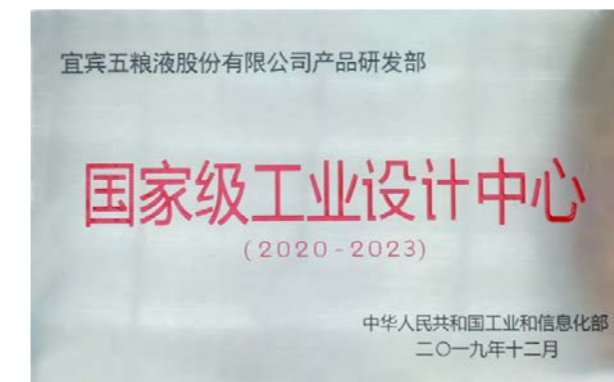
Inauguration ceremony of China Liquor Big Data Center

Inauguration ceremony of Wuliangye Academician Workstation

In December 2019, Wuliangye Academician Workstation was officially inaugurated. It was jointly built by Wuliangye and Chen Jian, academician of Chinese Academy of Engineering, and his team, centering on research on microorganisms of strong-flavor liquor production, control and adjustment of solid fermentation, technological guarantee of liquor quality R&D, and food safety control. It will leverage the four high-level functions of strategic consultation of a high-end science platform, high-end science research, research achievement transformation and industrialization, and talent cultivation to empower the Company by science and technology.



The Company's Product R&D Business Unit was recognized as a "National Industrial Design Center"

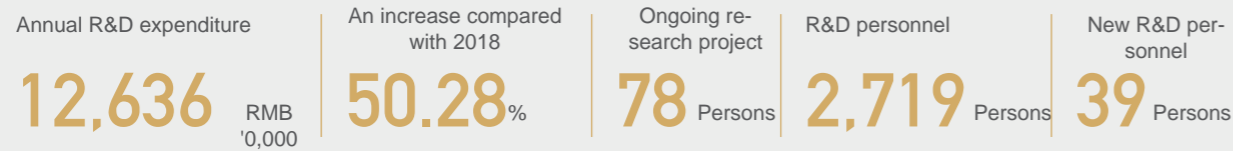


The Company sets up the Product R&D Business Unit composed of three special design centers of plastic packaging, glass products, and paper packaging. Based on a complete industry design loop, Wuliangye has achieved many "firsts" in the industrial design of the liquor industry, and its capacity for sci-tech innovation and R&D design has been acknowledged by national authorities.



Strengthen R&D team construction

- Focus on talent cultivation with talent introduction as a supplementary focus.
- Cooperate with leading teams and professional colleges and universities.
- R&D experts enhance their expertise through external training and studying to continue to develop high-quality products.
- In 2019, Wuliangye introduced Professor Michael C. Qian, an internationally-renowned flavor chemist at Oregon State University in USA to the Company. After the application for establishing a municipal platform was approved, it established an International Joint Lab on Baijiu Flavor Chemistry as scheduled.



Progress in R&D projects

Wuliangye's in-house R&D projects were financially supported by the state

Research and Application Demonstration of Special Organic Fertilizer for Liquor Sorghum Prepared by Biotransformation-based Distiller's Grain

Application of End-Cloud Integrated Intelligent Spectral Data Analysis System in Fermentation of Fermented Grains

Platform For Frontier Research of Baijiu Flavor Chemistry



School-enterprise and college-enterprise cooperation projects

With Jiangnan University	Research on How 5 Grains Shape Wuliangye's Style
	Strong-Flavor Liquor's Metabolic Mechanism of Acid Esters and Homeostasis Control Mechanism
	Mechanism and Feature Analysis of Wuliangye's Multiple Grain-based Production System
With Chengdu Institute of Biology, Chinese Academy of Sciences	Fingerprint Analysis and Enzyme Production Microbiota of Wuliangye's Baobaoqu Enzyme System
	Research on Wuliangye Daqu's Unique Active Micromolecule Ingredients

Organize forums to boost R&D

- The Company participated in the 2nd Sichuan Technological Innovation and IP Protection Forum.
- The Company participated in the inauguration ceremony of the Traditional Fermented Food Committee of the Chinese Institute of Food Science and Technology, and academic conference.
- The Company was elected Vice President of Traditional Fermented Food Committee of the Chinese Institute of Food Science and Technology.
- The Company visited Institute of Brewing & Distilling (IBD), University of Cambridge, and Imperial College London for international exchanges.
- The Company participated in the 2019 International Distilled Spirits Innovative Technology Forum.



Zhao Dong, Deputy General Manager and Vice Chief Engineer of Yibin Wuliangye, led a delegation to visit IBD.



The Company dispatched R&D personnel to participate in the World Spirits Alliance (WSA) conference.



Protect R&D achievements and improve innovation capacity

Patents

Patents applied in 2019	Patents granted in 2019	Accumulative valid patents
Invention 9 Xx	Invention 4 Xx	Invention 48 Xx
Utility model 11 Xx	Utility model 7 Xx	Utility model 83 Xx
Design 129 Xx	Design 140 Xx	Design 1,485 Xx

Recognition by authorities

School-enterprise cooperation projects were rated world-leading.

Wuliangye and Jiangnan University jointly completed the project of "Analysis of Microbial Structure and Metabolic Characteristics of Single-grain and Multiple-grain Solid Fermented Strong-flavor Liquor", providing significant theoretical and technical support to enhance liquor quality. After being applied in the liquor industry, the project results have generated outstanding economic and social benefits. According to China National Light Industry Council, the project has delivered world-leading technologies which are worthy of application in a wider range.



The project of "Research on Characteristic Flavor Substances of Strong-flavor Liquor" was awarded the 3rd prize of the Science and Technology Progress Award of China Alcoholic Drinks Association.



Outstanding Enterprise of Sichuan Technological Innovation and IP Protection 2018

Innovative product

Optimize brand structure to ensure quality choices for consumers

The Company has strictly implemented the well-defined Wuliangye brand strategies of "1+3" and liquor series of 4 major products targeting the Chinese market, providing diversified choices for consumers.



Centering on the new version of 52-degree classic Wuliangye, the Company has endeavored to enhance the brand position as a high-end, fashionable, international brand.



4 strategic liquor products targeting the Chinese market in the liquor series
Wuliang Chun (Spring), Wuliang Chun (Rich Flavor), Wuliang Tequ, and Jianzhuang





The Company has implemented a “brand management optimization” project to “streamline the brand tree”, ensuring quality choices for consumers.

- The Company has issued Standards on Product Development and Clean-up under Wuliangye Brand and Standards on Product Development and Clean-up under Wuliangye Series Liquor Brand.
- The Company negotiated with dealers in a fair way according to laws and regulations to promote rectification and clean-up.
- This action has cleaned up 1,284 kinds of products and 122 sub-brands in total, including VVV, Wuliang PTVIP, and 1918.
- Meanwhile, the Company employed strict management and control of the liquor series and healthy liquor.

Innovative product with better consumer experience

Successful upgrade to the 8th-generation classic Wuliangye

After seven iterations, the 8th-generation classic Wuliangye made its debut in 2019. On May 20th, 2019, “Inheritance and Eternity - 2019 Classic Wuliangye Upgrading Ceremony” was held, discontinuing the 7th-generation classic Wuliangye and inaugurating the 8th-generation. After entering the market in June 2019, the 8th-generation has been widely recognized by consumers with sales progressing steadily.



The 8th-generation classic Wuliangye



- A benchmark for Chinese strong-flavor liquor
- Improved quality, packaging, and anti-counterfeiting measures
- Embodiment of Wuliangye’s craftsmanship spirit of “constant improvement”
- Highlighted Wuliangye’s unique style of “long-lasting aroma, rich flavor, and well-balanced and clear taste”
- High-quality packages delivering a more convenient and satisfying user experience
- Intelligent code management system interlinking bottle caps, packages, and parcels, which allows traceability throughout all links of production, transportation, warehousing, and distribution.

501 Wuliangye - Ultimate liquor from cellars of the Ming Dynasty



- Exclusively produced in 501 Wuliangye’s special workshop.
- Exclusive cellars that can be dated back to 1368 in the Ming Dynasty.
- Renowned craftsmen led by Chinese Liquor Production Masters with over three decades of experience.
- Exclusive edition for each year with unique code for every bottle.
- Begins a defining chapter in the history of baijiu with cutting-edge techniques, complete dedication, and sophisticated refinement.

Consumer acknowledgement

- Comments on 60-degree Wuliangye liquor produced in 1988 in drum-shaped bottle from 36 chief liquor tasters of China: “The liquor looks a little yellow but still clear. Its refined taste through years of fermentation consists of a blend of aromas from the aged cellar, vinasse, and enzyme, bringing out a rich flavor and long-lasting fragrance. When it enters the mouth, it is sweet, rich and sticky, when it comes down the throat, it is refreshing, smooth, its aromatic tastes full, rich and rightly mixed, lasting, leaving an unforgettable tasting experience.”
- The National Baijiu Tasting Committee carried out a blind assessment on 197 samples of baijiu bought from the market in 2019. It turned out that 35-degree and 50-degree Wuliang Chun (Spring) won the first place in their respective niche segments. In particular, 35-degree Wuliang Chun (Spring) received the highest score among all samples, with 92.8.
- Wuliangye was awarded the Most Popular Time-honored Brand at the 2019 (16th) China Time-honored Brand Expo.
- 501 Wuliangye was awarded 2018 China Liquor Brand of Highest Investment Value.
- You Liquor won 2019 China Liquor Body Design Award.
- The 58-degree Blast Liquor won 2018 Annual Qingzhuo Award.





Quality management

Improve the system to ensure a high-quality product

The steps of cellar entry, vinasse extraction, and distillation are carried out in a layered manner. After quality-based liquor abstraction, liquor of the same quality is stored in jars together. Liquor storage follows a level-to-level model, and only the 15% of the finest will be selected as Wuliangye liquor.

Implementation of strict quality management process



System improvement	Training	Food safety expertise	Innovation of product quality verification	Enhance measuring equipment
<ul style="list-style-type: none"> Improve a number of regulations including Management Guidelines on Quality Verification. 	<ul style="list-style-type: none"> 79 employees dispatched to attend special training sessions. Roughly 700 new employees participated in training. Regular professional training sessions and practical operation assessment. 	<ul style="list-style-type: none"> Full coverage. Over 2,600 employees participated in exams on essential food safety knowledge. 	<ul style="list-style-type: none"> Replace traditional test methods with equipment. Quality verification from multiple dimensions. 	<ul style="list-style-type: none"> Measuring instruments with 100% weekly inspection rate. New equipment with 100% inspection rate.

Implement periodical control on product life cycle

Information and digital technologies are important supportive means to realize sustainable management on product life cycles, ensuring all products meet quality safety requirements.

04 Site for liquor grains

- In-depth surveys have been carried out in terms of field cultivation including seed selection and breeding, soil, climate, resistance against pests and diseases, as well as pesticides and chemical fertilizers, and warehousing and transportation;
- Cooperation with on-site suppliers to analyze quality problems to improve output quality;
- Realization of grain production in a local-based and upgraded manner on the special site.

03 Quality and safety of process water

- Carry out risk analysis on water source, water in process, finished water, water in pipeline, water at pipe end, and additional water, and take measures accordingly.

02 Grain acceptance

- Supervise all links and processes throughout grain acceptance by non-scheduled tests on grain samples and on-site inspection towards chosen regions;
- Enhance inspection on how grain acceptance workshops examine grains (including taking samples from a single vehicle, from full tests, from integrated samples retained, and from warehoused grains) to timely identify, analyze, and resolve problems.

01 Food safety responsibility

- Strictly implement the requirements that Party and operation leaders share the same responsibility on food safety issues, and promote practical implementation of food safety responsibilities shouldered by related parties.
- At the beginning of the year, break down targets of food quality safety level by level and require responsible parties to sign the safety responsibility agreements for better implementation.

05 Enhance management of new products

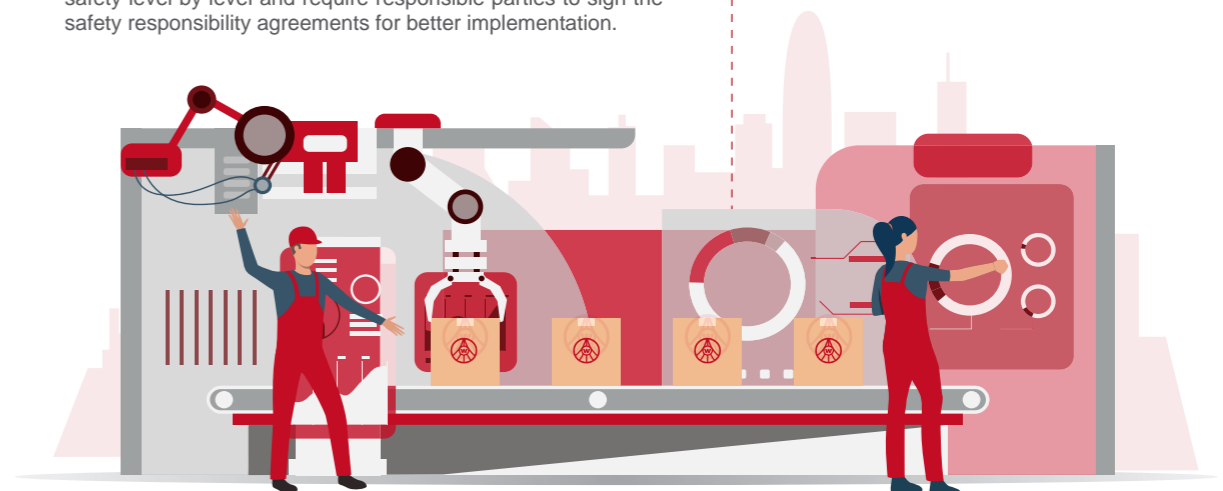
- Identify and remedy quality defects by testing new products;
- Organize hygiene test for packaging materials that are in direct contact with liquor body;
- Organize appearance, physical-chemical, and hygiene test for finished liquor warehoused;
- Organize special tests for package production lines;
- Organize analysis and tests for finished liquor sampled randomly.

06 Blending and finishing of liquor to be packaged

- Food quality safety management covers the whole process, which ensures product compliance and meets packages' requirements in production and sales.

07 Meetings on quality analysis

- For problems identified in aspects of new product quality, packaging material quality, control effect of package production process, and after-sales feedback on products,
- The meetings analyze causes of problems and propose measures for improvement and prevention to facilitate product quality upgrade and food safety.





Effective operation of quality management system

- The Company's management systems of food quality safety and measurement operate in an effective way;
- Quality, food safety management system, and product quality certifications by China Quality Mark Certification Group Sichuan Co., Ltd.
- Annual evaluation of measurement management system by Sichuan Sub-branch of China Certification Centre for Metrology and Measurement

Compliance with industry supervision standards

- Yibin Municipal Administration for Market Regulation examined Wuliangye's whole food production process, and it met all standards.
- Yibin Customs inspected Wuliangye's quality management of production, employees, and products, and all of its work complied with related requirements.
- Wuliangye has been operating in line with state laws, regulations, and standards including Food Safety Law, Measures for the Administration of Food Production Licensing, General Hygiene Regulations for Food Production, Measures for the Administration of the Routine Supervision and Inspection of the Food Production and Operation, and Provisions on the Recordation Administration of Enterprises Producing Exported Food.

Formulate standards and regulate industry technologies

Continue to modify technological standards

Formulate enterprise standards

- The Company formulated five enterprise standards including Requirements on Appearance Quality of Finished Liquor and Measures for Screening Metallic Elements in Liquor and Rapid Quantitative Detection.
- We continue to improve the original standards.
- The Company renewed its registration of products standards of High Alcohol-Level Strong-Flavor Liquor and Low Alcohol-Level Strong-Flavor Liquor.

Standardize industry development

- Secretariat of SC2 Strong-Flavor Sub-committee of National Technical Committee 358 on Chinese Spirits of Standardization Administration of China.
- Application and draft compilation of nine local standards including Liquor Grain-Sorghum.
- Formulation and submission of Strong-flavor Liquor national standard to Standardization Administration of the P. R. China.

National awards

中国质量协会
CHINA ASSOCIATION FOR QUALITY

全面质量管理推进40周年
1979-2019

杰出推进单位

中国质量协会
二〇一九年

- China Association for Quality - Outstanding Contributor to 40 Years' Total Quality Management
- Benchmark Enterprise for National Industrial Measurement
- Demonstration Entity in Yibin QC Activities
- 3 Excellent National Light Industry QC Achievements and 3 Excellent Yibin QC Achievements
- Ms. Chen Lin, General Manager and Chief Engineer of Yibin Wuliangye was given the 2018-2019 Individual Prize of China Quality Award and elected Outstanding Individual of China Quality.



Work safety

|| Prioritize precaution and guarantee enterprise development

Adhering to the "people-oriented" safe production concept, Wuliangye has established an efficient and sound occupational health and safety management system to safeguard employees' health and safety, as well as the safe development of the enterprise.

Establish a long-term safety management mechanism

Occupational health

1. Implement an occupational health and safety management system, acquire system certification, and achieve a good safety management performance.
2. Formulate the Responsibilities on Occupational Health and Safety, and establish an occupational health supervision accountability system centering on "dual responsibilities" for each position.
3. Implement the Manuals and Procedures of Occupational Health and Safety Management and Supervision Regulations on Occupational Disease Prevention and Control.

Organization structure

1. The Work Safety Committee is the highest authority responsible for the Company's safety management.
2. The Company's Work Safety Supervision Department is responsible for managing work safety.
3. All entities have set up management organs for work safety.
4. The primary responsibility of work safety is fulfilled level by level.
5. The Company adopts a list-based management system for work safety.

Safety system

1. Management system.
2. Reward and punishment system.
3. Procedural system.
4. Substantive system.
5. Operating procedures.



Training on safety

1. Training of managers at all levels.
2. "3-layered" education and training on safety education.
3. Training on special work safety.
4. Safety education and training for all employees.
5. Safety education and training on daily work.
6. Safety education and training for job resumption and change.

Emergency response construction

1. Improve emergency response system.
2. Formulate science-based emergency response plan.
3. Strengthen emergency infrastructure construction.
4. Enhance education on emergency response.
5. Organize emergency drills.

Potential risks identification

1. Make daily inspection a regular assignment.
2. Make special inspection more thorough.
3. Make segment inspection more professional.
4. Make potential risk treatment more systematic.

Diversify safety culture

The Company has promoted safety management through culture construction, committing to build a safety culture system prioritizing precaution. To enhance employees and their families' safety awareness, the Company has held an array of activities, such as Work Safety Month, 119 Fire Awareness Month, Yibin Work Safety Month, and Work Safety Law Awareness Week, as well as popularized education on safety knowledge to communities, schools, and workshops.



Launch ceremony of 2019 Work Safety Month



Popularized education on safety knowledge to schools



Practical production and operation safety

Basic management on safety

- Implement primary safety responsibility level by level
- Promote rule of law in work safety
- Improve "dual-control" mechanism
- Strengthen identification and treatment of potential risks
- Boost safety knowledge popularization, training, and education
- Facilitate emergency system construction

Targeted improvement in key areas

- Protection against thunder and static electricity
- Safety of special equipment
- Electrical safety
- Hazardous chemicals safety
- Fire safety in assembly occupancies
- Combustible and explosive area safety
- Construction safety
- Safety in dangerous operation

Enhance science-based safety management

- Promote list-based work safety
- Promote digitalization of safety management
- Promote science-based safety management
- Establish a management system for risk factors

The Company purchased high-tech protective installations and equipment and labor protection supplies, spending RMB 29.62 million in total.



The Company employed certified occupational health service providers to detect occupational hazard factors.

All employees have received physical examinations, and employees working in hazardous environments would receive additional examinations.

The Company has offered allowances for high temperature and dust.

Maintain good safety performance

The Company has kept a record of zero fire accident for 35 years consecutively, and obtained OHSMS (Occupational Health and Safety Management System) certification.

Work safety liability accident above normal level	Fire liability accident above normal level	Equipment liability accident above severe level	Occupational disease	Number of people with major and minor injuries
Zero	Zero	Zero	Zero	Within acceptable range



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye; Zeng Congqin, Chairman of Yibin Wuliangye; and Chen Lin, General Manager and Chief Engineer of Yibin Wuliangye led a team to inspect safety work upon the coming of the Spring Festival and National Day holiday.



Enhance emergency response and fulfill social responsibility

Empower systematic construction of emergency rescue

Emergency organization

- Leading group on emergency rescue
- Command center for emergency rescue
- Professional emergency teams
- Full-time fire brigade
- Emergency organizations in all units



Responsibility

Emergency system

- Formulation of Emergency Management Regulations on Work Safety Accidents
- Emergency rescue plan
- On-site response plan



Plan

- Comprehensive production
- Emergency drill for safety accidents
- Special emergency rescue drill
- Regular emergency drill at production group level
- Training on emergency rescue knowledge



Response

Emergency drill

Prevention



- Company's emergency command center
- Mini-fire station
- Automatic fire control system
- Equipment for emergency rescue

Emergency facilities

Fulfillment of social responsibilities

The Company has set up a full-time fire brigade that is capable of emergency rescue for various disasters and accidents. While safeguarding the Company, it has actively participated in external rescue to fulfill its social responsibilities.



Wuliangye's full-time fire brigade participated in the rescue for the fire accident of a vehicle carrying hazardous chemicals on Yibin-Leshan Expressway.

- There are 107 full-time firefighters so far.
- In 2019, the fire brigade carried out 11 firefighting operations and 6 external rescue tasks.
- It participated in the rescue effort after the earthquake in Changning on June 17th, and received high praise from Yao Sidan, Vice Governor of Sichuan Province.
- In the fire accident of a vehicle carrying hazardous chemicals on Yibin-Leshan Expressway on Sept. 19th, it rescued three people, evacuated over 20 others, and recovered property with a total worth of more than RMB 5 million.
- It participated in roughly 60 public service activities, such as catching snakes.



Fulfilling its corporate social responsibilities, Wuliangye has promoted safety knowledge in schools, communities, and nursing homes through training, which was warmly welcomed by the community.

- Wuliangye's fire brigade was awarded honorary titles of "National Leading Labor Unit" and "National Civilized Youth Unit".
- It was awarded "Sichuan Excellent Full-time Fire Brigade" by Fire and Rescue Department of Sichuan Province.
- It was recognized as "Professional Rescue Team for Hazardous Chemicals in Sichuan Province" by the Office of Sichuan Provincial Emergency Committee.







The full-time fire brigade held a firefighting skills competition.



Chapter Three

Leadership and Governance

Quanhengchang - one of Wuliangye's eight ancient liquor production workshops, is located on Changchun Street in the old downtown of Yibin, covering an area of 1,426 m², and boasting 27 cellars from the Ming and Qing dynasties.

-  Party's leadership
-  Corporate governance
-  Internal control
-  Integrity construction





Party's leadership

|| The CPC Wuliangye Committee steered the Company's development.

Upholding the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Party construction proceeded together with the enterprise at the same pace.

Party's leadership role

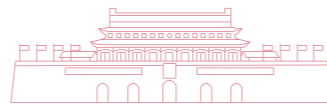


- The Company upholds the Party's leadership and fully leverages the Party's guiding role in making decisions, managing general situations, and facilitating implementation.
- The Company makes the Party Committee's discussion a prepositive procedure for the major decisions to be made by the Board or management.
- In 2019, 22 Party Committee's meetings were held, reviewing 111 issues.

Political thought construction



- Uphold principles of the 19th CPC National Congress.
- Strictly implement the study system of the Party committee theoretical study center group.
- Earnestly carry out the "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" education theme.



|| Establish the Party School of CPC Wuliangye Committee to build a think tank leading the development

On April 8th, 2019, the inauguration ceremony of SOE Party Construction Research Center and Party School of CPC Wuliangye Committee was held in the Party Construction Center, which marked the first of its kind in the Chinese liquor industry. CPC Wuliangye Committee has been committed to building the Party School into a think tank that would lead development, a purifier that would improve conduct, and a fuelling station for talent training, giving full play to Party's strengths in education and cultivation.



|| Open Party Secretary Shuguang's Party lectures on WeChat to improve Party members' quality

CPC Wuliangye Committee has opened the "Civilized Wuliangye" Party Construction WeChat account, including an innovative column of "Party Secretary Shuguang's Party lectures". The column focuses on major decisions and guiding documents made by the central leadership, and offers online Party lectures to Wuliangye's Party members and cadres without time or space limitations. In 2019, there were 10 sessions of the "Party Secretary Shuguang's Party lectures on WeChat", receiving over 7,000 views and improving the political knowledge of Party members and cadres.



Wuliangye's Party Secretary Shuguang's Party lectures on WeChat



Wuliangye organized the first session of Demonstration Training Class for Party Secretaries of State-owned Enterprises in Sichuan



Special Training Class on Wuliangye Group's Party Construction by Party School of the Central Committee of CPC (National Academy of Governance)



Enhance community-level Party construction

01 Continuously advance key tasks in SOE Party construction

- The Company has implemented the "Project of Enhancing Community-level Party Construction" to finish the 39 key tasks in SOE Party construction with all-out efforts.
- The Company has put Party construction on top of its political agenda and incorporated Party construction into the Articles of Association as required.

03 Enhance basic guarantee at community level

- Strengthen personnel guarantee by assigning full-time or part-time staff responsible for community-level Party construction
- Strengthen fund investment by reserving Company's Party construction funds and appropriating Party construction fund and base construction fund to community-level Party organizations.
- The Company has enhanced base construction, and basically set up a Party construction cultural system of "Wuliangye Party Construction Cultural Center + Community-level Party Construction Bases". Wuliangye Party Construction Cultural Center has been chosen as the Party Construction Survey Base of SASAC (State-owned Assets Supervision and Administration Commission of the State Council).

02 Promote the standardization of community-level Party organization construction

- The Company revised Guidelines on Standardization of Community-level Party Organization Construction in Wuliangye Group and Yibin Wuliangye, highlighting five crucial areas of "basic education, basic construction, basic system, basic team, and basic guarantee".

04 Fully implement Party construction responsibility mechanism

- CPC Wuliangye Committee has always prioritized Party construction on its political agenda. Centering on the objective of setting "an example in SOE Party construction", it has thoroughly carried out its primary responsibilities in Party construction when the Party secretary works as the first person responsible, the secretary of Committee for Discipline Inspection fulfills inspection duties, and other members of the leading group of the Party Committee perform "dual responsibilities".



Stimulate vitality and set an example

- The Company held a "read original works and comprehend the original philosophy" activity to enhance study of political theories.
- The Company promoted spiritual civilization to encourage employees to become active communicators and practitioners of core socialist values.
- The Company held many themed Party construction activities including "July 1st" activities, "WeChat Party Lecture" competition, and events celebrating the 70th anniversary of the founding of the People's Republic of China.

Wuliangye "Study-Competition-Advancement" Series activities

The Company organized a series of activities to promote study into the Party constitution and regulations, important speeches, Party and Chinese history, and excellent practices and expertise, to boost competition in daily work on responsibility awareness, contribution, innovation, competence, and ethical values, and to make advancements in production and operation, reform problem resolution, rules formulation, and self-development so that the themed education could deliver stronger and more long-lasting impacts on Wuliangye people and transform into practical results.



Wuliangye's Party member-led key project

To leverage Party members and teams' exemplary and inspiring impacts on key development issues as tackling reform challenges, innovating operation and management, and resolving technological difficulties, CPC Wuliangye Committee has adopted the idea of "lead development with Party construction" and approved a number of Party member-led key projects on a regular basis in order to encourage Party members to voluntarily devote to major and centric projects. In 2019, CPC Wuliangye Committee assessed 158 projects of this kind launched in the past 2 years, and selected 10 outstanding projects to demonstrate achievements.



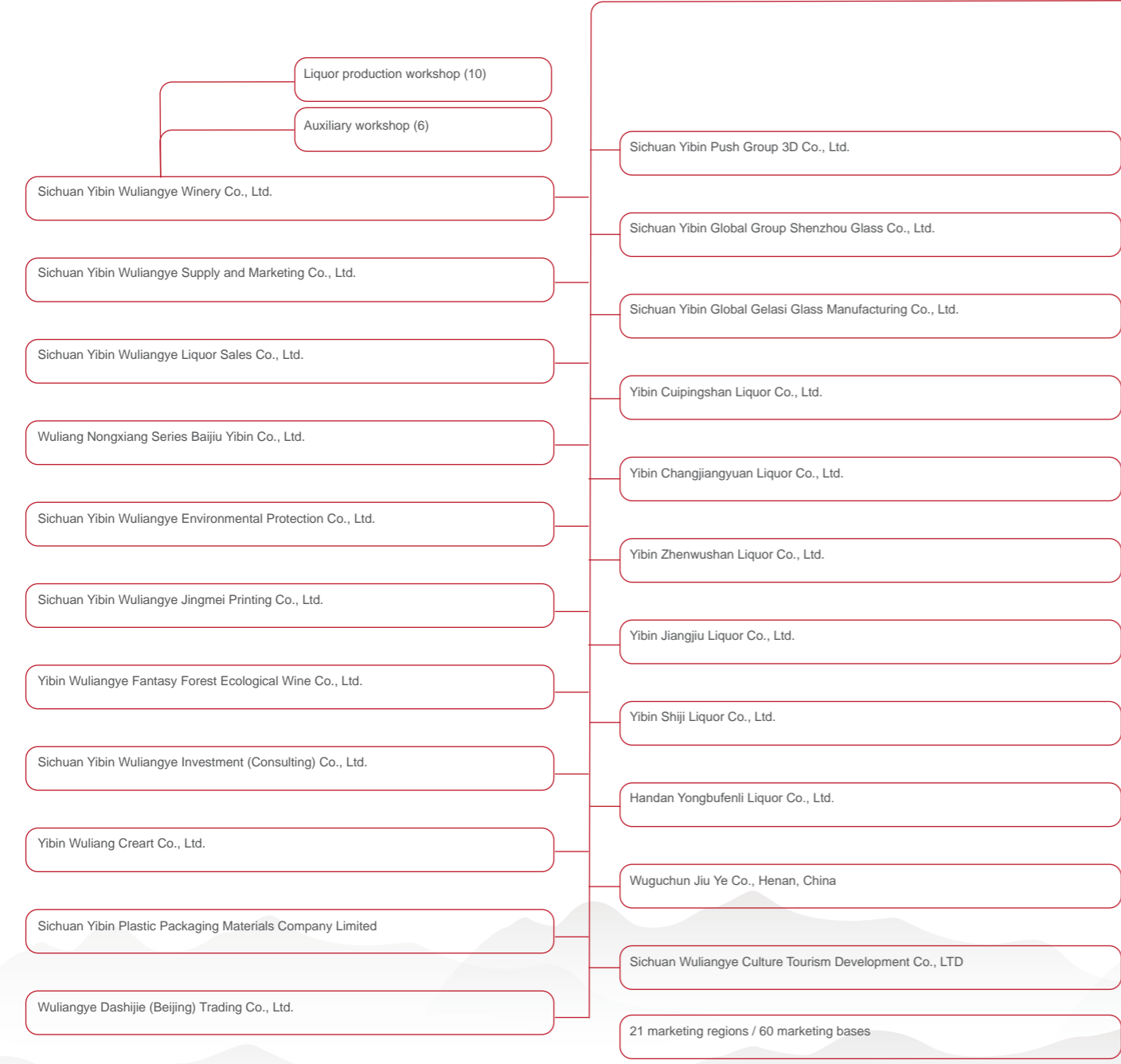
Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, inspected achievements of Party member-led key projects



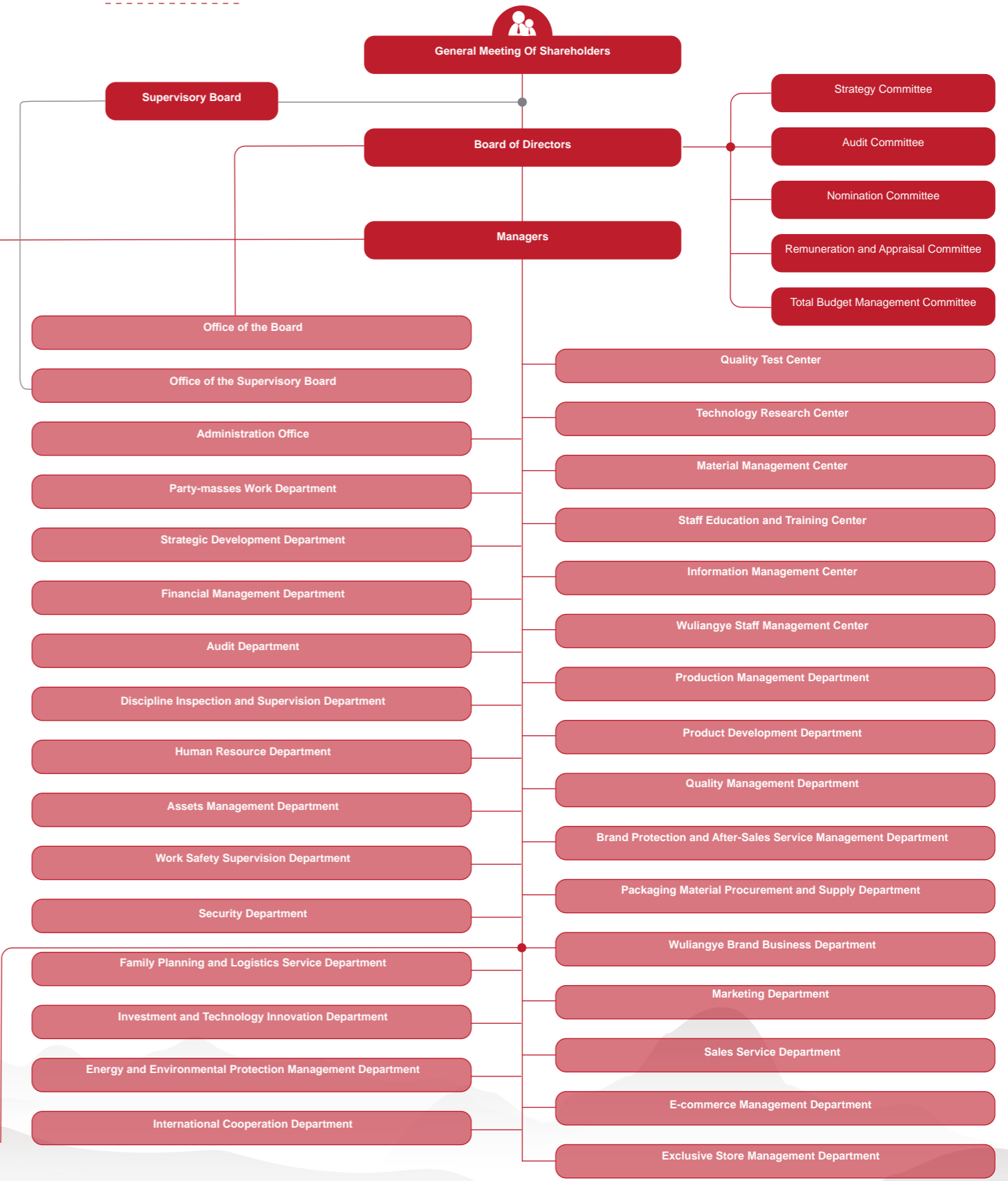
Corporate governance

Regulate corporate governance to consolidate foundations

Wuliangye has established a standard corporate governance structure where the general meeting of shareholders, Board of Directors, Supervisory Board, and managers perform functions of authority, decision-making, supervision, and execution respectively, forming an effective mechanism of division of labor and counterbalance. The Board of Directors and Supervisory Board report to the general meeting of shareholders, and managers report to the Board of Directors. The Board of Directors has established the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee, and the Total Budget Management Committee.



Enhance corporate structure





General Meeting Of Shareholders



According to Company Law and the Articles of Association, the general meeting of shareholders exercises the decision-making power over major issues including the Company's management policy, investment plan, profit distribution plan, and revision of the Articles of Association, and the calling and convention of the general meeting of shareholders shall be in line with legal procedures.

- In 2019, the general meeting of shareholders was convened twice, reviewing 17 proposals.
- The Articles of Association and Rules of Procedure for Shareholders' Meetings were revised.



Board of Directors



The incumbent Board of the Company is the 5th board comprising 9 directors, of which 1 is appointed by Yibin State-owned Assets Management Co., Ltd. (proposed), 5 are inside directors, and 3 are independent directors. The Board of Directors has established the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee, and the Total Budget Management Committee.

- In 2019, 17 Board meetings were convened, reviewing 39 proposals.



The 60th session of the 5th Board of Directors

Supervisory Board



The incumbent Supervisory Board of the Company is the 5th supervisory board comprising 4 supervisors, of which 2 are appointed by Yibin State-owned Assets Management Co., Ltd. and the other 2 are employee supervisors.

- In 2019, 5 meetings of the Supervisory Board were convened, reviewing 18 proposals.
- The Supervisory Board supervised directors, managers, and other senior management to perform their duties in accordance with law.



Yang Yunxia, Labor Union Chairwoman and Supervisor of Yibin Wuliangye, addressed the 2019 Wuliangye Special Training Class for Supervisors.



Join hands with investors to share enterprise value

Standardize information disclosure

The Company has strictly followed regulations including Information Disclosure Management Rules to disclose information on the Company's major issues and production and management in a timely, authentic, accurate, and comprehensive manner. In 2019, the Company complied and disclosed 83 periodic and provisional reports timely according to related regulations.

Actively communicate with investors

To improve the investor relations management system, the Company has formulated Guidelines on Investor Relations and Communication to better build the team in this regard, and has realized good communication with domestic and international investors and enhanced their confidence in and recognition of the Company's future.

- Over 50 face-to-face meetings covering 1,600 people including 15 meetings on securities traders' investment strategy
- More than 2,500 conversations on the phone.
- 237 replies to investors' questions on irm.cninfo.com.cn/.
- Three tasting conferences of the 8th-generation classic Wuliangye in Beijing, Shanghai, and Shenzhen, which attracted over 400 attendees.



Wuliangye Investor Communication Conference 2019



Field visits by institutional investors



Investor Protection Campaign in May 2019



In 2019, the Company held tasting conferences of the 8th-generation classic Wuliangye in Beijing, Shanghai, and Shenzhen.

Emphasize investor return

Highlight the importance of delivering returns to shareholders and keep sharing development benefits with investors. From being listed in 1998 to 2019, the Company has distributed cash dividends of large amounts to investors.

Total amount of cash dividends
17 Times

Accumulated amount of cash dividends
310.43 RMB 100 million
(excluding 2019 profit distribution plan)

Total amount of funds raised
38.15 RMB 100 million **8.14** Times

Profit Distribution Plan 2019

Based on the current total share equity, the Company planned to deliver all shareholders a dividend of RMB 22 (tax included) per 10 shares, totaling RMB 8.54 billion (tax included) of cash dividends.

Create value for shareholders

In 2019, Wuliangye's stock price reached a record high and maintained the price above RMB 100. As of December 31st, 2019, the Company's closing price stood at RMB 133.01, and its market capitalization reached RMB 516.293 billion, ranking first in all companies listed in the Shenzhen Stock Exchange and all Sichuan-based listed companies.



Internal Control

|| Improve internal audit to consolidate the Company's foundation

In line with laws and regulations including Basic Internal Control Norms for Enterprises and its guidelines, and Shenzhen Stock Exchange (SZSE)'s Guidelines for the Standard Operation of Listed Companies, the Company has established and improved the internal control and risk management system centering on risk features in liquor industry.

Internal Control	Risk management system
<ul style="list-style-type: none"> •Revise the Internal Control Manual •Implement quarterly special inspections on deposit and use of funds raised, and employ accounting firms to issue assurance report. •Perform self-evaluation and assessment on internal control. •Implement special inspections on bi-annual and annual risk evaluation, and related deposits and loans of the finance company. 	<ul style="list-style-type: none"> •Establish a sound and standard risk prevention mechanism by setting up a risk prevention and control committee comprising a special team on risk control. •Submit inspection reports on risk control. •Establish and selectively check risk ledger to identify potential risks.

|| Enhance internal audit to increase management efficiency

Audit

- The Audit Department independently implements internal audit.
- Issue opinions on enhancing and improving internal audit, including setting up five new internal auditing systems.
- Perform special, financial, profit, and performance audits and provide rectification opinions.
- Internal audits on project investment and procurement saved RMB 212 million in total.

Internal audit organization and infrastructure construction

- Empower audit by technology and implement connected audit
- Train auditors by practical work instead of training, and over 30 auditors acquired professional certifications.
- Organize diversified study activities to enhance internal audit, such as "internal audit lectures".
- Implement the practice of dispatching internal auditors to oversee subsidiaries.

Set an example in enterprise internal audit

- The article Harmonious Wuliangye and Brilliant Internal Auditors was published on Internal Auditing in China (Issue 6 in 2019, Vol. 240), which is a national academic journal of China Institute of Internal Audit.
- Sichuan Provincial Audit Department recognized Wuliangye's practices and experience in internal audit in its No.18 Work News, 2019.
- The Company was honored the title of "Exemplary Group of Internal Audit in Yibin", and 2 internal auditors were rated as outstanding individuals.

Integrity construction

|| Uphold integrity and perform anti-bribery and corruption (ABC) duties

Promote construction of ABC risk control system

The Company facilitated the construction of "1+3" ABC control system to fulfill ABC responsibilities and promote sound development of the Company.

ABC system creates a new environment

- Implement 15 ABC systems
- Revise 20 ABC mechanisms and explore new mechanisms like separation of investigation and trial, and "regular training in rotation" of community-level inspectors and supervisors.

The team of discipline inspection and supervision generates a new drive

- Enhance discipline inspection and supervision by bringing in external personnel and training internal personnel, building a team of over 160 full-time or part-time inspectors and administrative supervisors.
- Organize "WeChat Discipline Lectures", offering themed training sessions to over 280 persons.
- Arrange special offices and professional facilities for discipline inspection and supervision.

Keep implementing ABC practices

Create an honest and fair business environment to raise production and management efficiency. In 2019, no violation of discipline was found in senior management. The Company has established an official anonymous reporting systems and acceptance platforms to ensure smooth complaints and violation reporting, such as hotline, reporting mailbox, on-site reception, and emails. The Company's ABC culture was awarded the "Grand Prize of 2018-2019 Annual National Corporate Cultural Achievements".



Wei Hongying, Secretary of Committee for Discipline Inspection, led middle management to visit Yibin Anti-Corruption Educational Center and repeated CPC admission oath.

Communication and training become the New Normal

- Clarify responsibilities and promote ABC-oriented practices among management
- Hold 6 ABC-themed lectures with over 4,000 people participating in video viewing or on-site education.
- Distribute over 5,000 copies of Cases of Anti-bribery and Corruption in State-owned Enterprises and Records of Confession 1, and send over 6,000 short messages on ABC.

Stringent implementation of disciplines creates a new environment

- The Company has signed Letter of Responsibility on Self-discipline and Clean Practices with employees, and established 1,186 copies of Integrity Records and Self-check Form.
- Optimize online monitoring system of Yibin SOE discipline inspection and supervision.
- Investigate 60 tips of violation and impose administrative punishments on 26 people.

"Three central rectification projects" promote a new trend

- Perform central rectification towards problems that Party members and cadres and employees on key positions use Wuliangye products for their own sake.
- Perform central rectification on problems of formalism and bureaucracy.
- Perform central rectification on "accumulation of wealth by gambling".




Chapter Four

Staff Support and Customer Satisfaction

Liudingxing - one of Wuliangye's eight ancient liquor production workshops, is located on Zhengbei Street in the old downtown of Yibin, covering an area of 655 m², and boasting 21 cellars from the Ming and Qing dynasties.

 Caring for employees

 Service for customers

 Dealer's support

 Cooperation with suppliers





Caring for employees

Legitimate employment and establishment of the family of Wuliangye

Import intellectual support



Implement "Thousand-Hundred-Ten Talent Program"

- Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, served as the head of the group.
- The Company has implemented a number of incentives like house purchasing allowance and position incentives.
- In 2019, the Company introduced one internationally-renowned flavor chemist in a flexible manner, who is regarded as a "Thousand-level" talent.

Employment of fresh graduates

- Employ talents graduated from University of Birmingham, University of Warwick, Xi'an Jiaotong University, Sichuan University, Chongqing University, University of Electronic Science and Technology of China, Southwestern University of Finance and Economics and Jiangnan University, etc.
- In 2019, the Company employed 71 fresh graduates.



On-board training of 2019 graduates

Inheritance of Wuliangye's craftsmanship

Generations of Wuliangye people pass down the legacies of production and drive innovation through this inheritance. Upholding the principles of "seeing, smelling, tasting, and touching", Wuliangye people has been committed to preserve and carry forward valuable traditions via teaching in words and practices and the "1+N" model, and spent their whole life on craftsmanship, excellent technologies, and integrity.

Experts at national level

- 23 experts with special allowance by the State Council
- 5 China Liquor Production Masters
- 3 China Baijiu Masters
- 2 China Baijiu Process Masters
- 4 China Liquor Reviewers
- 6 China Chief Liquor Tasters
- 20 Baijiu reviewers at national level
- 6 National Technical Experts

Experts at provincial level

- 1 expert in Sichuan "Thousand Talents" program
- 2 Sichuan academic and technological leaders
- 10 Sichuan experts with outstanding achievements
- 4 Sichuan Liquor Production Masters
- 25 Sichuan Baijiu Reviewers
- 8 Sichuan Excellent Technicians

Skilled staff

- 970 people with advanced professional certification and senior-level skills
- 1,913 people with medium professional certification and medium-level skills
- 4,962 people with elementary professional certification and junior-level skills

Creation of jobs

Wuliangye has employed staff in line with laws and regulations. By promoting equal employment, it has created numerous jobs, contributing to social stability.

Gender composition



19,282 male employees, accounting for 73%



7,066 female employees, accounting for 27%

Age structure

Below 30 years old

4,211 persons, accounting for 16%

30 - 50 years old

19,271 persons, accounting for 73%

Above 50 years old

2,866 persons, accounting for 11%

Educational background

Senior high school to junior college
16,876 Person

Undergraduate
2,369 Person

Postgraduate and above
239 Person

Type	Indicators	2019
Compliance and basic rights	Number of penalties received for violations of laws and regulations on employment and labor	Zero
	Signing rate of labor contracts	100%
	Number of employees covered by collective negotiation agreement (congress of workers and staff)	3,562 persons
	Number of work-related casualties	Zero
	Morbidity of occupational disease	Zero
	Coverage of physical examination	100%
	Expenditures on physical examinations	RMB 14.02 million



Enhance welfare of employees

The Company has kept improving employees' wages and welfares, creating a better working environment and protecting their rights.

Employee's compensation and welfare

- Employee's compensation has increased with the Company's growth with a significant rise in YoY annual per capita income.
- The Company has paid the premiums of endowment insurance, medical insurance, unemployment insurance, supplementary medical insurance, work-related injury insurance, and maternity insurance, and the housing provident funds at the highest level of corporate proportion.
- The Company has adopted the enterprise annuity system across the enterprise.
- The work meal allowance has been raised by 80%.
- Welfares have been provided in terms of work meal allowance, gift cards, high temperature allowance, birthday gift card, and holiday gifts.

Employee's working environment

- The Company has invested RMB 140 million to renovate workshop tool houses, locker rooms, toilets, and employee's living quarters and support facilities.
- The Company has upgraded the 1,000-square meters "Wuliangye Employee's Family" and realized integrated on-line and offline services by the labor union.
- The Company has upgraded "Wuliangye Family", the labor union's digital platform.



Wuliangye Employee's Family



"Wuliangye Family", the labor union's digital platform, was awarded as "the most influential platform".

Support female's development

Wuliangye has created a fair environment for females in regard of employment and promotion to facilitate family harmony, social stability, and civilization progress. The Company has held the working conference of All Female Employees' Committee, vocational skills competition for female employees, fun games, and a series of activities celebrating the International Women's Day.



Lectures on family education and psychological health



Flower arrangement training themed "Pursue Dreams Together in Flower Blossom"

Highlight training to support employee development

Development of diversified training models

- The Company has developed the online education platform and upgraded data bases to meet employees' need for mobile work and online study.
- The Company has developed digital training classes for new employees to cultivate talents for digital transformation.

Accumulated number of people receiving the training

36,253 Person

Accumulated hours of training

1,229,106 Hours

Expenditure on training

1,166.19 RMB '0,000

Enhance employee's value

2019 annual training and assessment for liquor taster and producer

Launched on July 26th, the 1-month training invited renowned domestic Baijiu experts, Baijiu reviewers at national level, and professional lecturers to train 1,447 people on an array of aspects including raw materials, production of distiller's yeast, liquor production techniques, liquor body design, liquor assessment, as well as liquor inspection and standards, in order to enhance employees' theoretical and practical competence.

2019 annual tasting and assessment skills competition of liquor production workshops

On October 24th, the Company's labor union organized the tasting competition with the support of the Production Management Department and Workshop 506, attracting 180 competitors. This competition aimed to enhance liquor production technicians' accurate control over un-blended liquor, align their sensory understanding to the same standards, and improve their skills in tasting and evaluation.



The Company held 2019 annual tasting competition of liquor production workshops.



The third Yibin Municipal Skills Competition on "Vinasse-based Ingredient Making and Tasting"

Wuliangye Labor Union and Yibin Municipal Labor Union jointly held the 3rd Yibin Municipal Tasting Competition to promote and carry forward the spirits of model workers and craftsmanship and strengthen the skill set of workers on the production line by means of competition and practices instead of training or learning, creating favorable conditions for technicians to develop.



Inspire employees

- The first "Wuliangye Craftsmen" campaign selected 5 "Wuliangye Craftsmen", 5 "Liquor Production Craftsmen", and 1 "Distiller's Yeast Production Craftsman".
- The May Day Awards event honored 2 medalists of Sichuan May Day Medal, 2 of Yibin Municipal May Day Medal, and 11 "Wuliangye Craftsmen".



The Company held the May Day Awards event to let workers showcase their skills and talents.

Organize diversified activities for employees

Enrich employees' spiritual life

In 2019, the Company held 10 "Cultural Weekend" shows, which provided a platform for employees to show their talents and attracted audiences of 4,000, and also 20 cultural and sports events.

Cultural and sports events



"Wuliangye's Evening"



The Company co-organized the third Sichuan & Tibet-based Listed Company "Healthy Jogging"



Employees' weekend art show



Training of aerobic dancing



Winter swimming



Offer support to employees in need

Establish support system for employees in need

The Company formulated and implemented the Management Rules on Internal Retirement of Severely-ill Employees (Trail) and revised the charter of mutual-assistance and poverty alleviation fund to develop a support mechanism integrating assistance provided in both regular and sudden cases.



- There were 59 workers who left their positions to recover their health.
- The Company visited employees with financial difficulties or in hospital during the Spring Festival and gave allowances to them.
- The Company sent greetings and allowances to employees who continued to work during the Spring Festival.
- The Company showed care to children of employees on Children's Day on June 1st.
- The Company sent greetings and condolences payments to over 40 employees who suffered from the earthquake in Changning on June 17th.
- The Company offered student grants to children of employees with financial difficulties.
- The Company has granted over RMB 6.3 million in financial aid of all kinds.
- The Company has assisted over 1,100 employees in need.
- The Company has assisted over 106 registered impoverished employees.
- The Company has assisted 25 registered impoverished employees at national level and 3 at provincial level to get out of poverty.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, sent greetings and allowances to front-line workers.



Zeng Congqin, Chairman of Yibin Wuliangye, sent greetings and allowances to workers on the production line.

Focus on needs of employees

- The Company's labor dispute arbitration committee, labor union's company information disclosure group, and the leading group of employee complaints have played an active role in identifying and satisfying the reasonable needs of employees.
- The labor union has placed great emphasis on employees' reasonable needs, and it receives employees every Monday, Wednesday, and Friday. In 2019, it received 94 appeals from employees.
- In 2019, the Company dealt with 26 petition cases in a proper way, down by 19 cases compared with 2018.



Service for customers

Reform marketing to explore market terminals

Create platform-type marketing organizations

The Company was awarded "Best Experience Marketing Company" of Dingge Award in 2019 China Enterprise Digital Transformation, co-sponsored by Tsinghua University IGI (Institute for Global Industry), Harvard Business Review, and SAP (China).

Reform of platform-type marketing organizations

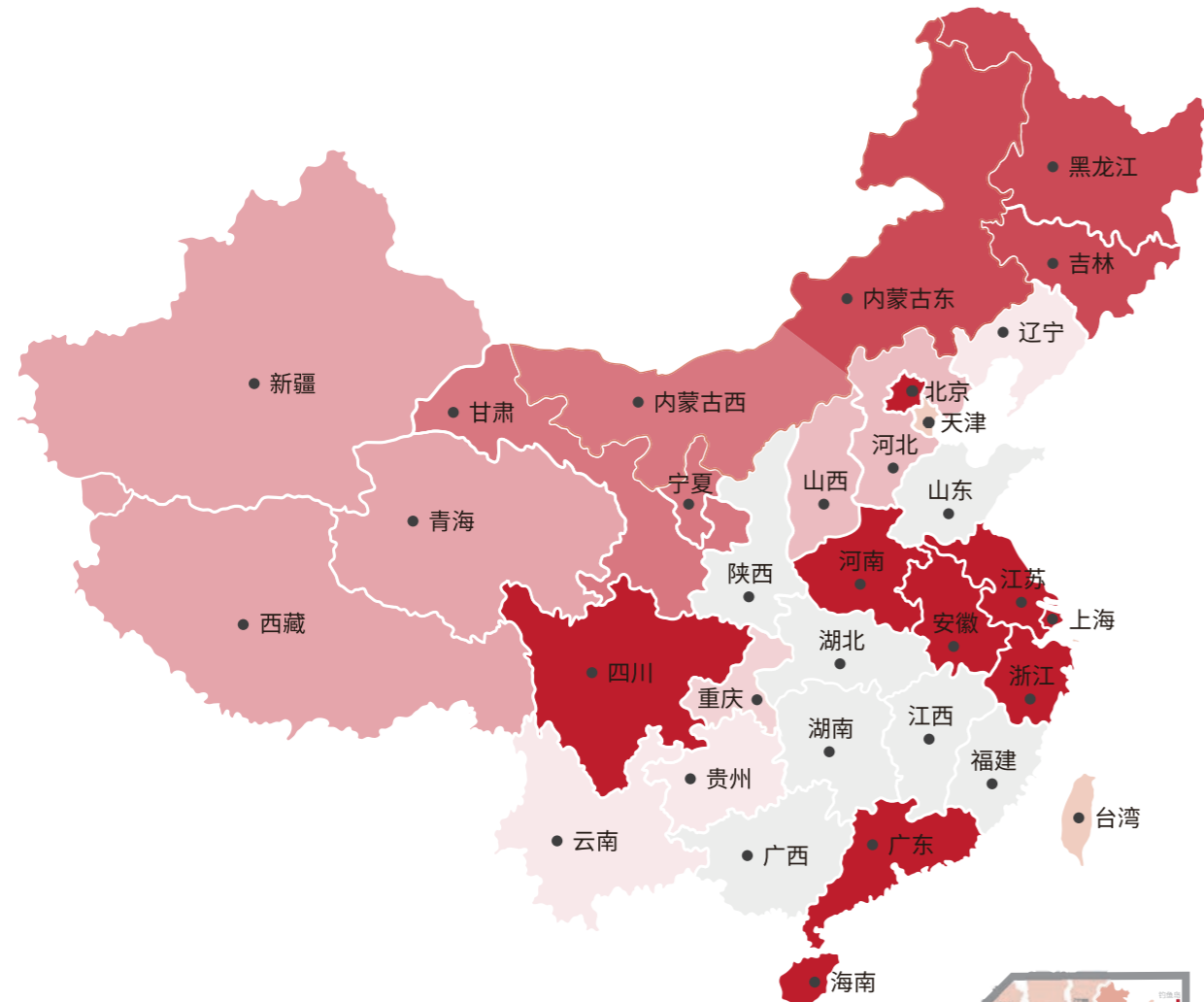


On February 18th, 2019, the Company held a marketing reform working meeting to launch the market-driven reform of platform-type marketing organizations. Wuliangye Brand planned to set up 21 marketing regions and 60 marketing bases nationwide and to consolidate the former 3 companies of liquor series and Yibin Wuliangye Xianlin Ecological Liquor Co., Ltd. to optimize resource allocation. This round of marketing reform would bring the Company closer to markets, terminals, and consumers and facilitate in-depth market exploration and efficient services.





Marketing Region Map
- 21 marketing regions, with 8 at the core



- ★ MR Beijing
- ★ MR Sichuan
- ★ MR Shanghai
- ★ MR Anhui
- ★ MR Zhejiang
- ★ MR Jiangsu
- ★ MR Henan
- ★ MR Guangdong

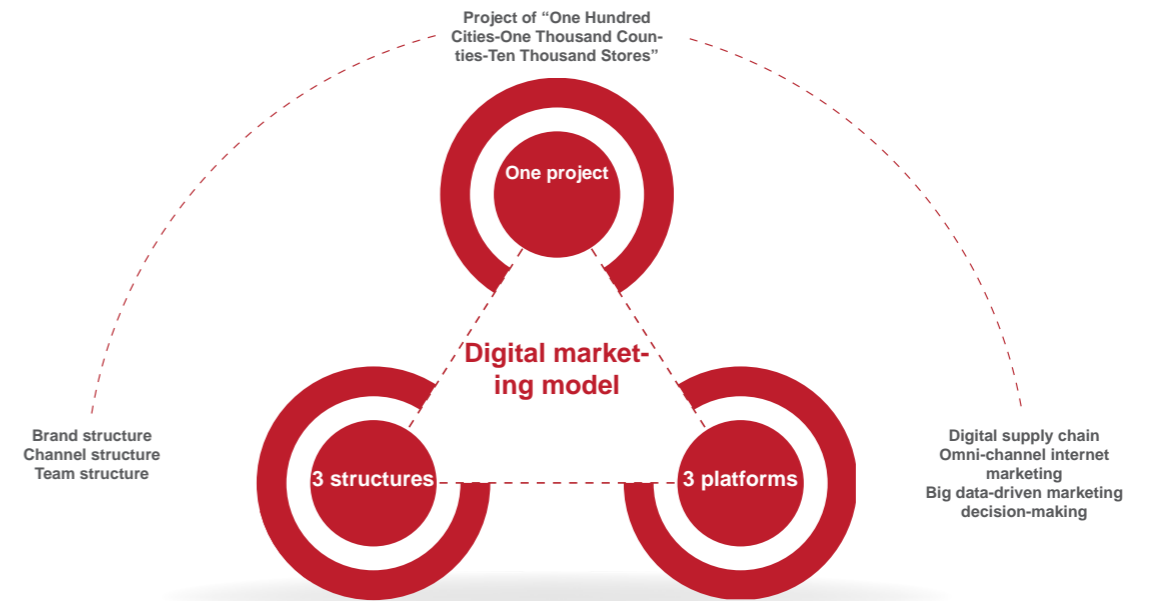
- MR Tianjin
- MR Chongqing
- MR Liaoning
- MR Shaanxi
- MR Shanxi and Hebei
- MR Shandong
- MR Hubei and Jiangxi
- MR Fujian
- MR Hunan
- MR Xinjiang, Qinghai, and Tibet
- MR Guangxi, Guizhou, and Yunnan
- MR Gansu, Ningxia, and Western Inner Mongolia
- MR Heilongjiang, Jilin, and Eastern Inner Mongolia



Core marketing regions

Accelerate marketing digitalization

Since 2017, the Company has started its digitalization by cooperation with IBM, an expert in digital transformation, and SAP, the largest management software company in the world. It has implemented the Digital Transformation Blueprint to carry out "1-365" digitalization centering on a second startup, quality, and experience. It has made all-out efforts to drive digital empowerment vertically and horizontally to increase the enterprise's core management competence in digitalized decision-making, management, and operation, driving the company towards the world-class group. In 2019, the Company advanced the upgrading of Wuliangye's exclusive stores and the construction of Wuliangye's core terminal system, and completed the integration of the product supply chain to international and domestic major supermarkets, developing into a digitalized terminal marketing.



Honest operation to protect consumer's benefits and rights

Organize honest marketing campaigns

The Company has rigorously abided by commercial credit and implemented honest marketing campaigns by taking practical measures to ensure true advertising, and consumers' rights to be informed with true and accurate information.

Legal personnel	Marketing personnel	Dealers
<ul style="list-style-type: none"> ● Contract management and legality review on articles in contracts. ● Legal consulting to marketing departments. 	<ul style="list-style-type: none"> ● Training on key marketing tasks for the whole year. ● Strict requirement for marketing personnel to follow the Company's policies. ● Strict requirement for marketing personnel to carry out true advertising. ● Emphasis on marketing personnel's learning and use of law. 	<ul style="list-style-type: none"> ● Training on Wuliangye's brand and corporate culture. ● Training on improving services to retail customers. ● Training on enhancing the capacity to acquire and maintain corporate buyers.



Support "Kunlun Action" on food-safety

The Company supported the "Kunlun Action" launched by the Ministry of Public Security on a national scale and the exhibition of achievements in the joint rectification campaign against food safety problems, identifying products for consumers and promoting Wuliangye's IP.



Protect consumer's privacy and personal information

- The Company has set up a club for Wuliangye consumers, where personal information and privacy are under strict protection.
- The collection and use of information are limited within the necessary scope required by Wuliangye's services.
- The Company explains to consumers on how it collects, uses, stores, and shares personal information.
- According to legal requirements and proven security standards in the industry, the Company has adopted encryption technologies to ensure data security.

Increase consumer's satisfaction on after-sales services

- The Company has opened up more channels to deal with consumer complaints, answer questions, and collect information on fake products and infringement.
- The Company has endeavored to provide quality after-sales services to consumers. In 2019, it received 1,394 after-sales calls, all of which were dealt with immediately.
- In the Sichuan Association for Quality's third-party evaluation on customer satisfaction rate of after-sales services, Wuliangye gained a high score of 94.62.

Develop into a market-recognized honest enterprise

- Excellent Company in 2018 Annual Legal Publicity and Education.
- Excellent Company in the Middle Phase of the 7th Five-year Plan of Legal Publicity in Sichuan.
- Sichuan Credit and Law-abiding Demonstration Enterprise, National Credit Enterprise Abiding by Contract, Sichuan Credit Enterprise Abiding by Contract.
- China Top 10 After-Sales Service Providers awarded by China General Chamber of Commerce.
- 2018 Sichuan Credit Demonstration Enterprise.

Apply technologies to improve customer services

Develop product with intelligent traceable package

One unique code per bottle

To adapt to interactive consumption habits in the digital age, the Company has introduced the QR code to the bottle of the 8th-generation classic Wuliangye for traceability, which allows every consumer to tell the genuine from the fake and drink with peace of mind.

Added value service for company members

Consumers could easily gain Wuliangye's membership by scanning the code, acquiring member points, and enjoying the exclusive value-added member services.

Assist consumers in identifying authorized exclusive stores

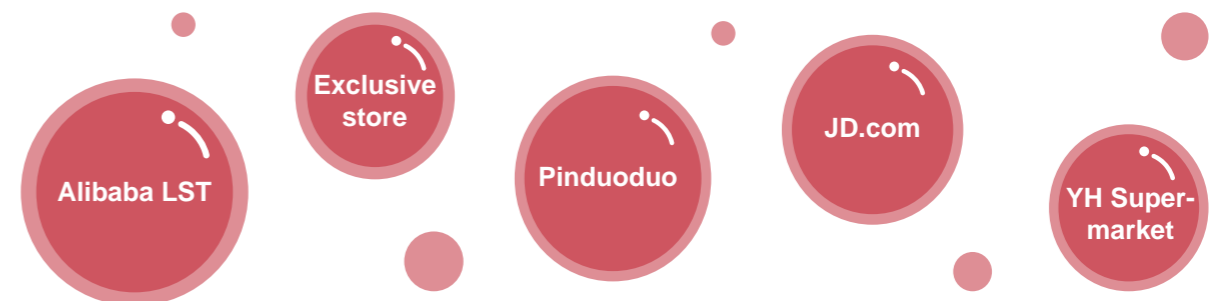
Wuliangye and Amap co-recognized project

The project was rolled out in July 2019, making Wuliangye the first brand in China to launch a recognition project with Amap. It has provided consumers with convenient, fast, and correct access to authorized exclusive stores co-recognized by Wuliangye and Amap (with V mark or chain store mark). Amap has differed authorized stores from the unauthorized to better protect consumers' rights and benefits.



Intelligent retail to enhance consumer experience

- The Company has promoted consumer-centric intelligent retail by opening more offline exclusive stores and online official e-commerce platforms to get closer to consumers.
- The online platform wlyweixin.com has organized Wuliangye Liquor Carnival, meeting consumers' needs by supplying many products rarely seen elsewhere.
- The Company has organized activities including auctions of highly valuable products, flash sales, group buying, and lotteries to bring more benefits to consumers.





Dealer's support

Seek development together with partners

Honest cooperation

Wuliangye has set up strict dealer admittance criteria and policies, requiring dealers to operate in a compliant and honest way. The Company has treated all dealers in an equal manner, and exchanged in-depth ideas with dealers to build common ground.

- In 2019, the Company established partnerships with 61 overseas dealers.
- The Company convened national meetings including dealer exchange meetings and brand strategy presentations.
- The Company invited dealers to attend various international liquor exhibitions, expos, and field visits.
- The Company offered training for dealers and developed supportive policy.
- The Company and dealers reached a consensus on fulfilling corporate social responsibilities.



Share achievements

The 23rd Wuliangye 1218 Annual Convention on Achieving Shared Growth Through Discussion and Collaboration

The company actively facilitated dealers to participate in events like the annual conference of China Alcoholic Drinks Association, International Wine & Spirits Alliance Summit, Liquor Sage Ceremony, and appreciation activities. In addition, it has selected star-level dealers to appreciate their efforts and share Wuliangye's development and reform achievements.



"Aggregation and Win-Win" Wuliangye Liquor Series Dealer Communication Meeting

The Company had in-depth dialogues with dealers in an honest way to boost cooperation with modern and specialized channels, to empower series liquor's dealers, to invest more into brand promotion in a targeted manner, and to raise dealers' profitability on the whole. The Company has supported dealers with leveled measures and special policies.



Zou Tao, Executive Deputy General Manager of Yibin Wuliangye, attended the Wuliangye Liquor Series Dealer Communication Meeting

Win dealers' trust

Dealers donated melons to Wuliangye's craftsmen in summer

On July 20th, 2019, the General Manager of Gansu Zhongxin Liquor Co., Ltd. led a delegation to visit Wuliangye despite the long distance, and held the "Donate Melons in Summer to Show Appreciation for Wuliangye's craftsman" activity to show their heartfelt gratitude to Wuliangye's craftsman. They brought 26,500 kg Gansu-produced Bailan Melon to 505 and 513 workshops, expressing their appreciation towards the big family of Wuliangye.



In recent years, guided by the spirit of "second startup", Wuliangye has overcome numerous obstacles to enhance marketing reform, creating a good environment for the joint consultation and development between Wuliangye and dealers. This visit aims to not only express our thanks for the dedication of Wuliangye people, but also show our confidence to fulfill the marketing goals and resolution to develop together with Wuliangye side by side.

-Zhang Zhengjun, General Manager of Gansu Zhongxin Liquor Co., Ltd.



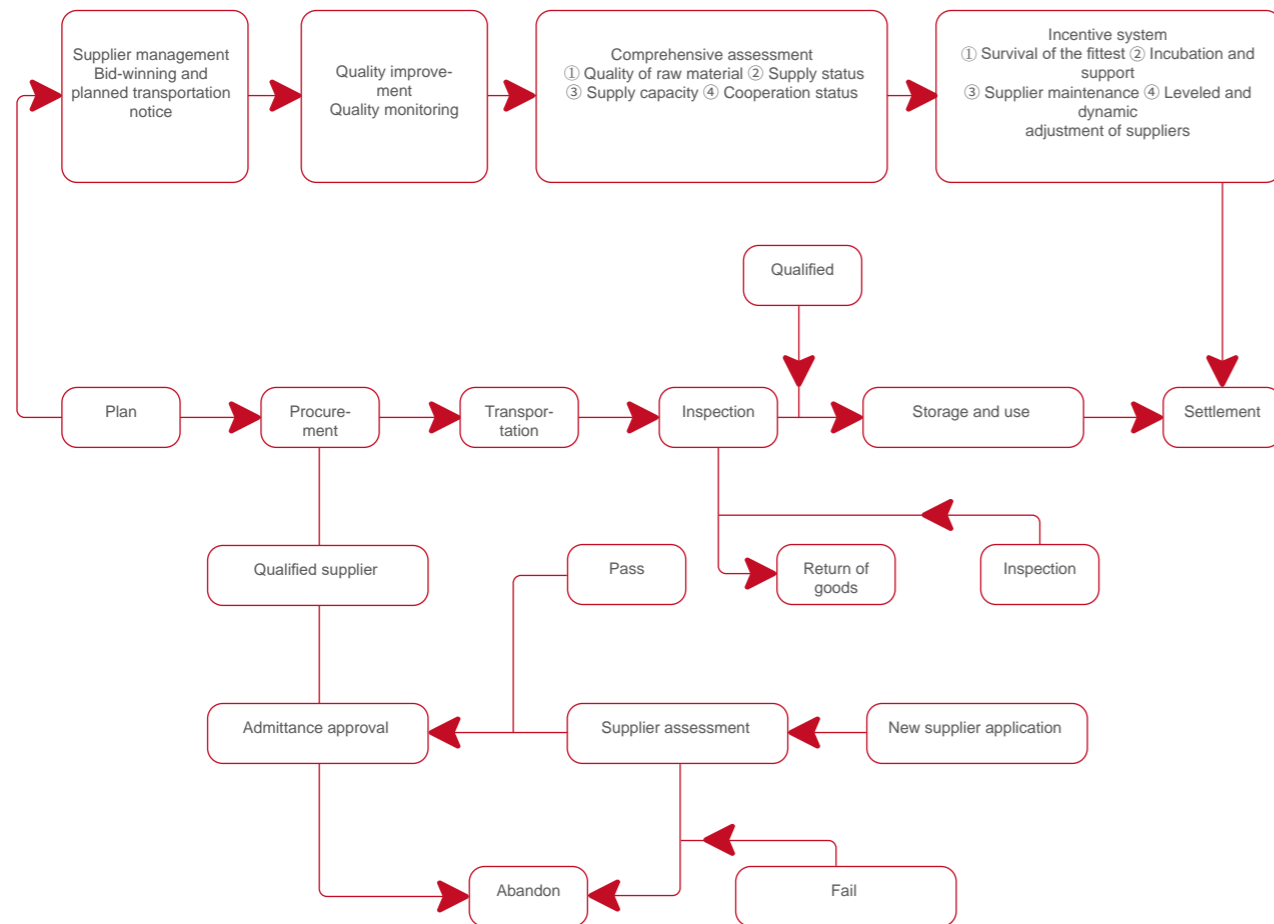
Cooperation with suppliers

Traceability-based procurement and promotion of honest cooperation

Wuliangye has optimized supplier structure to build a quality supply security system, and maintained cooperation with raw material suppliers of liquor grains in an honest and friendly manner without comprising their interests.

- The Company has strictly followed supplier admittance criteria.
- The Company has introduced 20 large wholly state-owned strategic partners.
- The Company has adopted the "traceability-based bidding model" to ensure the quality of unprocessed grains.
- The top 5 suppliers accounted for 37.9% of total procurement.
- The procurement from a single supplier was less than 10%.
- No dependence on single supplier

The Company issued and implemented the Rules on Daily Management of Raw Material Suppliers (Provisional) and Management Rules on Review and Assessment of Raw Material Suppliers (Provisional)



Under the guidance of Wuliangye's philosophy of "adhere to high-quality development and create a brighter future", we would spare no efforts to supply the best grain. Meanwhile, we will invest more funds to facilitate modern supply chain comprising large-scale warehousing, logistics, and production to create a brighter future.

Appreciation letter from CR Ng Fung Marketing Co., Ltd.

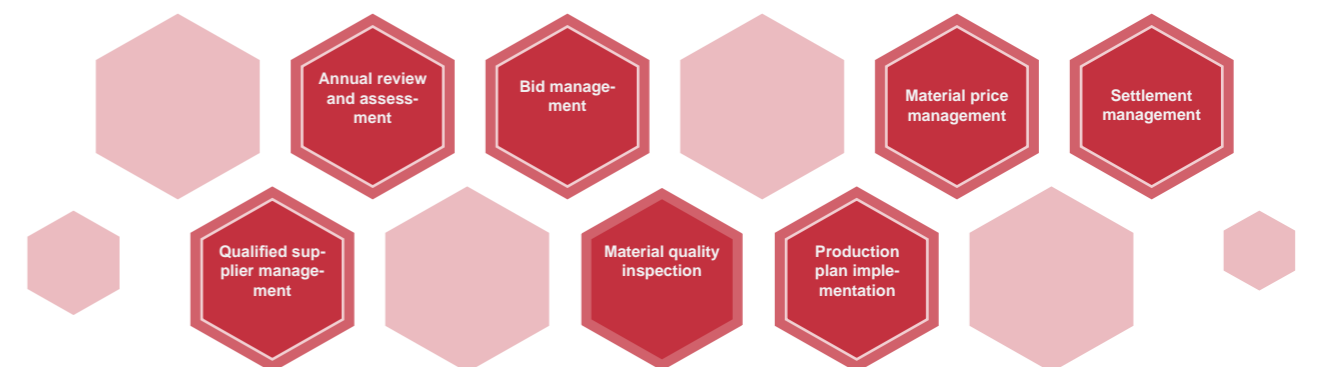


In January 2019, the Company held the first Dealer Conference and Awards Ceremony.

Strict requirement on packages and implementation of fair mechanism

In 2019, the Company revised Management Regulation on Packaging Materials, and implemented it strictly throughout the whole supply chain from selection of qualified supplier to the annual assessment of the price, production, and transportation of packaging materials.

- There were 74 qualified suppliers that passed the review and assessment to ensure no dependence on a single supplier.
- The Company compiled the List of Suppliers.
- The Company has improved packaging material's procurement competition system.
- The Company strictly determined the executing price for materials of the same kind.
- The Company has established a good partnership with suppliers.
- The Company enhanced management over the fund surplus plan, and finished settlement without delay.
- There were zero quality or food safety accidents caused by packaging materials.





Chapter Five

Sustainability and Environment-friendliness

Zhongsanhe - one of Wuliangye's eight ancient liquor production workshops, is located on Donghao Street in the old downtown of Yibin, covering an area of 485 m², and boasting 18 cellars from the Ming and Qing dynasties.

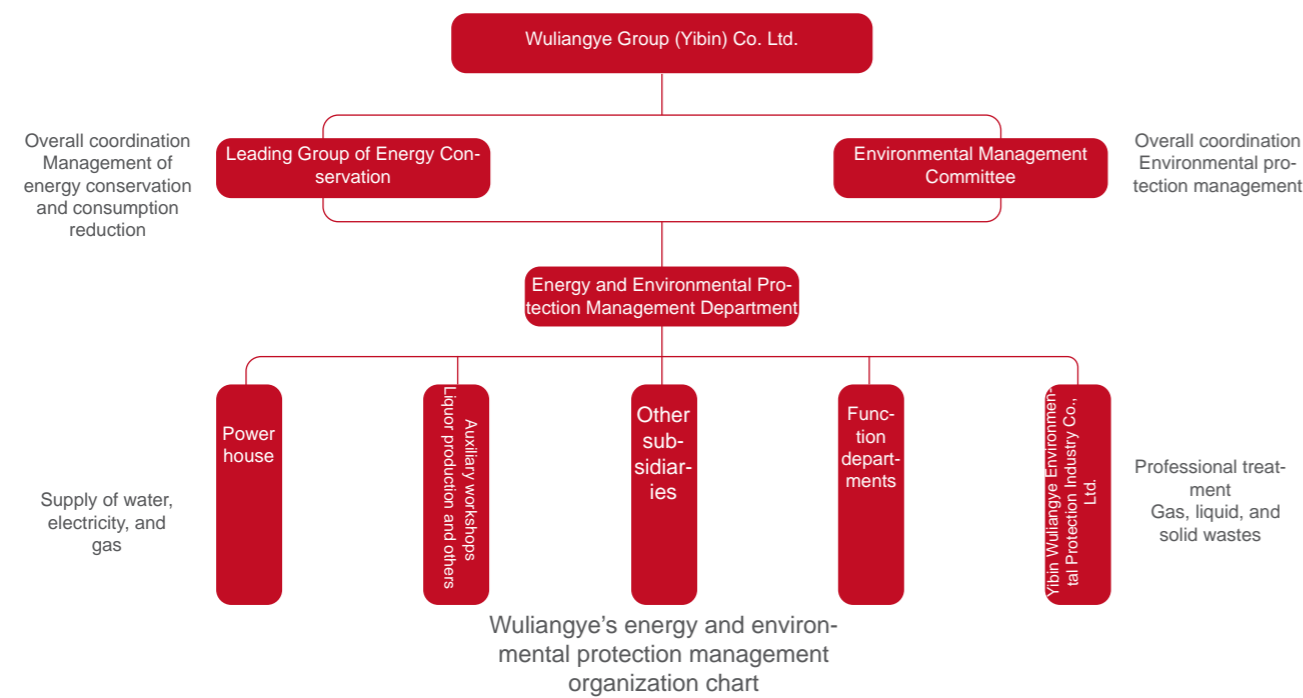
- Energy conservation and environmental protection
- Compliant emission
- Eco industrial park
- Green base



Energy conservation and environmental protection

Highlight environmental protection and improve organization and management systems

Wuliangye has established a sound organization structure to manage energy conservation and environmental production, formulated the Medium and Long-term (2017-2021) Environmental Protection and Ecological Construction Plan of Wuliangye Yibin Co. Ltd., implemented a series of regulations including Energy Management Regulation, Assessment Regulation on Energy Management Performance, Environmental Protection Management Regulation and Environmental Protection Accountability Regulation, and has obtained and maintained ISO 50001 Energy Management Systems certification and ISO 14001 Environmental Management Systems certification.



Improve production and reduce energy consumption

Promote green production

Green energy

- The Company has implemented the project of “replacing coal with natural gas”, and switched to alternative clean energy.
- The Company has passed the clean production assessment, and was rated at the national level-2 (advanced).
- Green energy accounted for 93.6% of total energy consumption.
- Renewable energy accounted for around 3% of total energy consumption.

Green technology

- The Company made breakthroughs in processes and production technologies, realizing low consumption and high efficiency in complex vinasse production. It has adopted the technology which uses vinasse as raw material and produce complex vinasse in the 2,000-cubic-meters cellar.
- The Company organized the “Golden Idea” campaign to collect good practices in energy conservation and emission reduction, of which the Water Station Clean Water Pool Liquid Level Control Project proposed by 510 Workshop saved 385,500 kwh of electricity and reduced CO2 emissions by 302.64 tons.

September 2013 - May 2019

The Company finished the first and second phases of the project of “replacing coal with natural gas” and built natural gas boilers. The Company introduced advanced low nitrogen combustion technology from Saacke and Weishaupt in Germany.

2018 May

The Company finished the construction of 15 units of 20t/h horizontal condensing natural gas boilers and put them into operation.

2018 May

The Company shut down all coal-burning boilers.

2019 July

The Company shut down all vinasse drying ovens and environmentally-friendly boilers.

2019 December

The Company reduced its comprehensive energy consumption by 3.3% compared with that of 2018.

Implement green design

Liquor green design platform of pure grain production and solid fermentation

The Company has built the liquor green design platform of pure grain production and solid fermentation by carrying out green design, management, and assessment technology research on liquor’s life cycle characterized by pure grain production and solid fermentation. The platform has integrated digitalized packaging and green product design, product life cycle environmental impact evaluation tools, and a data base of life cycle green design. After being implemented, the project helped Wuliangye to raise the green technology transformation rate by 33.26%, production’s green rate by 24.92%, and reduce production’s impact on environment by 20.33%.



Systematic consideration at the product design and R&D stage



Strict requirements on green packaging

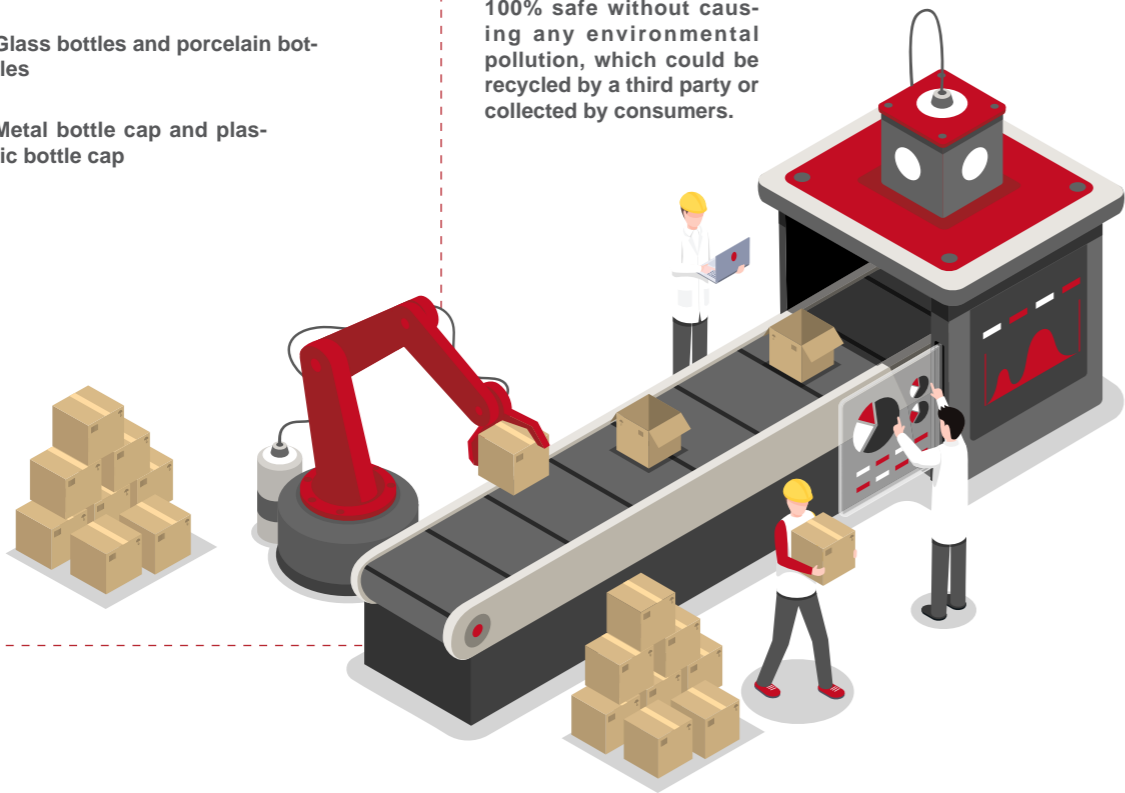
The Company sees liquor's packaging materials as a strategic element in ensuring environmental safety and protection, which has been listed as an important criterion in supplier admittance. Supplier of packaging materials shall produce bottles stringently in line with the Company's quality requirements, and each package shall have product quality documents (certificates). Product shall be pre-inspected before delivery, and pass the inspection after being delivered to the Company to ensure materials meet all safety and environmental requirements.

01 Tags on bottles use one-time direct printing technology.

02 Glass bottles and porcelain bottles

03 Metal bottle cap and plastic bottle cap

★ The Company's liquor packaging materials are 100% safe without causing any environmental pollution, which could be recycled by a third party or collected by consumers.



Promote low-carbon office

- The Company organized publicity activities on energy conservation and environmental protection to raise awareness of saving energy and reducing emission.
- The Company leveraged information tools to advocate paperless offices, remote video meetings, and on-line training.
- The Company provided free shuttle buses for employees.
- The Company encouraged employees to take public transport and reduce use of private cars.
- The Company set up the assets management system to efficiently recycle old office supplies and unused materials.
- The Company arranged special departments and personnel to collect and treat hazardous articles like toner cartridges.



Promote recycling and adopt water conservation technology

Ensure water quality safety

Wuliangye has dug over 90 meters under the Minjiang River's main course and takes water from ancient river channels through a 400-meter tunnel, which is rich in mineral substances and originates from the source of the Yangtze River. With sufficient supply of water, Wuliangye has always made efforts to keep it safe.

A special lecture for learning of the Law of the People's Republic of China on Prevention and Control of Water Pollution

The Company invited experts from Yibin Monitoring and Law Enforcement Team on Environmental Issues to offer a special lecture, and directors and senior managers led by example to learn the law. Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, emphasized that as a leading enterprise in high-end food sector and liquor segment, Wuliangye must lead by example. All managers and employees of the Company shall reinforce the learning of the Law of the People's Republic of China on Prevention and Control of Water Pollution and other related laws and regulations to increase the overall understanding of water pollution control. Meanwhile, the Company shall establish a long-lasting mechanism to earnestly implement various requirements in daily work.



Promote water conservation technology

The Company promoted the water resource recycling project, with recycled water consumption accounting for 613.05% of total water consumption in 2019.





Compliant emission

Compliant emission to eliminate wastes and pollution

Act in accordance with laws and regulations

Obtain the pollutant discharge permit according to law

- Application date: 2016.4.21
- Expiration date: 2020.12.31
- Issuing authority: Yibin Environmental Protection Bureau

Pay the environmental protection tax according to law

- 2018 tax payment: RMB 1,347,837
- 2019 tax payment: RMB 1,987,820

Control waste discharge

The Company adopted various measures to facilitate sound operation of waste treatment to reduce emission of pollutants. After fully replacing coal with natural gas, the Company is able to reduce SO2 emission by 2,150 tons, NOx by 821 tons, and smoke and dust by 1,723 tons.

Liquid waste	Gas waste	General solid waste	Hazardous substance
<ul style="list-style-type: none"> • Centralized sewage treatment system • The Company used dehydrated sludge to produce organic fertilizers. 	<ul style="list-style-type: none"> • The Company optimized technologies and equipment to reduce exhaust emission. • The Company would not emit gas waste until it met standards after treatment. 	<ul style="list-style-type: none"> • The Company used spent grains to produce complex-vinasse liquor and livestock to be sold. • The Company sold 270-ton solid waste recycled. 	<ul style="list-style-type: none"> • The Company entrusted qualified companies to transfer hazardous wastes. • The Company transferred 108.7 tons of hazardous wastes in total.

The Company kept its emission under the total control limit set by Yibin Bureau of Ecology and Environment



Compliance rate of liquid waste discharge
100%



Compliance rate of gas waste discharge
100%



Compliance rate of solid waste treatment
100%

Realize environmental targets

The Company has strictly followed national, Sichuan, and Yibin standards and implemented the stricter environmental protection system of the Company. It organized the 2019 Emergency Drill on Environmental Emergency, and fulfilled environmental safety tasks.

Minor environmental pollution accident	Moderate environmental pollution accident	Major environmental pollution accident	Severe environmental pollution accident
0	0	0	0

Enhance monitoring and information transparency

Enhance waste discharge monitoring

Internal monitoring		Third-party monitoring
Liquid waste	4,560 figures and 430 reports issued	The Company entrusted third parties to monitor liquid and gas waste and noise in both parks and production workshops of Wuliangye.
Noise	114 items/times and 12 reports issued	
Gas waste	42 reports issued	All monitoring results met related standards.
PM2.5, SO2, and NOx in the air	4 reports issued	

Disclosure of information

Disclosure channels	Information disclosed
Automatic Monitoring and Scheduling System for Disclosing Pollution Source Data	The Company would actively monitor and disclose related information every month.
Information Disclosure Platform for Key Monitored Enterprises' Self-monitoring Sichuan Pollution Source Monitoring Information Management and Sharing Platform	
	72,862 environmental updates

Monthly Environmental Reports on the Company's official website

- Information on emission
- Construction and operation of pollution control facilities
- Construction projects' environmental impact evaluation and other environmental protection administrative permits
- Environmental emergency plan and annual self-monitoring plan

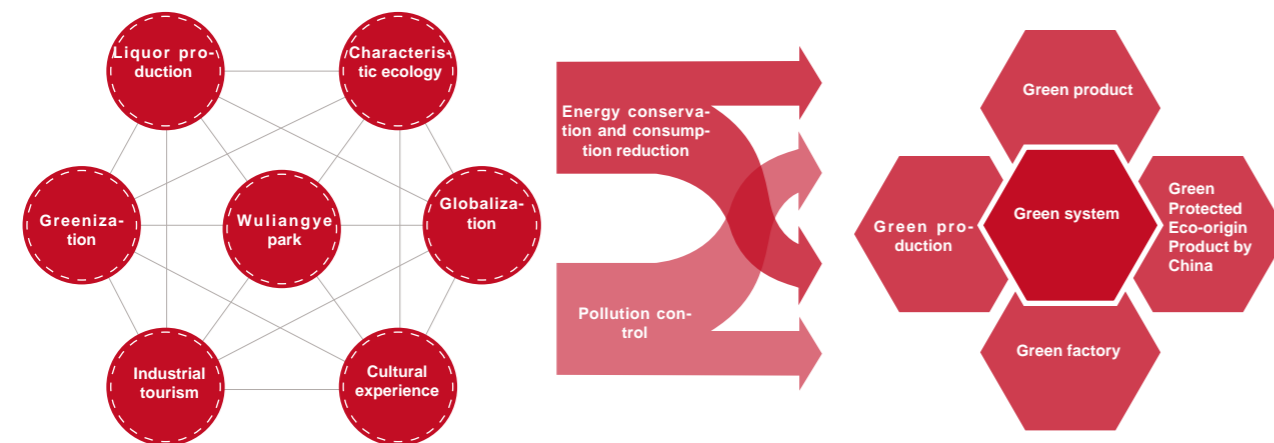


Eco industrial park

|| Green projects to build a beautiful environment

Launch green system

Wuliangye implements the concept of green development and starts the construction of Wuliangye green development system



Construction of ecological project

The Company has strived to protect the upper reaches of the Yangtze River, the production water source, to develop an ecological park and reinforce treatment and control over pollution sources to protect the unique ecological environment.

Songgong River (Wuliangye reach) Comprehensive Treatment Project

- In June 2018, the ecological wetland was built, enabling ecological water supplement to Songgong River's reaches.
- The Company removed the river sludge and salvaged floating waste, dramatically improving the water quality of Songgong River.

Renovation and upgrade of the pipe network in Jiangbei park

- The Company improved the separation of clean and polluted water on the Jiangbei campus to ensure all polluted water could be collected.





Participation in green public benefit activities

The Company is affiliated to many environmental protection associations in China, fulfilling its responsibilities in this regard for the benefit of the public.



Chinese Society for Environmental Sciences
China Ecological and Environmental Protection Facilitation Alliance
Sichuan Environmental Science Society

Sichuan Environment Magazine
Sichuan Environmental Investment Utilization Association
Yibin Society for Environmental Sciences

Build exemplary green enterprise

Demonstration Project Award of 2018 Sichuan Environmental Brands

In May 2019, the Company organized the 2019 Sichuan Industrial Green Development Summit, making contributions to the environmental industrial transformation and upgrading, and high-quality green development in Sichuan. Wuliangye implement the concept of green development at a higher level and according to stricter standards, fully playing SOE's leading and demonstrating role in the construction of ecological civilization.



Tang Shengyun, Deputy General Manager of Yibin Wuliangye, attended the Sichuan Industrial Green Development Summit

- Sichuan Industrial Tourism Demonstration Base
- Sichuan Environmental Credit Enterprise 2018 (the Company has won this award for three consecutive years)
- The First Group of Sichuan Industrial Resource Comprehensive Utilization Bases (park and enterprise)
- The Company's integrated green production system passed the medium inspection of the provincial expert team

Green base

Upgrade construction to realize traceability management

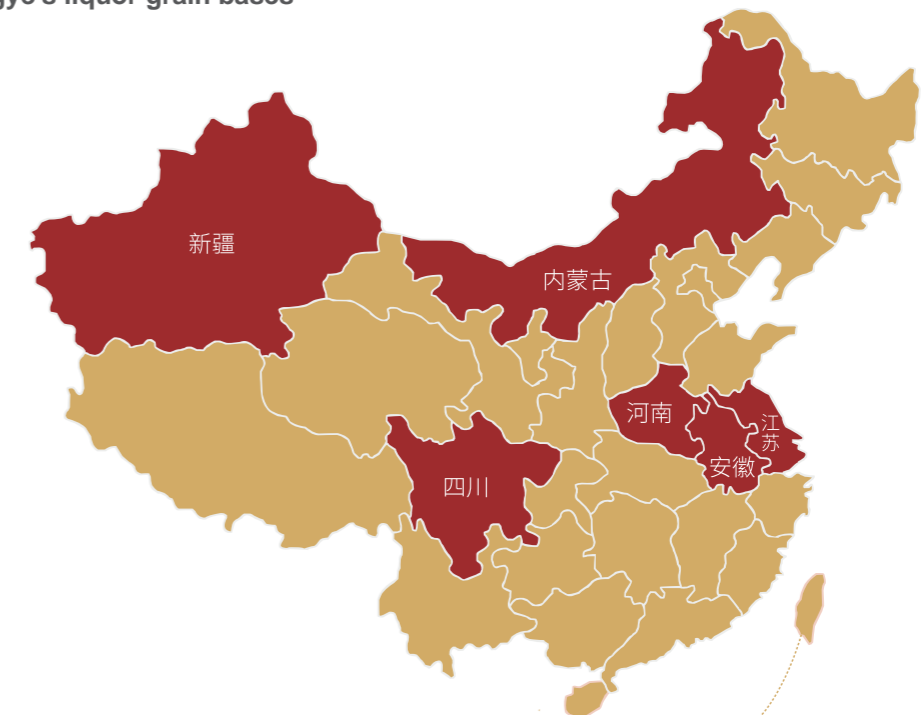
Build high-quality production areas

In 2019, Wuliangye upgraded its liquor grain bases into high-quality production areas covering over 66,667 hectares. By combining the self-supply of liquor grains and the rural rejuvenation project, it has satisfied farmer's needs, assured governments, and improved the enterprise performance, achieving a win-win result for all parties.

- In regard of Wuliangye liquor grain production area, Yibin is the center and Sichuan region serves as the mainstay with some domestic high-quality production regions as the supplement.
- Two models of "core area demonstration" and "strategic partnership".
- Reference to EU GAP (Good Agricultural Practice).
- The Company has built and upgraded bases across China with a total area of more than 66,667 hectares.



Map of Wuliangye's liquor grain bases



- Sichuan - 42,000 hectares
- Anhui - 6,667 hectares
- Jiangsu - 1,333 hectares
- Xinjiang - 3,333 hectares
- Henan - 2,000 hectares
- Inner Mongolia - 13,333 hectares

South China Sea



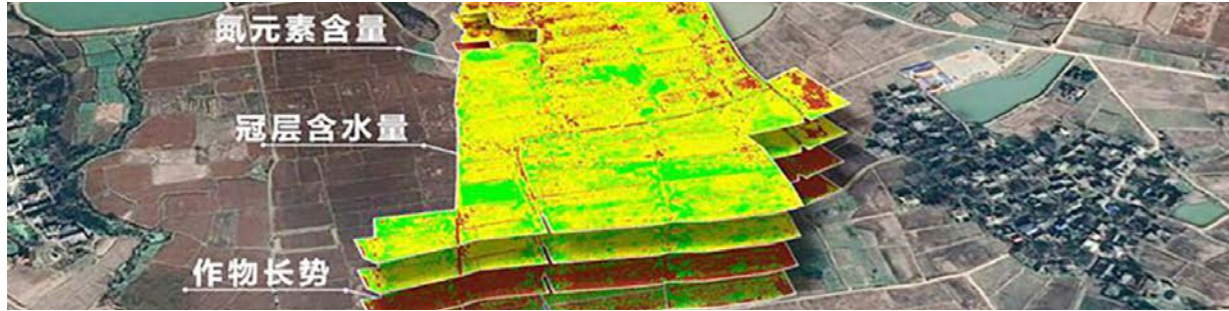


Introduction of intelligent agriculture

The Company introduced the intelligent agricultural system from Sinochem Agriculture and established a MAP technology service center to pilot digital management and increase plantation management efficiency.

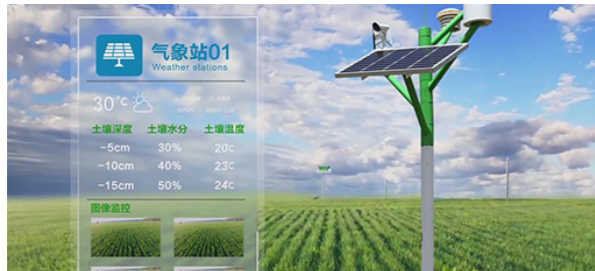
The packaged solution covering soil improvement, variety improvement, crop protection, agricultural work, agricultural finance, and intelligent agriculture.

It uses satellite remote sensing to monitor and identify land areas by surveying and mapping and generates multi-level digital view of the land by importing the data.



The intelligent meteorological service center is able to monitor farm land real-time data and signal early warnings accurate to 1kmx1km, protecting farmers from unpredictable weather.

In 2019, the corn output per mu (about 0.067 hectare) in the base exceeded 700 kg, twice of that of land cultivated by local farmers themselves.



Control unprocessed grain traceability

To ensure absolute food quality and safety, the Company has realized traceability across the whole chain from "a seed to a drop" with grain life-cycle traceability management implemented in bases. The Company collected growth logs, farming work records, and land inspection records of all bases and uploaded all the information to the MAP technology service center to optimize plantation and process control by way of data analysis and remote monitoring. The Company has implemented monitoring and information management throughout the whole process of plantation, harvest, storage, and transportation, realizing 100% traceability of unprocessed liquor grains. Raw materials produced at bases first have to be examined and selected according to sensory, physical, and chemical indexes, and only those qualified can be admitted as grains to produce Wuliangye liquor. The Company's comprehensive yield rate of raw materials increased by 4.3% to 91.9% compared with 2018, with steady improvement of raw grain quality.



Science and technology support to explore sustainable development

Establish research platforms

The Company has established a model platform integrating industrial, agricultural, scientific, and technological forces to explore the sustainable development of the bases.

Sichuan Provincial Engineering Technology Research Center on Liquor Grains

- Sponsored by Wuliangye, Sichuan University of Science and Engineering, and Sichuan Xike Seed Company
- The first above-provincial research center on liquor grain in China
- Academician Yuan Longping as the center's special consultant
- A technical team consisting of 8 academicians from the Chinese Academy of Engineering and other experts



At the liquor grain summit, experts had in-depth discussions on how "industry facilitates agriculture, agriculture supports industry, and the integration of the first, second, and tertiary industries", and explored the sustainable development of the liquor grain industry in terms of liquor production raw materials, production process and technology, talent education, and academic exchanges.

Improve seed breeding technology



The Company improved liquor grain quality and seed breeding technology to ensure standard operation of "plantation, harvest, storage, and transportation" in all the bases.

Research project of Wuliangye liquor grains

- Cooperation with multiple scientific and technologic institutes.
- Development of technologies of green plantation, organic cultivation, and pest and weeds control for liquor grains.
- Creation of liquid chromatograph-mass spectrometer method that can simultaneously detect 10 kinds of mycotoxins listed in the national standards, formulation of related enterprise standards, and development of fast analytical method for unprocessed liquor grains.



Chapter Six

Cultural Inheritance and Promotion

Tingyuelou - one of Wuliangye's eight ancient liquor production workshops, is located in Dayuanli in the old downtown of Yibin, covering an area of 462 m², and boasting 11 cellars from the Ming and Qing dynasties.

Protection of
liquor legacy
Promotion of
liquor culture



Protection of liquor legacy

Protect liquor legacy to inherit Chinese civilization

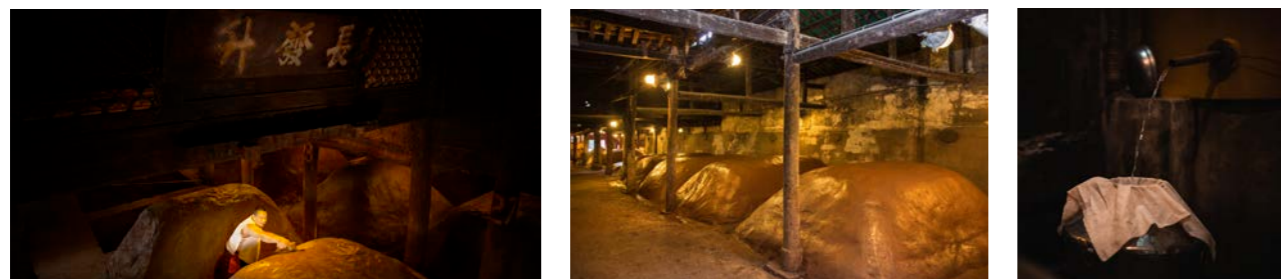
Protect Ming and Qing dynasty-era cellars

Wuliangye has over 32,000 cellars, of which a group of 179 were passed down the Ming and Qing dynasties, represented by 8 ancient liquor production workshops like Changfasheng and Lichuanyong. There were 118 ancient cellars unearthed in the small-scale preliminary excavation. The ancient cellar group of Wuliangye is China's oldest "living" cellars group that has the best-preserved structure, most comprehensive inheritance of traditional production process, and longest time in continuous use. The buildings of the ancient cellar group still keep the structure of "shop in the front and workshop at the back" used in the Ming and Qing dynasties, making them a valuable cultural relic.



Inheritance of traditional process

"Wuliangye" uses broomcorn, rice, glutinous rice, wheat, and corn, stirred by "Baobaoqu" (a kind of saccharifying yeast starter) and fermented in aged cellars. Wuliangye adopts the unique pure-grain solid fermentation technology that comprises processes of supplementing solid vinasse ingredients, circular fermentation, layered vinasse extraction, layered cellar entry, layered distillation, quality-based liquor abstraction and storage in jars, and complicated blending. Based on the wisdom and technologies accumulated by ancient liquor producers, this process is characterized by "one best, three excellent, six initiative, and six outstanding blending", making it a model example of the typical traditional production process of China distilled liquor. In 2008, the "traditional baijiu-making techniques of Wuliangye" were listed as a National Intangible Cultural Heritage.



Inheritance of cultural heritage

The Company continued to promote the protection of Wuliangye cultural heritage, exploring and passing down the cultural legacy of Chinese famous liquors.

- The Company revised Wuliangye Protection Plan of the Ancient Cellar Group Relics of "Changfasheng" and "Lichuanyong".
- The Company began to repair the auxiliary buildings of the Wuliangye ancient cellar group in a protective way.
- The Company compiled an album on Wuliangye ancient cellar cellars.
- The Company assisted China Alcoholic Drinks Association in the composition of China Famous Liquor series.



The Legend of Wuliangye - A Liquor of Time and A Flavor of 651 Years - A documentary co-presented by Wuliangye and Beijing TV

This documentary centers on the living crypt-type fermentation cellars of the oldest workshops of "Changfasheng", and depicts Wuliangye's history, culture, local environment, techniques and craftsmanship, vividly presenting Wuliangye, "a strong-flavor liquor of China" to the audience. It has been widely recognized due to its detailed research, well-structured logic, and interesting information.



Organization of the 3rd China International Festival of Famous Liquor

- Foreign guests from 11 countries and hundreds of participants attended the event.
- The Wuliangye exhibition hall features an "adherence to craftsmanship and producing strong-flavor liquor of China" in its design.
- The Company held an art performance themed "strong-flavor liquor of China and Wuliangye's aroma" to tell the world Chinese liquor's story and demonstrate Wuliangye's excellent image as a representative Chinese strong-flavor liquor and a leader in the liquor industry.

Organization of the grand 1218 Ceremony

The grand ceremony was themed "Wuliangye inherits the ancient liquor legacy and produces eternal glory", aiming to sing the high praise of Wuliangye's essence, pass down its long-lasting liquor culture and craftsmanship, and portray Yibin's charm as Liquor Capital of China. Nearly a thousand people including the Company's senior management, foreign guests, dealers, and employees participated in the ceremony.





Advocacy of Wuliangye Culture

Construction of Wuliangye Culture and promotion of harmony

Promote cultural development

Wuliangye has been exploring new ways in cultural inheritance and innovation to promote Wuliangye culture to keep pace with the times and grow stronger.

Wuliangyeab Culture Research Institute co-established with Sichuan Academy of Social Sciences

The Institute is dedicated to researching Chinese baijiu culture and Wuliangye culture. Under the guidance of core socialist values, it explores Wuliangye's rich culture to better inherit Chinese baijiu culture and Wuliangye culture. It serves as a platform for liquor cultural research, innovation, demonstration, communication, and inheritance. It sets up a think tank for Wuliangye culture research, comprising high-end professionals. It illustrates Wuliangye's history, brand culture, and production culture, and shows leading figures and excellent cases amid Wuliangye's Second Startup to promote Chinese baijiu culture and Wuliangye culture to step onto the global stage.



Protect the cultural foundation

The ancient Five-Element Theory embodies the concepts of "unification of heaven and man" and "harmony in diversity". It sees the universe as an integration of nature and man, and the world as harmony among all states, and seeks common points while reserving difference. Therefore, it shares many similarities with today's new development concepts like peaceful development, win-win cooperation, and a community with a shared future for mankind, widely recognized and upheld by the whole world. Wuliangye puts "harmony, inclusiveness, and mutual appreciation" at the core of its corporate culture, intertwined with the Five-Element Theory and the concept of "unification of heaven and man" and "harmony in diversity".

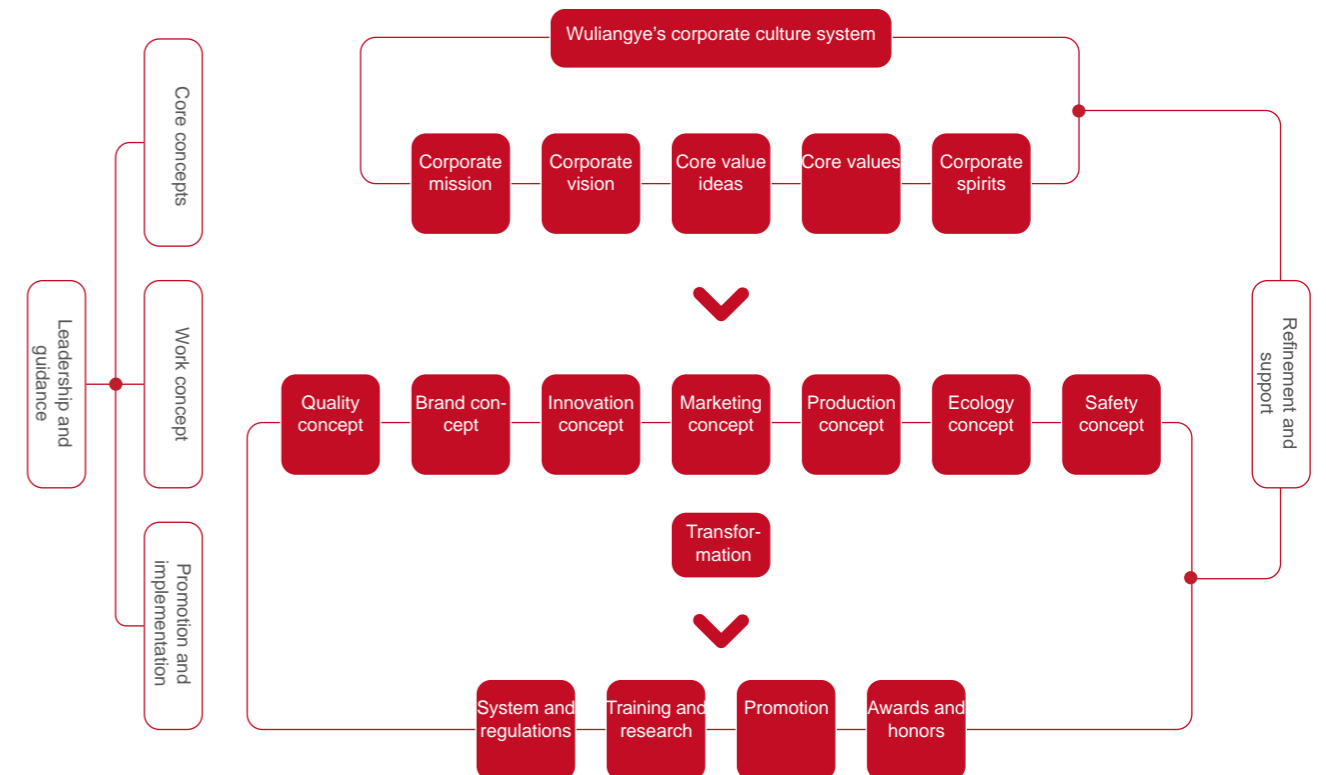
Forum of "the Five-Element Theory and Harmony in Diversity"

It delved into the culture of "harmony, inclusiveness, and mutual appreciation", and enriched the brilliant Chinese liquor culture.



Establishment of corporate culture system

Wuliangye sees the construction of corporate culture as an important drive for its high-quality development. It reshapes a comprehensive corporate culture philosophy structure based on values for the new era and international perspective to inspire employees to launch a "second startup" and contribute to reform and innovation in the spirit of "entrepreneurship".





Chapter Seven

Exchange and Collaboration

Zhangwanhe - one of Wuliangye's eight ancient liquor production workshops, is located on Luchen Street in the old downtown of Yibin, covering an area of 542 m², and boasting 20 cellars from the Ming and Qing dynasties.

Industrial exchange

Sharing with governments

International cooperation





Industrial exchange

Exchange insights to promote industrial development

In 2019, Wuliangye adopted a more inclusive and open approach in engagement with the international liquor industry in multiple fields to share market opportunities, promote extensive consultation, joint contribution and shared benefits in the global liquor industry, facilitate poverty alleviation, health and education, and build a community with a shared future for international liquor players.

Organization of 2019 International Wine & Spirits Alliance Summit

- The event attracted roughly 400 guests from domestic and international governments, organizations, and leading liquor enterprises.
- An open dialogue “to establish an open and inclusive alliance platform and promote the construction of a community of shared future for international liquor players.”
- Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, delivered a keynote speech on international liquor cooperation, construction of an open platform, exchanges on liquor cultures, famous liquor enterprises’ CSR, and alliance vision.



Organization of the 3rd Top 50 Business Leaders Group of Chinese Wine

- Themed Top-level Design and Practice on the Eve of Liquor Industry Reform
- The summit aimed to promote the high-quality development of Chinese liquor by providing platforms, converging resources, exchanging ideas, and offering insights.
- Wuliangye would discuss with the industry on new models in supply-side structural reform centering on “process innovation and liquor body innovation”.



Co-organization of IBA Annual General Meeting 2019 & the 68th World Cocktail Championships

- The largest and most prestigious cocktail competition in the world. About 100 British bartenders and Flair bartenders from 65 countries and regions attended the competition.
- “Wuliang Renjia”, one of the liquor series, was chosen as a base spirit by many competitors, and received wide acclaim.
- “Wuliangye • Crystal Love” in the wedding ring-shaped bottle symbolizes Wuliangye’s cultural and emotional links with the international cocktail industry.



Participation in the 14th China International Alcoholic Drinks Expo held in Shanghai

The event brought industrial associations, leading liquor enterprises, and experts under one roof to better demonstrate core values of strong-flavor liquor and promote high-quality development of liquor, especially strong-flavor liquor, in the new era.

Zeng Congqin, Chairman of Yibin Wuliangye, delivered a keynote speech titled Tell the Story of Strong-flavor Liquor and Highlight Core Values, showing that Wuliangye is willing to cooperate with the whole industry to promote high-quality development of strong-flavor liquor to meet people’s increasing desire for a better life.

Organization of “Wuliangye Cup” China Liquor New Super Cocktail Masters Competition 2019

- As a leading national cocktail competition, it attracted 35 master bartenders from home and abroad to create innovative flair cocktails with Wuliangye’s Huobao Liquor and Bingbao Liquor as base spirit, making Chinese liquor more fashionable and international, and thus more attractive to young consumers.





Active cooperation to lead by example

Sponsor the Famous Sichuan Baijiu Enterprise Alliance

- It represented a new stage for Sichuan baijiu's development by constructing six systems of quality standards management, industry research management, origin promotion management, market expansion management, talent training, and capital utilization management.
- Wuliangye served as the first rotating chairman of Famous Sichuan Baijiu Enterprise Alliance



Cooperation with Pernod Ricard to promote the development of the international wine industry

- Wuliangye and Pernod Ricard became international strategic partners, whose exchanges and cooperation cover infrastructure construction, regional marketing system, brand culture, and international market resources.
- It would set a new benchmark for international wine cultural communication and facilitate the construction of the community with a shared future for international wine players.



Sharing with governments

Sharing value to boost economic development

Wuliangye has fulfilled its CSR and made great contributions to upgrade and create more added value for Chinese manufacturing.

Taxes

- In 2019, the Company made a total tax payment of RMB 15.935 billion.
- Since being listed, the Company has paid RMB 107.986 billion of taxes in total.

Increase in share price

- In 2019, Wuliangye's share price increased by RMB 10.8/share, up by 22.13% YoY.

Driver to Yibin's development

- In 2019, Yibin's GDP stood at RMB 260.189 billion, ranking No. 3 in Sichuan (No. 4 in 2018). Its GDP growth of 8.8% topped Sichuan Province, 1.3% higher than provincial growth and 2.7% higher than national growth.

Sharing industrial development to promote rural rejuvenation

"Sichuan shall not lose its gold brand of a major agricultural province"

- Xi Jinping, General Secretary of the CPC Central Committee

Construction of "Liquor Capital of China"

Yibin City has been awarded titles of "China Baijiu Capital" and "Origin of World Top 10 Liquors" by China National Light Industry Council and China Alcoholic Drinks Association, making it a prestigious brand on the global stage. In 2019, the Company received 89 inspections from higher-level officials and governments, 64 exchanges from associations, enterprises, media and foreign countries, and held 17 foreign exchange activities and 24 conferences and events of the Group.



Visit from Georgian Wine Circulation Management and Promotion Seminar members in 2019

The seminar, comprising government officials, experts and chateau representatives from countries along the "Belt and Road" like Moldova, Slovakia, Uzbekistan, Georgia, and Laos, visited Wuliangye. They gave high praises to Wuliangye liquor's rich and aromatic flavor and hoped to enhance communication and technological and economic cooperation, delivering win-win results for all.



Development of characteristic industries

Rural Rejuvenation Fund + Boost Sichuan Black Tea Industry

Wuliangye pioneered in China to establish the first rural rejuvenation fund to support agricultural, tea, and liquor industries in Sichuan by investing into the Chuan Hong Group, establishing Wuming Tea Holding Co., Ltd., and developing China high-end black tea brand "Changjiang Hong".



2019 "Sichuan Tea" Processing Technique Competition & the First Sichuan "Wuliangye Cup" Manual Tea Processing Technique Competition

Wuliangye Industrial Park - National Industrial Demonstration Base

Wuliangye has built its park into a new-type light industrial demonstration base of famous national spirits with liquor production as the focus and diversified development implemented at the same time. As a Sichuan key characteristic growth industrial park on a 100-billion scale, it is a world-leading park integrating characteristic ecological and cultural experience and industrial tourism.

In 2019, the park generated revenue of RMB 108.026 billion, up by 16.01% YoY, and realized a total profit of RMB 25.537 billion, up by 26.8% YoY.



International cooperation

Lead by example in the construction of the "Belt and Road" Initiative

Recognition from international organizations

As a leading Chinese liquor producer, Wuliangye has grown into a highly influential and recognized brand in the world due to its excellent quality and rich heritage.

Wuliangye Brand identified as a China-EU Geographical Indication

- In December 2019, China and the EU signed the Joint Statement on Concluding the Negotiation of the Agreement on the Protection and Cooperation of the Geographical Indications between China and the European Union, including 275 geographical indications from both sides in the appendix of the Agreement. This marks the first high-level bilateral geographical identification agreement signed by China with foreign players, bearing great significance for the China-EU trade relationship.
- With both sides' high recognition of Wuliangye and its influence in the European and international market, Wuliangye will enhance its presence in the EU market, offering a banquet of brilliant culture to international consumers.

Fulfillment of responsibilities as an international company

As an international company, Wuliangye has been actively promoting cultural exchanges and information and resource sharing between best-known international liquor brands and wine cultures.

APEC China Business Council Member

On July 21, 2019, Wuliangye officially became an APEC China Business Council Member and Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was elected a director and participated in the 2019 ACBC director meeting. The Company adheres to the concept of "harmony in diversity and mutual appreciation", and plays an active role in fulfilling its responsibilities as a leading brand and major player to amplify China baijiu's voice in the world, advocates the construction of the community with a shared future for international liquor players, drives the international wine industry to share opportunities and development, and facilitates all stakeholders in the world to communicate and cooperate with each other.





Fulfillment of responsibilities as a Chinese company

As a pioneer in the implementation of the "Belt and Road" Initiative, Wuliangye provides a universal sensory experience to consumers around the world. Since 2016, it has attended over 20 top-level international political and economic events, and participated in many overseas activities as a member of Sichuan governmental delegations, bringing China liquor's history and culture to the world.

2019 Belt and Road Forum for Cooperation and Development of Sichuan International Friendship Cities

On October 14, 2019, "Wuliangye" International Friendship Cities Night, an important event during the 2019 Belt and Road Forum for Cooperation and Development of Sichuan International Friendship Cities, was held in Chengdu. It used Chinese baijiu culture as the bridge and platform to continue the Silk Road spirit and facilitate the closer exchanges between Sichuan Province and its friendship counterparts in the world. Over 300 guests from 43 cities of 32 countries participated in the forum.



Ms. Chen Lin, General Manager and Chief Engineer of Yibin Wuliangye, presented Wuliangye at the event.



Tang Bochao, Deputy General Manager of Yibin Wuliangye, participated in the roadshow on China's Participation in Expo 2020 Dubai, and Wuliangye was selected as an official partner of the China Pavilion at the Expo 2020 Dubai.



Wuliangye at 2019 Global Innovators Conference



On the Luncheon Party of A Dialogue between China Sichuan and Japan Kansai Region, Li Yunze, Vice Governor of Sichuan Province, and Jun Arai, Vice Governor of the Osaka Prefectural Government, drank Wuliangye liquor together.

Evaluation of Strong-flavor liquor to highlight Chinese baijiu's charm

Active participation in international exhibitions

Upholding the concept of "Wuliangye from China to the World", the Company has fully played the role of a Chinese brand in promoting Chinese culture, allowing the world to better appreciate China.



Du Ziping, Deputy Secretary of CPC Yibin Municipal Committee and Mayor of Yibin Municipal Government, Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, and Liu Zhongguo, then Chairman of Yibin Wuliangye, participated in the 13th China International Alcoholic Drinks Expo



Zeng Congqin, Chairman of Yibin Wuliangye, and Zhu Zhongyu, Deputy General Manager, participated in the 14th China International Alcoholic Drinks Expo



Wuliangye Pavilion at the 3rd Western China International Expo



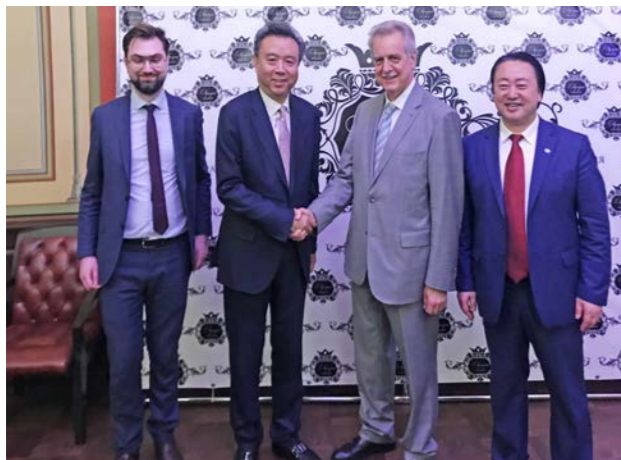
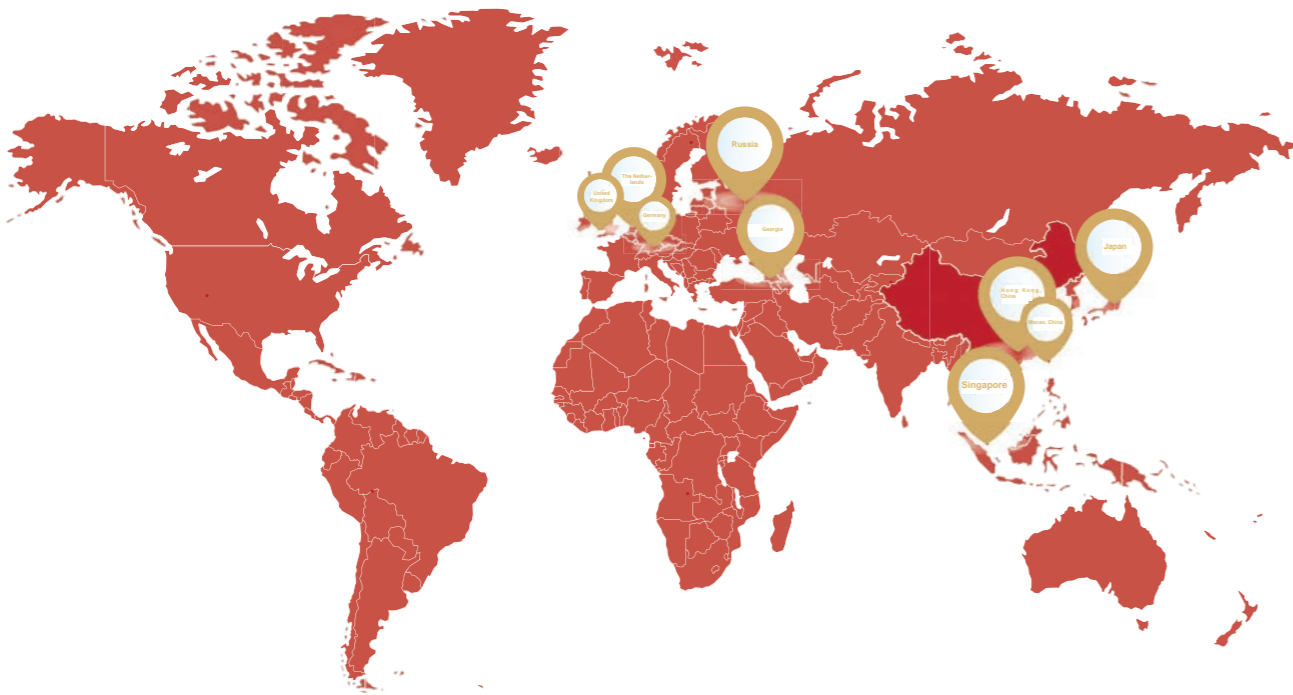
Wuliangye Pavilion at the 2nd Western China International Fair for Investment and Trade



Wuliangye Global Tasting Tour

Wuliangye organized the tasting events in many countries to “tell stories of China brands” to the world.

Footprints of Wuliangye Global Tasting Tour

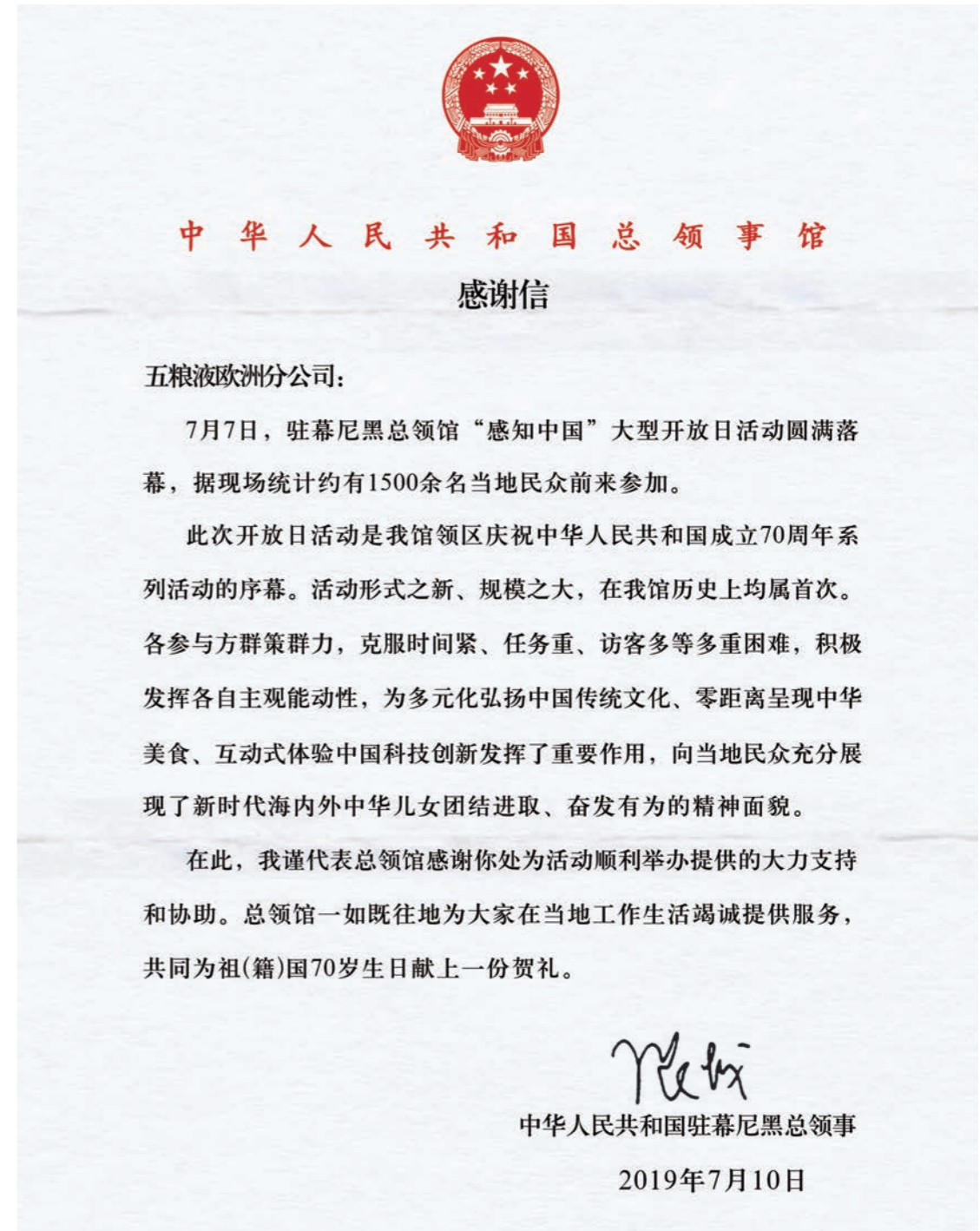


Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, and Evgeny Grigoriev, Chairman of the Committee for External Relations of St. Petersburg, Russia, took a group photo.



Liu Zhongguo, then Chairman of Yibin Wuliangye, sent a gift to Khatia, Deputy Minister, Ministry of Environmental Protection and Agriculture of Georgia.

Wuliangye was invited to the “Experience China” Open Day event held by the Chinese Consulate General in Munich. The Chinese Consulate General in Munich sent a letter of appreciation, expressing its recognition and gratitude for Wuliangye’s efforts in promoting Chinese culture, Chinese liquor, and developing friendship.






Letters of appreciation from the Chinese Consulate General in Munich



Chapter Eight

Commitment to Corporate Philanthropy

Tianxifu - one of Wuliangye's eight ancient liquor production workshops, is located on Changchun Street in the old downtown of Yibin, covering an area of 608 m², and boasting 23 cellars from the Ming and Qing dynasties.

-  Targeted poverty alleviation
-  Charity activities
-  Support for the People's Liberation Army
-  Responsible drinking



Targeted poverty alleviation

Scientific plan to reinforce poverty alleviation system

Establishment of long-term poverty alleviation mechanism

Wuliangye has always regarded poverty alleviation as its most important political responsibility and livelihood project, exerting enormous efforts to ensure poor people are free from worries over food and clothing and have access to compulsory education, basic medical services, and safe housing. Adhering to relieving poverty by industrial development, the Company takes the supportive measures of "corporate investment, professional operation, and sharing benefits with poor people", and integrates "blood transfusion" (providing funds and materials and building houses and roads) and "blood making" (building agricultural bases and workshops) with "intelligence and ambition empowerment" of joint Party construction, education support, and cultural activities to create Wuliangye's unique long-term poverty reduction mechanism, striding towards a better future with the impoverished.

Poverty alleviation organizations

Wuliangye Leading Group on Poverty Alleviation and Development and its office

Provincial designated county for poverty alleviation

Xingwen County, Yibin, and Litang County, Ganzi Prefecture

Municipal designated county for poverty alleviation

Pingshan County, Yibin

Poverty alleviation focus

Consolidate and enhance progress made with poverty alleviation and prevent relapse to poverty

Types of poverty alleviation measures

Various supportive measures in terms of industrial development, education, agricultural base construction, infrastructure, and consumption.

Number of households out of poverty

101 households with a total of 420 people

2019 expenditure on targeted poverty alleviation

RMB 133.78 million

Consolidate progress made with poverty alleviation

Based on different resources and needs of designated counties, the Company has utilized its advantages in diversified industrial landscape and multiple platforms to implement different projects to ensure those who were out of poverty in 2019 or previous years would not return to poverty.

Xingwen County, Yibin

In 2018, there were 83 households of 336 people out of poverty. In April 2019, it was removed from the impoverished county list.

Litang County, Ganzi Prefecture

In 2018, there were 13 households of 63 people in Shangmayan Village, Xiamula Township out of poverty. In 2019, Jidi Fruit and Vegetable (Shiitake Mushroom) Base in Litang County - supported by Wuliangye - paid RMB 500,000 of dividends to Shangmayan villagers.

Pingshan County, Yibin

In 2019, the Company actively fulfilled the poverty alleviation task of Baixiang Village in Pingshan County, Yibin, and helped 5 households of 21 people out of poverty.

Targeted measures to support poverty alleviation

Poverty alleviation by industrial development

The Company has explored the new structure and operation system of rural collective economic organizations, and included poverty alleviation-targeted industries into the management and operation of the rural collective assets management company.

Bamboo Plantation (Nursery) in Qingshanyan Village, Xingwen County

Wuliangye invested RMB 1.2495 million to construct the 73-hectare Wuliangye Qingshanyan Bamboo Plantation (Nursery) Industrial Demonstration Base. It has "kept bamboo industry at its core while developing in multiple areas", and realized effective connection between "supporting company + village's assets company + agricultural base + rural cooperative + farmers". By developing supportive industries, it has transformed unused lands in Qingshanyan Village into "fertile land" So far, the base has achieved a total income of nearly RMB 600,000 for the village by leading the development of the rural collective economy, and paid dividends of roughly RMB 100,000 based on equities.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, and Yang Yunxia, Chairwoman of Labor Union of Yibin Wuliangye, visited Qingshanyan Village, offering directions on poverty alleviation by industrial development.



Zeng Congqin, Chairman of Yibin Wuliangye, accompanied Li Yunze, Vice Governor of Sichuan Province, to visit Qingshanyan Village.



Jidi Fruit and Vegetable (Shiitake Mushroom) Base, Shangmayan Village, Xiamula Township, Litang County

In addition to a donation of RMB 2.1 million, the Company integrated RMB 12 million to build the 2.8-hectare Jidi Fruit and Vegetable (Shiitake Mushroom) Base. By cooperation with Fresh Hema and JD Farm, it has realized online-to-offline marketing. Shiitake mushroom and agaric became Litang County's first products with the national green food label, whose production is under the support of the Company. So far, the base has achieved a total income of over RMB 7.1 million for the village by leading the development of the rural collective economy, and paid dividends of over RMB 1.5 million.



Wang Zhengpu, member of the Standing Committee of the CPC Sichuan Provincial Committee and Director of the Organization Department, led a team to visit the shiitake mushroom base in Litang County.

Poverty alleviation by liquor grain base construction

Wuliangye liquor grain bases transform "blood transfusion" to "blood making" in poverty alleviation. As of 2019, the liquor grain bases have increased the average annual income of nearly 30,000 farmers by over RMB 1,000. Next, Wuliangye will continue to enhance the liquor grain base development for poverty alleviation in terms of horizontal and vertical coverage.

Contract farming

- The Company encouraged farmers to adopt moderate-scale management by signing supportive contracts with poor farmers directly.
- The Company made poverty alleviation plans for developing rice and corn industries, and provided agricultural inputs for free.
- The Company has raised the price in contracts with poor farmers.

Intelligence and ambition empowerment

- The Company provided technical training and expert services on liquor grains.
- Poor farmers were directly engaged in the base's labor work and field management.
- Poor farmers were involved in a whole variety of comparative tests of liquor grain so that they harnesses the standard production technique of liquor grains, which can prevent them from returning to poverty.

Horizontal coverage

The Company has enlarged the project by including 3 districts, 7 counties, and over 100 townships under Yibin's jurisdiction, Cangxi County of Guangyuan City, and Youxian District and Zitong County of Mianyang City.

Vertical coverage

The project was carried out down to the village level, such as Luobailiang Village and Jiaochang Village in Xingwen County, Yunxing Village in Gongxian County, and Luanshishan Village in Jiang'an County.

On July 10th, 2019, the donation ceremony of Wuliangye liquor grain special order input was held in Luan-shishan Village, Yangchun Township, Jiang'an County, Yibin.



Poverty alleviation by education

Wuliangye has raised the development awareness of the poor population by offering education support.

Education concept	Activities in 2019
	The "Wuai Building" in Yunlong Elementary School, Xingwen County was officially completed, for which Wuliangye donated RMB 1.07 million.
	The Company donated RMB 2.48 million to the acrobatic training project of Yibin, helping 23 impoverished children to learn acrobatics in Hebei Wujiao Acrobatic Art School.
	The Company donated RMB 50,000 to renovate Dayuan Ethnic Elementary School Xinjie Village Elementary School in Xianfeng Miao Township, Xingwen County.
	The Company donated 300 packages with a total worth of RMB 30,000 to schools in Xingwen County and Pingshan County.
	The Company provided scholarships to 20 outstanding college students who were from impoverished families in Litang County, totaling RMB 100,000.
	The dealers association of Wuliangye Sichuan Marketing Region donated educational materials and multi-media facilities with a total worth of RMB 120,000 to Xiamula Township.
Ensure children have access to affordable education, good learning environment, and sufficient stationary. Donate in cash to build school buildings and in kind of educational materials, and provide scholarships to prevent intergenerational transmission of poverty.	The Company donated RMB 2 million to set up a talent development fund in Xinlong County and Yajiang County. The Company donated RMB 640,000 to help Baixiang Village, Pingshan County, to build a village-company joint Party construction demonstration base themed "Wuliang New Village and Virtuous Baixiang".



Make donations to Yunlong School in Xingwen County to build "Wuai Building"



The Yunlong School in Xingwen County was damaged in the earthquake on December 16th. Wuliangye donated RMB 1.07 million to build the "Wuai Building" for the school. Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, attended the inauguration ceremony of the building. In his speech, he paid tributes and expressed festival greetings to teachers, and conveyed his best wishes for students.

Poverty alleviation by consumption

In 2019, the Company combined measures of centralized procurement, trade fairs dedicated to products from poor regions, and diversification of marketing channels to bring distinctive agricultural products from its designated poverty alleviation regions to be consumed by the Company and our employees. By purchasing a total worth of RMB 26.6 million of products, it fulfills the same purpose as that of donation. Meanwhile, the Company established a long-term mechanism of "purchase instead of donation", which has been implemented on a regular basis.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, visited the fair and encouraged employees to purchase agricultural products

Poverty alleviation by transportation



From 2018 to 2020, Wuliangye donated RMB 300 million to build roads to facilitate the transportation of liquor grain and bamboo bases, and for villages, facilitating the development of Yibin's 3 districts and 7 counties, and contributing to transportation infrastructure construction in Yibin and the implementation of rural rejuvenation.

Poverty alleviation consensus

Message of support

Efforts shall be made to reinforce the implementation of the concept "lucid waters and lush mountains are invaluable assets", and to find innovative paths in industrial development in order to expand markets, diversify sales channels, and deliver more achievements in poverty alleviation by industrial development.

-Li Yunze, Vice Governor of Sichuan Province

First of all, we need to encourage industrial development and provide assistance to diversify sales channels, explore markets, and build products of poor regions into recognized brands. We encourage Wuliangye's teams stationed in villages to actively interact with local villagers in order to help them to find an effective method to get rid of poverty in the long run.

-Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye

For years, Wuliangye has provided us with a lot of help. To be particular, Chairman Li Shuguang led teams to pay multiple field visits to our county. In addition to giving guidance and suggestions, he also sent warm greetings and donated in cash and kind to the impoverished people. By way of "purchase instead of donation", "industry incubation", and "poverty alleviation by education", Wuliangye has injected great power into our county's poverty alleviation work.

-Zhang Jian, Secretary of CPC Xingwen County Committee

We are very grateful for what Wuliangye has done for us. This time, Wuliangye's employees and canteens purchased our potatoes, a way of "purchase instead of donation". Villagers are thankful for that. On behalf of the township CPC committee, government, and all villagers, I'd like to express our sincere appreciation.

-Jiangyangqupi, vice head of Xiamula Township, Litang County

Thank you very much, Wuliangye! Good job, Wuliangye!

-Zhengga and his family, an impoverished household in Litang County

Awards for poverty alleviation efforts

- Top 50 Best Social Organization Poverty Alleviation Cases by the State Council Leading Group Office of Poverty Alleviation and Development
- 2018 Leading Designated Poverty Alleviation Unit Under Sichuan's Direct Control
- 2018 Sichuan Outstanding Enterprise in Poverty Alleviation by Industrial Development
- 2019 Sichuan Leading Organization in Poverty Alleviation
- 2019 Annual Sichuan Charity Enterprise
- The 2nd Sichuan Charity Award - Most Charitable Donating Enterprise





Charity activities

Wuliangye Charity Fund has made donations in a transparent and professional way with focus on poverty alleviation, disaster rescue, caring for the aged with no family, and education to promote the construction of a harmonious society.

Philanthropic efforts to cultivate hope

Support for students

- “Wuliangye Education Fund” donates RMB 2 million on a yearly basis to help excellent impoverished students and reward teachers, benefiting a total of 32,822 people. The Company donated RMB 3.465 million to set up the “Top Innovator Education Award”.
- The Company has set up a number of scholarships like Wuliangye Teaching Scholarship, Wuliangye Scholarship, Wuliangye Encouragement Scholarship, and Wuliangye “Belt and Road” Scholarship for Foreign Students.
- From 2018 to 2022, it will donate RMB 7 million per year to reward excellent teachers and students of Sichuan University of Science & Engineering.



Zou Tao, Executive Deputy General Manager of Yibin Wuliangye, Tang Bochao, Deputy General Manager, and Yang Yunxia, Labor Union Chairwomen, attended the 2019 Scholarship Awarding Ceremony of “Wuliangye Education Fund”.

Caring for children

A donation of RMB 500,000 to Liangshan

At the 1st Sichuan Charity Event themed “Charity Flourishes in Sichuan”, Wuliangye Charity Fund donated RMB 500,000 to address fund shortages of toys and physical education facilities in kindergartens in Liangshan, where “one kindergarten per village” project has been in implementation.



Sichuan Charity Event themed “Charity Flourishes in Sichuan”



“Care for children and Relay of Love” event held by Wuliangye Charity Fund

Wuliangye's care for visually-impaired children in Moscow



On May 23, 2019 Moscow local time, the Russian Care for Visually-impaired Children Foundation Charity Dinner was held in the Spartak Stadium in Moscow, with Wuliangye as the sole sponsor. In addition to providing liquor for the dinner, the Wuliangye liquor in the panda-shaped bottle was also in the auction lists of this charity sale, showing Wuliangye's care and support for children with eye diseases in Moscow.

Earthquake rescue

In the beginning of 2019, the Company donated a total of RMB 1.3884 million to Xingwen County, Yibin, after it was hit by an earthquake on December 16th, 2018. On June 17th, 2019, Changning County, Yibin, was stricken by an earthquake with a magnitude of 6.0 on the Richter scale. Wuliangye responded without hesitation and dispatched a rescue team to the epicenter region for relief. In addition, it donated RMB 20 million for rescue and reconstruction.



Liu Zhongguo, then Chairman of Yibin Wuliangye, attended the Changning earthquake donation ceremony.



Wuliangye rescue team participated in Changning's rescue work.

The power of volunteers



“Learning from Lei Feng - Volunteer Service Month” activity



“Construction of National Civilized Cities” volunteer service

Wuliangye Youth Volunteer Team was awarded “the 3rd Yibin Outstanding Youth Volunteer Organization”. Deng Shiming, a young employee of Wuliangye, was awarded “the 3rd Yibin Top 10 Best Youth Volunteer” due to his excellent performance in volunteer activities to discourage improper behavior during the “Construction of National Civilized Cities” project launched by Yibin.

Number of volunteer service

3,000 Person

Hours of volunteer service

16,552 Hours



Support for the People's Liberation Army

Enhance mutual support to better unify the army with the people

Implementation of the mutual support spirit for a new era

Wuliangye has fully implemented the guidelines of the 19th CPC National Congress and President Xi Jinping's comments on mutual support (mutual support between the army and the region) for a new era and fulfilled its CSR in supporting national defense and army. Under the direction of the local government, it has established a close relationship with the army stationed in Yibin, and continued to carry out support activities for soldiers and their families. The Company revised Wuliangye Group People's Armed Forces Management Regulation, providing political and systematic guarantees for the Company's support for soldiers and their families.

Innovation in practical work to show care

Visit army stationed in Yibin

On the occasion of major holidays and festivals, the Company would hold activities to facilitate mutual understanding and support between the Company and the army as the Rocket Force, Army Air Corps, and armed police detachment stationed in Yibin, and donated air conditioners and washing machines with a total worth of over RMB 200,000.



Resolution of troop infrastructure difficulties

The Company has thoroughly implemented Yibin Municipal Mutual-support Office's notice on visiting troops stationed in Yibin. In addition to visiting the troops, it has actively supported troops with cultural and sports facilities with a total worth of RMB 11,000.

Diversify cultural life of soldiers

Tang Bochao, Deputy General Manager of Yibin Wuliangye, celebrated the "August 1st" Army Day with Wuliangye's militia by holding various activities like competition games themed on the "Celebration of the August 1st to reinforce military spirit and make contribution in the new era" and tea parties.



Visiting veterans and entitled groups

On the occasion of major holidays and festivals, the Company would hold seminars and greeting activities for employees who used to serve in the army or are family members of soldiers or martyrs to convey the Company's care and greetings. Such activities covered 3,034 veterans and 266 personnel who were family members of soldiers or martyrs, sending consolation gifts and money with a total worth of RMB 1.65 million.

Responsible drinking

Active promotion of healthy drinking

Wuliangye has always adhered to the great ambition of building a community with a shared future for international liquor players and bravely shouldered the responsibility of promoting the development of the whole industry. By continuing to encourage healthy and responsible drinking, it has helped consumers to become healthier and happier. Together with Chinese baijiu companies, Wuliangye would develop a robust responsible drinking IP characterized by clear-cut identification, emotional attachment, and Chinese liquor culture and storytelling. This "robust Chinese responsible drinking IP" will be shaped by being used in the communication of both the industry and all liquor brands.

Popularization of responsible drinking

Since 2014, Wuliangye has held annual activities to popularize responsible drinking and to enhance health awareness among consumers, greatly recognized by the whole society. It not only leads the trend of responsible drinking, but also strengthens the healthy lifestyle.

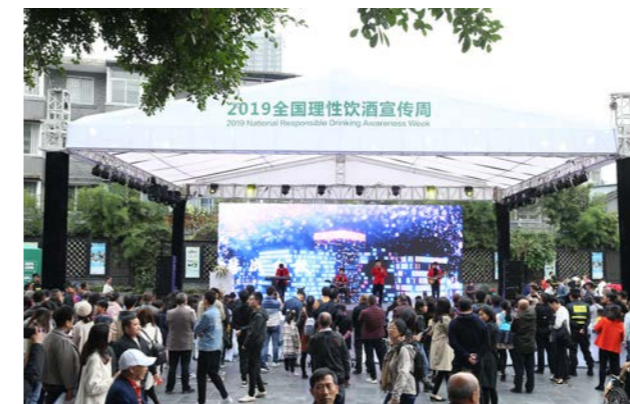
Themes of National Responsible Drinking Days		
Drink responsibly and do not drive after drinking	Drink properly and live a happy life	No drinking for minors

Responsible Drinking Week

On October 27th, 2019, the Company held the 2019 National Responsible Drinking Awareness Week (Sichuan branch venue), themed "Caring For and No Alcohol For Minors", which was the fifth year in a row that the Company held this event. On the site, there was a "responsible drinking" interactive zone, which displayed achievements, presented knowledge on this subject, and also provided creative placards and photo frames for visitors to take photos, bringing fun and useful tips to people in the community.

Enrichment of responsible drinking culture through innovation

Costumed flash performance of Responsible and Ritual Drinking, a themed short film, cross talk No Drinking for Minors, and an original song No Drinking for Minors by a band



Wuliangye's dealers vowed on the stage.

Never sell the idea of drinking to minors.
Never sell liquor to minors.



Vision: Creating a classic combination of ancient cellar preservation with modern aromatic flavor

Looking back at 2019, under the leadership of the CPC Sichuan Provincial Committee and Sichuan Government, as well as CPC Yibin Municipal Committee and Yibin Government, with the trust and support of all shareholders, investors, and friends, we closely followed the Company's strategies and upheld new development concepts. By driving reform and high-quality development and fulfilling social responsibilities, we achieved a record-high performance.

Looking to 2020, Wuliangye would continue to adhere to the core values of "creating outstanding experience for customers, happiness for employees, and returns for investors", unify ideas and efforts between managers and employees, as well as the Company and partners to stride forward with the industry for a brighter future.

Co-create a happy life	Quality guarantee	<ul style="list-style-type: none"> Promote efficient operation of product life cycle quality management system. Enhance comprehensive quality management to ensure complete control over production process. Increase technical innovation capacity across the whole product chain based on high-level research platforms.
	Brand building	<ul style="list-style-type: none"> Utilize Wuliangye's advantages in fermentation cellars, processes, and blending formula to create an IP of aged cellars and value benchmark of ancient liquor, and to highlight the unique origin and geographical identification, emphasizing the brand's authenticity. Upgrade packaging while keeping core elements and style stable and unified.
	Work safety	<ul style="list-style-type: none"> Enhance safety management and emergency measures to ensure safety indicators such as zero major accidents. Expand production capacity and accelerate the implementation of major projects including the integration project of finished liquor packaging and intelligent warehousing and delivery, the automation renovation of liquor grain process warehouse and grinding, and the technological upgrading of blending and warehousing cellar.
	Cultural Heritage	<ul style="list-style-type: none"> Preserve cellars from the Ming and Qing dynasties and promote Wuliangye's protection of cultural relics. Reshape Wuliangye's corporate culture system and leverage roles of Wuliangye Culture Research Institute. Advocate the fine Chinese traditional culture, facilitate win-win cooperation, and build a community with a shared future for mankind. Strengthen international exchanges and follow the steps of the "Belt and Road" Initiative.
A community with a shared future	Sharing harmony and happiness with consumers	<ul style="list-style-type: none"> Lead consumption upgrading, empower hot products, and make products more distinctive. Meet various needs of different consumer groups and improve product portfolio covering different levels, positions, and price ranges. Improve product structure of Wuliangye brand "1+3" and liquor series of 4 national strategic products.
	Drive growth together with employees	<ul style="list-style-type: none"> Provide opportunities and rights on equal employment, reasonable salary, and smooth communication and complaint. Provide diversified training programs and promote compensation system reform to help employees realize self-value. Continue to create a safe and comfortable working environment and meet employees' desires for a more colorful life. Continue to implement a support mechanism to care and support employees and help them solve problems.

A community with a shared future	Create value together with shareholders	<ul style="list-style-type: none"> Accurately enhance communication and continue to optimize investor relations management. Accurately provide follow-up services to enhance capacity to generate returns for investors. Accurately disclose information to reinforce Chinese and international investors' understanding and recognition.
	Develop together with partners	<ul style="list-style-type: none"> Upgrade channels to consolidate achievements made in dealer transformation to increase their capacity in exploring markets. Conduct in-depth cooperation with mainstream e-commerce platforms and new retail chains to strengthen price management and control over internet channels. Facilitate traceability management and modern supply chain construction for liquor grains. Make environment requirements part of dealer selection, and promote and carry out green procurement.
	Shape the future together with the industry.	<ul style="list-style-type: none"> Accelerate opening-up and cooperation, share market opportunities with international peers, and facilitate global peers' engagement in charity like poverty alleviation, health, and education. Discuss Chinese baijiu's innovative model and enhance baijiu culture based on industry associations.
Embrace the harmonious and happy future	Energy conservation and environmental protection	<ul style="list-style-type: none"> Establish a green development system to save energy, reduce consumption, and control pollution. Launch green projects to build ecological Wuliangye parks. Upgrade liquor grain bases and promote intelligent agriculture and sustainable development.
	Harmonious society	<ul style="list-style-type: none"> Fulfill targeted poverty alleviation responsibility in a science-based manner by long-term mechanism and targeted measures to cement the results of poverty alleviation. Continue to organize various charity activities in terms of education, donation, culture, volunteer service, and earthquake rescue. Enhance support to the army and take innovative measures in this regard. Advocate responsible drinking and organize responsible drinking awareness week activities.

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Feedback

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