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Diageo and Jiangsu Yanghe Distillery form joint venture; launch new-to-world whisky in China

Today, Diageo and Jiangsu Yanghe Distillery Co., Ltd ('Yanghe'), are proud to announce the launch of '**Zhong Shi Ji**TM, a premium taste of East and West'. This new-to-world whisky is carefully and specially crafted by master blenders and distillers from Scotland and China.

Zhong Shi JiTM has been created by Jiangsu Yanghe Diageo Spirit Co. Ltd, a new joint venture formed between Diageo and Yanghe, China's third largest Baijiu distiller.

China is the world's largest total beverage alcohol ('TBA') market delivering retail sales value of US\$178 billion per annum¹. The largest category is Baijiu, also known as Chinese white spirit. International spirits currently make up around 3% of the TBA market, with Scotch being the second largest international category.

Zhong Shi JiTM is a collaboration between Diageo Scotch Whisky master blender, Craig Wallace, and a China Alcoholic Drinks Association's Chinese Baijiu master, Zhou Xihu. Through a unique process, including maturation in Chinese ceramic pots, they have created a unique, full-flavoured, exceptionally smooth liquid.

With 80% of alcohol consumption² taking place in the meal occasion in China, mainly in restaurants and at home, **Zhong Shi Ji**TM provides a new-to-world whisky for discerning consumers to enjoy.

C.H. Chu, Managing Director, Diageo Greater China, commented: '*Diageo has long regarded China as one of the world's most important emerging markets for whisky. With accelerated urbanisation and a fast-growing middle class, Chinese consumers are demanding both choice and quality. We believe that **Zhong Shi Ji**TM can play an important role in the Chinese dining occasion, launching a new era for whisky drinkers in China. Through our new partnership with Yanghe, we are well placed to leverage our strengths in craftsmanship, brand building and distribution.*'

Zhu Wei, Vice President of Yanghe, expressed his enthusiasm for **Zhong Shi Ji**TM and the partnership with Diageo: '***Zhong Shi Ji**TM is a gift from both Yanghe and Diageo. The two companies are committed to this exciting new partnership and to leveraging our combined expertise in supply chain, distribution and brand marketing. I firmly believe **Zhong Shi Ji**TM will quickly become Chinese consumers' new favourite, with its ultra-smooth taste and superior quality, created through unique processes and craftsmanship from both China and the West.*'

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¹ IWSR 2017

² McKinsey & Company

Notes to Editor:

About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits and beer categories. These brands include Johnnie Walker, Crown Royal, J&B, Buchanan's and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company, and our products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo's global responsible drinking resource, www.DRINKiQ.com, for information, initiatives, and ways to share best practice.

Celebrating life, every day, everywhere.

About Yanghe

Yanghe (Sujiu Group), located in Suqian City, Jiangsu Province, the capital of spirits, sits on a site of nearly 10 square kilometers and has nearly 30,000 employees. The company's 1,300 year history of liquor production dates back to the Sui and Tang dynasties, peaking during the Ming and Qing dynasties.

As the holding company of Yanghe Distillery, Shuanggou Distillery, and Sujiu Group Trading Co., Ltd., Jiangsu Yanghe Distillery Co., Ltd. (Sujiu Group) is the only spirits company that owns two "Chinese famous liquors" and two "time-honored brands" - Yanghe and Shuanggou.