JGY HOLDINGS LIMITED

(Incorporated in Cayman Islands)
ARBN 622 384 776

NOTICE OF GENERAL MEETING

Date of Meeting
1 August 2022

Time of Meeting
11am WST

Place of Meeting
Room 1108 Block 16
Wanda Commercial Square
Jianye District, Nanjing City
Jiangsu Province
People's Republic of China

This Notice of Meeting and its Explanatory Statement should be read in their entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.
Please contact the Company Secretary on +60 1159715203 or info@jgy.qidao100.com if you wish to discuss any matter concerning the Meeting.

JGY HOLDINGS LIMITED

ARBN 622 384 776

NOTICE OF MEETING

Notice is hereby given that the Meeting of the Shareholders of JGY Holdings Limited will be held at Room 1108 Block 16, Wanda Commercial Square, Jianye District, Nanjing City, Jiangsu Province, China on 1 August 2022 at 11am (Western Standard Time) (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 11am on 30 July 2022.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in section 9 of the Explanatory Statement.

AGENDA

Resolution 1 Change to nature and scale of activities

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purpose of Listing Rule 6.41 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Acquisition, as described in the Explanatory Statement."

Resolution 2 Consolidation of capital

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

"That, subject to and conditional on the passing of all Acquisition Resolutions, for the purposes of Article 7.1(a) of the Constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that every 8 Shares be consolidated into 1 Share with any fractional entitlements being rounded down to the nearest whole number."

Resolution 3 Issue of Consideration Shares to Non-Related Investors

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of Listing Rule 6.25 and for all other purposes, approval is given for the Company to issue 31,161,452 Consideration Shares (on a post-Consolidation basis) to the Non-Related Investors (or their nominees) on the terms and conditions set out in the Explanatory Statement."

Resolution 4 Acquisition of relevant interests in Shares – ZHANG Houyi

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of Listing Rule 6.44, Article 12 of the Constitution and item 7 of section 611 of the Corporations Act, and for all other purposes, Shareholder approval is given for:

- *the Company to issue 87,216,113 Consideration Shares to ZHANG Houyi;*
- *WANG Caifu and HE Ping, both being current directors of the Company, to sell and for ZHANG Houyi to purchase 3,373,750 Shares; and*
- *an acquisition of a relevant interest in 104,047,298 Shares (including 13,457,435 Shares to be held by his associate Mr Lai Xingxin (Resolution 5)),*

on the terms and conditions set out in the Explanatory Statement."

Resolution 5 Acquisition of relevant interests in Shares – LAI Xingxin

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of Listing Rule 6.44, Article 12 of the Constitution and item 7 of section 611 of the Corporations Act, and for all other purposes, Shareholder approval is given for:

- *the Company to issue 13,457,435 Consideration Shares to Lai Xingxin;*
- *an acquisition of a relevant interest in 104,047,298 Shares (including the Shares as described above and 90,589,863 Shares to be held by his associated ZHANG Houyi (Resolution 4)),*

on the terms and conditions set out in the Explanatory Statement."

Resolution 6 Election of Director – ZHANG Houyi

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of Article 12 of the Constitution and for all other purposes, Mr ZHANG Houyi, being eligible and having consented to act, be elected as a Director on and from Completion."

Resolution 7 Election of Director – Ilmars DRAUDINS

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of Article 12 of the Constitution and for all other purposes, Mr Ilmars DRAUDINS, being eligible and having consented to act, be elected as a Director on and from Completion."

Resolution 8 Election of Director – Longhuy (Bill) LAM

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of Article 12 of the Constitution and for all other purposes, Mr Longhuy (Bill) LAM, being eligible and having consented to act, be elected as a Director on and from Completion."

Resolution 9 Change of Company name

To consider, and if thought fit, to pass the following as a **special resolution**:

"That for the purposes of section 31(1) of the Companies Act and for all other purposes, approval is given for the name of the Company to be changed from 'JGY Holdings Limited' to 'Laishi Liquor Limited', with effect from Completion of the Acquisition."

Voting prohibition and exclusion statements

The Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following person:

Resolution	Persons Excluded from Voting
Resolution 1 – Change to nature and scale of activities	A counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the Company's activities and any other person who will obtain a material benefit as a result of the Acquisition (except a benefit solely by reason of being a Shareholder), or an associate of that person or those persons. The Company has not identified any person that will be excluded from voting on this Resolution 1.
Resolution 4 – Acquisition of relevant interests in Shares – ZHANG Houyi	ZHANG Houyi (or his nominee) and any other person who will obtain a material benefit as a result of the issue of Shares (except a benefit solely reason of being a Shareholder) or an associate of that person or those persons. The Company identifies that LAI Xingxin is Mr ZHANG's son and therefore is Mr ZHANG's associate. Mr LAI will also be excluded from voting on this Resolution 4.
Resolution 5 – Acquisition of relevant interests in Shares – LAI Xingxin	LAI Xingxin (or his nominee) and any other person who will obtain a material benefit as a result of the issue of Shares (except a benefit solely reason of being a Shareholder) or an associate of that person or those persons. The Company identifies that ZHANG Houyi is Mr LAI's father and tehrefore Mr LAI's associate. Mr ZHANG will also be excluded from voting on this Resolution 5.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or

(b) it is cast by the person chairing the meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

WANG Caifu
Executive Chair
29 June 2022

JGY HOLDINGS LIMITED

(incorporated in Cayman Islands)

ARBN 622 384 776

EXPLANATORY STATEMENT TO THE NOTICE

Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Room 1108 Block 16, Wanda Commercial Square, Jianye District, Nanjing City, Jiangsu Province, China on 1 August 2022 at 11am (WST). The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with the forms part of the accompanying Notice, and includes the following:

A Proxy Form is located at the end of this Explanatory Statement.

Please contact the Company Secretary on +60 1159715203 or info@jgy.qiadao100.com if you wish to discuss any matter concerning the Meeting.

1 Action To Be Taken By Shareholders

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

1.1 Voting in person

All Shareholders are invited and encouraged to attend the Meeting.

To vote in person, attend the Meeting at the time, date and place set out in the Notice.

1.2 Voting by Proxy

If a Shareholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

(a) each Shareholder has the right to appoint a proxy;

(b) the proxy need not be a Shareholder of the Company; and

(c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 30 July 2022. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By e-mail
E-mail a clear scanned copy of the duly completed and signed proxy form to: voting@jgy.qiadao100.com.

By mail
Post by postage pre-paid mail to:

<u>**In China**</u>	OR	<u>**In Australia**</u>
Room 1108 Block 16 Wanda Commercial Square Jianye District, Nanjing City Jiangsu Province, China		c/- INP Group (Perth Office) Unit 20, 217 Hay Street Subiaco WA6008

By hand
Deliver by hand to:

<u>**In China**</u>	OR	<u>**In Australia**</u>
Room 1108 Block 16 Wanda Commercial Square Jianye District, Nanjing City Jiangsu Province, China		c/- INP Group (Perth Office) Unit 20, 217 Hay Street Subiaco WA6008

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.3 Corporate representatives

Shareholders who are bodies corporate may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (https://www.advancedshare.com.au).

1.4 Eligibility to vote

For the purposes of regulations 7.11.37 and 7.11.38 of the Corporations Regulations, the Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 11 am (WST) on 30 July 2022.

2 Proposed Acquisition of IWS

2.1 Background

JGY was incorporated in Cayman Islands on 23 October 2017 and was registered under the Corporations Act as a foreign company on 21 November 2017 with a registration number ARBN 622 384 776. It was incorporated as an investment holding company that holds 100% indirect interest in two Chinese operating companies, Tianchang Jinguixiang Agriculture Co., Limited (**FarmCo**) and Pizhou Yinxingyuan Liquor Industry Co., Limited (**WineCo**). JGY's current core business is the growing of grains, mainly wheat and rice through FarmCo and it also operates a liquor distillery producing Chinese baijiu as a side business through WineCo. JGY's interests in WineCo was diluted to 40% in August 2021 with additional equity being issued to Beijing Zhongnong Foliage Natural Science Research Institute.

JGY was admitted to the Official List on 21 December 2017. However, trading in the Company's Shares has been suspended for the following periods and reasons:

Periods	Reasons
04/07/2018 – 17/07/2018	Failure to lodge audited financial statements – 31 March 2018.
19/12/2018 – 12/03/2019	Failure to lodge half yearly financials – 30 September 2018.
03/07/2019 – 17/07/2019	Failure to lodge audited annual financials – 31 March 2019.
19/08/2019 – 23/08/2019	Non-payment of annual listing fees.
18/12/2019 – 30/03/2019	Failure to lodge half yearly financial statements – 30 September 2019.
17/06/2020 – 29/09/2020	Failure to lodge preliminary financial report for 31 March 2020. Failure to lodge audited financial statements – 31 March 2020. Non-payment of 2020-2021 annual listing fees.
17/12/2020 - current	Failure to lodge half yearly financial statements – 30 September 2020.

	Failure to lodge preliminary financial report – 31 March 2021. Non-payment of annual listing fee 2021-2022. Failure to lodge half yearly financial statements – 30 September 2021.

The Board has been working to bring its compliance status up to date and, in due course, looking for suitable opportunities to apply for reinstatement on NSX.

On 10 December 2021, the Company announced that it had entered into a Reverse Acquisition Agreement (**Acquisition Agreement**) to acquire an 100% interest in International Wines & Spirits Sdn. Bhd (**IWS**), a private company limited by shares incorporated in and under the laws of Malaysia (**Acquisition**). IWS is an intermediary company which will, through a wholly owned subsidiary registered in China (**WFOE**), be the registered and beneficial holder of the entire equity capitals of Guizhou Bainian Laishi Liquor Co., Limited (**Bainian Laishi**) and Guizhou Laishi Liquor Co., Limited (**Guizhou Laishi**) (together, **Laishi China**) on or before completion of the Acquisition (**Completion**). The material terms of the Acquisition are set out in section 2.2.

Completion of the Acquisition is subject to the Company obtaining approval from its Shareholders of the following resolutions:

(a) Resolution 1 – the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 6.41;

(b) Resolution 2 – Consolidation of capital;

(c) Resolution 3 – the issue of 31,161,452 Consideration Shares (post-Consolidation) to the Non-Related Investors (or their nominees) who are not related parties of the Company (other than as a result of the Acquisition);

(d) Resolution 4 – acquisition of relevant interests in Shares by ZHANG Houyi;

(e) Resolution 5 – acquisition of relevant interests in Shares by LAI Xingxin;

(f) Resolution 6 – Election of ZHANG Houyi as a Director;

(g) Resolution 7 – Election of Ilmars DRAUDINS as a Director;

(h) Resolution 8 – Election of Longhuy (Bill) LAM as a Director; and

(i) Resolution 9 – the change of the Company's name to "Laishi Liquor Limited" with effect from Completion,

(together, **Acquisition Resolutions**)

Upon Completion, the Company will shift its focus towards the development of the business of Laishi China, being the sale and distribution of Chinese baijiu via demonstration stores and online e-commerce platforms in China. Details of Laishi China and its business is set out in Schedule 1.

In March 2022, JGY announced the following outstanding accounts to NSX to bring its compliance up to date:

(j) the auditor-reviewed financial statements for the six-month period ended 30 September 2020;

(k) the audited financial statements for the year ended 31 March 2021; and

(l) the auditor reviewed financial statements for the six-month period ended 30

September 2021,

(together, the **Historical Accounts**).

2.2 Terms of the Acquisition Agreement

The principal terms of the Acquisition Agreement are set out below:

Counter parties	Chua Kee Leng WANG Caifu and HE Ping, Directors of the Company ZHANG Houyi
Proposed acquisition	JGY will acquire 100% of IWS for $14,000,000 through the issue of the following Shares (**Consideration Shares**): (a) the issue of 131,835,000 Shares (post-Consolidation) to purchase 100 existing fully paid ordinary shares of IWS, representing 100% of IWS's issued capital; and (b) the issue of 1 Share (post-Consolidation) to subscribe for an additional 999,900 new IWS Shares.
Completion	The sixth Business Day after the last of the conditions precedent is fulfilled (**Completion**).
Conditions precedents	Completion of the Acquisition is conditional upon: (a) the Company having lodged the Historical Accounts; (b) Laishi China being wholly owned subsidiaries of WFOE; (c) WFOE being a wholly owned subsidiary of the Company; (d) JGY lodging with ASIC a prospectus in relation to its issue of the Consideration Shares; (e) JGY completing the Consolidation (defined below); and (f) the following Shareholders' approval being obtained: (i) change of the Company's name; (ii) change of nature and scale of the Company's activities; and (iii) approval for the purpose of item 7 of section 611 of the Corporations Act for ZHANG Houyi to have a relevant interest in the Company's Shares of more than 20% as a result of the Acquisition. (together, **Condition Precedents**)
Share consolidation	Subject to Shareholders' approval, the Company will consolidate its 85,000,000 Shares on an 8:1 basis to 10,625,000 Shares (**Consolidation**).
Sale of JGY Sale Shares	Upon Completion: (a) WANG Caifu will transfer his holdings in the Company, being 2,500,000 Shares (post-Consolidation) for a nominal consideration of $1; and (b) HE Ping will transfer her holdings in the Company, being 873,750 Shares (post-Consolidation) for a nominal consideration of $1, to ZHANG Houyi (together, **JGY Sale Shares**).
Change of the	Subject to shareholders' approval, the Company will change its name to

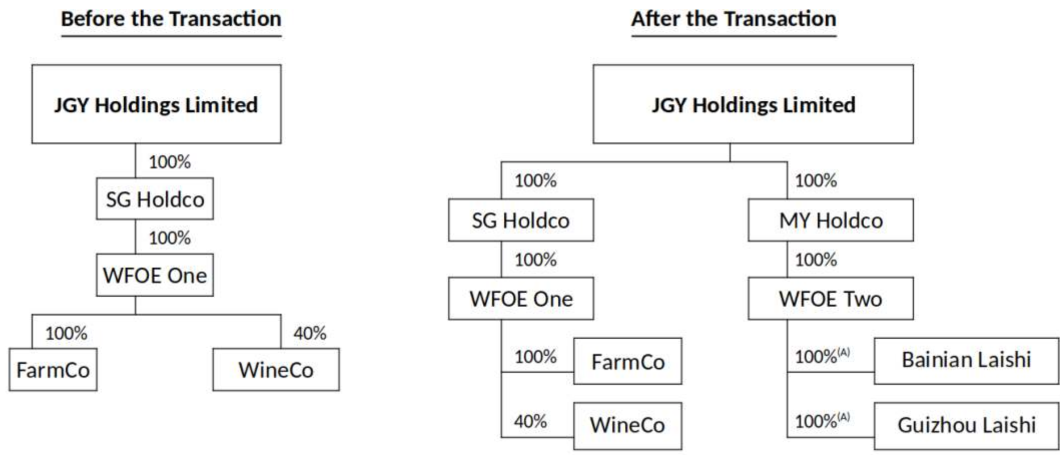
Company's name	"Laishi Liquor Limited" or, if the name is not available for registration in both the Cayman Islands and Australia, a name to be designated by ZHANG Houyi.
Undertaking to vote in favour	Each of WANG Caifu and HE Ping undertakes that unless prohibited by a voting exclusion under the Listing Rules or by a direction from NSX, they will vote in favour of all resolutions proposed by the Company at the extraordinary general meeting which it will convene to seek Shareholders' approval as required under the Acquisition Agreement.
Change of directors	Upon Completion: (a) JGY will appoint ZHANG Houyi as a director of the Company; and (b) WANG Caifu and HE Ping will resign as directors of the Company.
Governing laws	The laws of Malaysia, the country of incorporation of IWS.

Mr CHUA Kee Leng is the sole shareholder of IWS and acts as a nominee of all investors that invested in Laishi China (**Laishi Investors**). The Consideration Shares to be issued upon Completion will be issued to the Laishi Investors, in proportion to their respective interests in the equity capital of Laishi China as agreed between the Laishi Investors and Laishi China. The Investors include ZHANG Houyi and LAI Xingxin. Approval is sought in this Notice of Meeting for the Consideration Shares to be issued to them.

An Independent Expert's Report appraising the fair value of IWS and Laishi China has been obtained and is attached in Schedule 5 of this Explanatory Statement.

2.3 Proposed corporate structure

The corporate structure of the Company before and after the Acquisition is as follows:



Notes

(A) WFOE Two holds 99.99% of the equity capitals of Bainian Laishi and Guizhou Laishi. The balance 0.01% of the equity capitals these two operating companies are held by ZHANG Houyi, the legal representative of these two operating companies and a proposed director of the Company. ZHANG Houyi has signed an acknowledgement that he hold these 0.01% stakes in the operating companies for the benefit of WFOE Two. Therefore, for accounting and all other purposes, the Company will treat Bainian Laishi and Guizhou Laishi as wholly-owned subsidiaries.

<u>Abbreviations</u>

SG Holdco	Microbat Singapore Pte. Ltd.
MY Holdco	International Wines & Spirits Sdn. Bhd
WFOE one	Tianchang Danguixiang Agricultural Products Co., Limited
WFOE Two	A wholly foreign company to be registered on or before Completion

Upon Completion, the Company will be renamed "Laishi Liquor Limited".

2.4 Laishi China's business

Set out in Schedule 1 is a comprehensive description of Laishi China's business.

2.5 Risk factors

Shareholders should be aware that if the Acquisition is approved and Completion occurs, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from IWS parties contracted or associated with IWS and the Acquisition Agreement and other agreements.

Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the Company's proposal to acquire all of the shares in IWS is set out in Schedule 4. The risks and uncertainties described in Schedule 4 are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers immaterial, which may affect the Company and IWS.

2.6 Proposed capital structure

Below is the proposed capital structure of the Company upon Completion of the Acquisition:

	Shares	**% interest**
Current	85,000,000	N/A
Post Consolidation (8:1)	10,625,000	7.46%
Consideration Shares	131,835,000	92.54%
Cleansing Shares[1]	10	0%
Total	**142,460,010**	**100%**

Note:

1. See section 2.18 for details.

2.7 Substantial Shareholders prior to and after the Acquisition

The substantial Shareholders of the Company prior to and after the Acquisition (on a post-Consolidation basis) is set out below:

	Prior to Acquisition		**Post-Acquisition**	
Shareholder	Number	% interest	Number	% interest
WANG Caifu[1]	2,500,000	23.53%	Nil	Nil
HE Ping[1]	873,750	8.22%	Nil	Nil
WANG Haotian[1]	1,250,000	11.76%	1,250,000	0.88%
ZHANG Lijun	1,750,000	16.47%	1,750,000	1.23%
ZHANG Houyi	Nil	Nil	90,589,863	63.59%
LAI Xingxin	Nil	Nil	13,457,435	9.45%

Note:

1. WANG Caifu and HE Ping are spouses and WANG Haotian is their adult son.
2. ZHANG Houyi's post-Acquisition Shares will include:
    a. 2,500,000 Shares to be transferred from WANG Caifu upon Completion as agreed under the Acquisition Agreement;
    b. 873,750 Shares to be transferred from HE Ping upon Completion as agreed under the Acquisition

Agreement; and

c. 87,216,113 Consideration Shares.

2.8 Pro-forma statement and financial position

Set out in Schedule 2 is the historical financial information in relation to IWS and Laishi China for the financial years ended 31 March 2020 and 31 March 2021 and the six-month period ended 30 September 2021.

A consolidated unaudited pro-forma statement and financial position of the Company is included in Schedule 3 assuming that all Acquisition Resolutions have been passed and Completion has occurred.

2.9 Indicative timetable

An indicative timetable to Completion and the Acquisition is set out below:

Event	Date
Announcement of Acquisition	10 December 2021
Notice of Meeting sent to Shareholders	29 June 2022
Lodgement of Prospectus by the Company	29 June 2022
Offer of Cleansing Shares open under the Prospectus	1 August 2022
General Meeting held to approve the Acquisition	1 August 2022
Completion (subject to Directors' satisfaction that the Conditions Precedent have been satisfied) – Issue of Consideration Shares	3 August 2022
Prospectus closes	4 August 2022
Despatch of holding statements	4 August 2022
Commencement of trading of Shares on NSX (subject to NSX re-complying with Chapter 4 of the Listing Rules and subject to NSX agreeing to reinstate the Shares to quotation)	8 August 2022

Note:

1. The above dates are indicative only and may change without notice.
2. The quotation of Shares is subject to confirmation with NSX.
3. The date for Completion is only a good faith estimate by the Directors and may have to be extended.

2.10 Board and Management

With effect from Completion, it is proposed that WANG Caifu and HE Ping will resign as Directors and ZHANG Houyi, Ilmars DRAUDINS and Longhuy (Bill) LAM will be appointed as Directors to the Board.

Summaries of the background and experience of each of the Directors after Completion are set out below.

(a) Ilmars Draudins – Proposed Independent Non-Executive Chair

Ilmars Draudins has 25 years' experience in the corporate advisory and investment banking industry. Prior to that he had over 20 years' experience in the information technology sector. The skill set that Mr Draudins brings to these companies is based on the experience gained in the areas of general management, sales, marketing, capital raising, IPO's and strategic consulting.

He has led numerous teams that have successfully conducted IPOs, private placements, capital raisings, M&A project work, commercialisation strategies, and involvement in the strategic growth of companies and realising value for shareholders. He is also involved with Asian companies and assisting them with strategies, their Australian business activities and listing companies on ASX and NSX.

Ilmars Draudins is a director and chair of a number of private, unlisted and listed public companies and uses his experience to assist these companies with their strategic direction and execution. Ilmars Draudins has listed company experience, in that in the last 5 years, he has been a non-executive director and the Chair of ASX-listed iSynergy (ASX:IS3). He is also a responsible officer of Collins Street Group, a nominated adviser of the NSX and is the responsible manager for two Australian financial services licences.

Ilmars Draudins holds a Bachelor of Engineering (University of NSW), an MBA (Monash University), a Certificate III in Financial Markets (Securities Institute) and Certificate in Direct Marketing (ADMA). While he does not speak Mandarin nor read Chinese, he has associates who are fluent in the written and spoken Chinese language whom he can draw upon as a resource to assist him to discharge his duties as a director of the Issuer.

(b) ZHANG Houyi – Proposed Executive Director

ZHANG Houyi is the founder, executive director and general manager of Guizhou Laishi and Bainian Laishi. He has over 20 years' experience in the baijiu industry. Since the inception of Guizhou Laishi and subsequently Bainian Laishi, ZHANG Houyi has established a diversified online and offline multi-channel sales management team which contributed in the steady growth of the China Laishi's performance. The relevant work experience of ZHANG Houyi prior to his founding of Guizhou Laishi are as follows:

Period	**Entity**	**Role and achievements**
2002-2006	Guizhou Laishigang Liquor Co., Limited	General manager directly involved in managing that entity's marketing, production and logistics teams. Under his management, the entity achieved an annual turnover of RMB200 million.
1994-2001	Guizhou Laitai Distillery	Started as a factory apprentice and eventually became the factory director. He has gained invaluable insights and experience of the baijiu making process and method.

(c) Longhuy (Bill) LAM – Proposed Independent Non-Executive Director

Bill LAM is the executive director of ABL Accounting and Taxation Pty Limited, a boutique accounting firm which he established in 1993. Qualified as a CPA in Australia, his practice focus is in advising clients on accounting, tax planning and compliance and general corporate compliance matters. Mr Lam's corporate clients operate in a range of industries such as retail, property, education, recruitment, hospitality and the medical and legal professions. Prior to founding ABL Accounting and Taxation Pty Limited, he worked as the financial controller of Wills Australia for 10 years and at AAPT Limited, a company listed on the ASX before it was acquired, then delisted by Telecom New Zealand.

Bill LAM has listed company experience as well as working experience in China, where all Laishi's business operations are located. In particular, his relevant experience are as follows:

(i) formerly being an independent non-executive director and company secretary of Sanhe Building Materials Technology Limited, an Australian public company which was listed on the Sydney Stock Exchange;

(ii) being an independent non-executive director and chair of Kemao Industries Limited, an Australian public company listed on the NSX; and

(iii) worked, on secondment, for a company listed on the Growth Enterprise Market board of the Stock Exchange of Hong Kong with operations in China as well as other major economies in South East Asia and Australia.

Bill LAM holds a Bachelor of Business (Accounting and Finance Major) (University of Technology Sydney) and is a long-serving member of CPA Australia. He is fluent in written and spoken Chinese language.

<u>Company Secretary</u>

With effect from Completion, it is proposed that Mr Seong Kung Mah will resign as the Company Secretary and Ms LI Xuekun will be appointed as the Company Secretary.

Summary of the background and experience of LI Xuekun is set out below.

(d) LI Xuekun

Member, Association of Chartered Certified Accountant (ACCA)

Member, Governance Institute of Australia

Ms Li is a chartered company secretary and a qualified accountant with more than 20 years' experience in financial accounting and corporate governance. She worked as an audit manager at the China practice of a Big-Four international accounting firm where she was involved in audits both for periodic financial reporting and for initial public offerings. She relocated to and commenced her career in Australia in 2006. She speaks and writes English and Chinese. She is a partner at INP Group Perth. Her appointments include being company secretary of ASX-listed Energy Metals Limited (ASX:EME) and company secretary and a non-executive director of Kemao Industries Limited (NSX:KEM).

<u>Senior management of Laishi China</u>

Laishi China's senior management personnel and their background and experiences are as follows:

(e) LAI Xingxin – Procurement Manager

LAI Xingxin studied brewing engineering at the Jinjiang College of Sichuan University. He has been working as Laishi China's procurement manager since graduating from university in 2016. He is mainly responsible for negotiating material prices with suppliers, drawing up budgets for supplies and human resources, monitoring and approving expenditures according to production targets, and investigating and researching demand and sale of materials within the company.

(f) CHEN Jiangping – Marketing and Sales Manager

CHEN Jiangping has worked in the baijiu industry since 2012. He has a deep understanding of the industry and is knowledgeable in all things relating to baijiu and its culture. Between 2012 and 2016, he worked as a marketing manager in two other liquor companies and subsequently ran his own start-up baijiu marketing company for three years before joining Laishi China.

CHEN Jiangping has a bachelor's degree in social work from Guizhou Normal University.

(g) LUO Qiying – Finance Manager

LUO Qiying is Laishi China's Finance Manager since 2019. She started her career as an accountant in 2012 and worked at two other companies prior to joining Laishi China. She has a bachelor's degree in financial management from Sichuan University of Science and Technology.

(h) RAO Peng – Distillery Manager

RAO Peng is responsible for ensuring that all aspects of the distillery process at Laishi China's contracted distillery who supplies raw liquor to Guizhou Laishi to ensure that they are carried out in accordance with specifications and requirements set by Guizhou Laishi so as to maintain the quality of the raw liquor supplied to Guizhou Laishi. Prior to joining Laishi China in 2009, RAO Peng worked at a pharmaceutical factory for 21 years.

2.11 Advantage and disadvantage of the Acquisition

The Company considers that the Acquisition has the following advantage for its Shareholders:

(a) the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a business focusing on sales and distribution of Chinese baijiu products through online and offline channels in China;

(b) the potential increase in market capitalisation of the Company following Completion may lead to access to improved equity capital market opportunities and increased liquidity which are not currently present; and

(c) the consideration for the Acquisition is comprised of 131,535,000 Consideration Shares (on a post-Consolidation basis), thereby conserving the Company's cash reserves.

The Company considers that the Acquisition has the following disadvantages for its Shareholders:

(a) the Company will be changing the nature of its activities which may not be consistent with the objectives of all Shareholders;

(b) the Acquisition will result in the issue of Consideration Shares which will have a dilutionary effect on the current holdings of Shareholders; and

(c) there are additional risk factors associated with the change of nature and scale of the Company's activities. Some of the key risks are summarised in Schedule 4.

2.12 Intentions if the Acquisition is not approved

If the Conditions Precedent are not satisfied or waived, including if the Acquisition Resolutions are not passed, the Acquisition will not proceed and the Company will seek an alternative acquisition.

2.13 Directors' interests in the Acquisition

Other than as disclosed in section 2.2, none of the Company's existing Directors have any interest in the Acquisition. Shareholders should note that, subject to all Acquisition Resolutions being passed, ZHANG Houyi, a Proposed Director, will have a relevant interest in

73.04% of the Company's issued Share capital.

2.14 Shareholder distribution after Completion of the Acquisition

Following Completion of the Acquisition, the Shareholder distribution of the Company will be as follows:

Spread of Holdings	Number of Shares	Number of Holders	% interest
1 – 1000	0	0	0.00%
1001 – 5000	335,755	94	0.24%
5001 – 10000	403,310	59	0.28%
10001 – 100000	5,483,683	201	3.85%
100001 - 999999999999	136,237,252	67	95.63%
Total	**142,460,000**	**421**	**100.00%**

2.15 Top 20 Shareholders after Completion of the Acquisition

The top 20 Shareholders after Completion of the Acquisition will be as follows:

Top	Name of Holder	Number of Shares	% interest
1	Zhang Houyi	90,589,863	63.59%
2	Lai Hing Hin	13,457,435	9.45%
3	Li Jichao	6,084,394	4.27%
4	Ma Xianghui	5,000,000	3.51%
5	Chen Dandan	2,538,704	1.78%
6	Zhang Lijun	1,750,000	1.23%
7	Xu Xinyu	1,343,685	0.94%
8	Wang Haotian	1,250,000	0.88%
9	Xu Huaqun	796,843	0.56%
10	Li Chunxiang	754,658	0.53%
11	Kong Chunyan	578,356	0.41%
12	Bi Changzheng	574,501	0.40%
13	Wang Juan	512,550	0.36%
14	Pan Liufang	500,000	0.35%
15	Han Zhijie	486,484	0.34%
16	Wang Xiaozhen	410,000	0.29%
17	Xiang Qiantian	388,904	0.27%
18	Deng Renping	375,166	0.26%
19	Pan Xin	375,000	0.26%
20	Zhou Xuying	375,000	0.26%
Total		**128,141,543**	**89.95%**

2.16 Conditionality of Acquisition Resolutions

All Acquisition Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the

Meeting. If any one of the Acquisition Resolutions is not approve at the Meeting, none of them will take effect and the Acquisition Agreement and other matters contemplated by the Resolutions will not be completed pursuant to this Notice.

2.17 Directors' recommendation

After considering all the relevant factors (including the advantages and disadvantages, and risks, as set out in this Explanatory Statement), the Directors recommend that Shareholders vote in favour of the Acquisition for the following reasons:

(a) after a proper assessment of all available information, the Directors believe that the Acquisition is in the best interests of the Shareholders, and

(b) in the opinion of the Directors, the benefits of the Acquisition outweigh its disadvantages.

2.18 Prospectus

The Company has been suspended for more than 5 consecutive days in the past 12 months. As a result, the Company must issue a cleansing prospectus for the purpose of section s708A(11) of the Corporations Act so that the Consideration Shares can be issued with disclosure as required under the Corporations Act (**Prospectus**). Under the Prospectus, 10 Shares (**Cleansing Shares**) will be offered to investors identified by the Directors. The Prospectus is a full-form prospectus which is also issued to re-comply with the listing requirements of NSX following a significant change to the nature or scale of the Company's activities.

A copy of the Prospectus is lodged on or about the same date that this Notice is dispatched to the Shareholders and will be available on the Company's NSX announcement platform.

Neither ASIC, NSX nor any of their respective officers takes any responsibility for the contents of the Notice, Explanatory Statement or the Prospectus.

2.19 Disclosures to NSX

The Company's Shares are quoted on NSX and as such, is subject to regular reporting and disclosure obligations. The Company's NSX announcements can be viewed at: https://www.nsx.com.au/marketdata/company-directory/announcements/JGY/.

2.20 Dividend policy

The Company's financial year ends on 31 March each year. The Company does not intend to pay dividends on securities for the financial year ending 31 March 2023 after re-listing as the business of Laishi China is in the expansion phase and thus may need to utilise all available funds. Any future determination as to the payment of dividends by the Company will depend on a variety of factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors.

2.21 Litigation

Other than as disclosed in Schedule 4, Laishi China is not involved in any legal proceeding as at the date of this Notice of Meeting and the Directors are not aware of any legal proceedings pending or threatened against Laishi China.

3 Resolution 1 – Change to name and scale of activities

3.1 General

Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company as a result of the Acquisition.

As outlined in section 2.1, the Company has entered into the Acquisition Agreement to acquire all of the issued capital of IWS.

A summary of the terms and conditions of the Acquisition Agreement is set out in section 2.2 and a detailed description of IWS and its business is outlined in Schedule 1.

Resolution 1 is subject to the passing of all other Acquisition Resolutions.

3.2 Listing Rule 6.41

Listing Rule 6.41 requires the Company to provide full details of any proposed significant change to the nature or scale of its activities and must provide the following information if required by NSX:

(a) provide additional information to NSX;

(b) obtain the approval of members for the change; or

(c) meet the requirements of Chapter 4 as if applying for a listing.

Given the change in the nature and scale of the Company's activities upon Completion, the Company is required to obtain Shareholder approval and meet the requirements of Chapter 4 as if applying for a listing.

Accordingly, the Company is seeking Shareholder approval pursuant to Resolution 1 for the Company to change the nature and scale of its activities under Listing Rule 6.41.

3.3 Suspension until re-compliance with the Listing Rules

The proposed change in the nature and scale of the Company's activities will require the Company to re-comply with the admission requirements in the Listing Rules (including any NSX requirement to treat the Shares as restricted securities). The Company's Shares were last suspended from official quotation on 17 December 2020. If the Acquisition Resolutions are approved at the Meeting, it is expected that the Company's Shares will remain suspended from quotation until the Company has acquired IWS pursuant to the Acquisition Agreement and re-comply with the Listing Rules, including by satisfaction of NSX's conditions precedent to reinstatement.

If any Acquisition Resolutions are not approved at the Meeting, the Acquisition will not proceed and the Company will apply to NSX to have its Shares re-instated to quotation on the Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act.

4 Resolution 2 – Consolidation of capital

4.1 General

Article 7.1(a) of the Constitution allows the Company to consolidate all or any of its Shares of a larger amount by ordinary resolution of Shareholders.

Resolution 2 seeks Shareholder approval to consolidate the number of Shares on issue on a 8:1 basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.

The Directors intend to implement the Consolidation prior to completion of the Acquisition Agreement and prior to the proposed issues of Shares pursuant to the Acquisition, but the Consolidation will only occur if Shareholders approve all Acquisition Resolutions.

Resolution 2 is subject to and conditional upon the passing of all other Acquisition Resolutions.

4.2 Fractional entitlements

Not all Shareholder will hold that number of Shares which can be evenly divided by 8. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole number.

4.3 Taxation

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation. The Company, the Directors and their advisors do not accept any responsibility for individual taxation implications arising from the Consolidation or the other Acquisition Resolutions.

4.4 Effect on capital structure

The estimated effect which the Consolidation will have on the capital structure of the Company is set out in the table in section 2.6.

4.5 Indicative timetable

If Resolution 2 and all other Acquisition Resolutions are passed, the Consolidation will take effect upon Completion.

5 Resolution 3 – Issue of Consideration Shares to Non-Related Investors

5.1 General

Pursuant to the terms of the Acquisition Agreement, the Company has agreed to issue 31,161,452 Consideration Shares (on a post-Consolidation basis) to the Non-Related Investors (or their nominees) pro rata to the percentage equity interest each Non-Related Investors had in Laishi China.

Listing Rule 6.25(1) requires the Directors to obtain the consent of the Shareholders in general meeting prior to issuing equity securities above 15% of the total Shares on issue during any 12 months period.

Resolution 3 seeks Shareholder approval for the issue of these Consideration Shares.

The effect of Resolution 3 will be to allow the Company to issue the Consideration Shares to the Laishi Investors (or their nominees) without using the Company's 15% annual placement capacity.

Resolution 3 is subject to and conditional upon the passing of all the Acquisition Resolutions.

6 Resolutions 4 and 5 – Acquisition of relevant interests – ZHANG Houyi and Lai Xingxin

6.1 General

While the Company is admitted to and remain on the Official List, Article 12 of the Constitution provides that the takeover rules set out in Chapter 6 of the Corporations Act will apply to the Company with any modifications as the circumstances require, as if the Company was incorporated in Australia.

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in the issued voting shares of a listed company if the acquisition would result in that person's or someone else's voting power in the company, among other things, increases from 20% or below to more than 20%.

A person has a "relevant interest" in a Share if:

(a) they are the holder of the Shares; or

(b) have power to exercise, or control the exercise of a right to vote attached to, or a power to dispose of, the Shares.

A person's voting power in the Company is the total relevant interests of that person and their associates.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of relevant interests has been approved by shareholders in a general meeting, provided that:

(c) no votes are cast in favour of the resolution of the person proposing to make the acquisition or their associates; and

(d) shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

ZHANG Houyi is a proposed Director who will be appointed to the Board upon Completion. LAI Xingxin is his son and therefore Mr Zhang's associate. As a result of the Acquisition, each of Mr Zhang and Mr Lai will have a voting power in the Company of more than 20%.

The Company therefore seeks the approval of Shareholders under item 7 of section 611 of the Corporations Act for so that Mr Zhang and Mr Lai can receive Consideration Shares with Shareholder approval.

6.2 Prescribed information

The following information is required to be provided to Shareholders under the Corporations Act for the purpose of obtaining approval under item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report which is set out in Schedule 5.

		Resolution 4	**Resolution 5**
(a)	Identity of the acquirers and their associates:	Acquirer: ZHANG Houyi Associate: LAI Xingxin	Acquirer: LAI Xingxin Associate: ZHANG Houyi
(b)	The maximum extent of the increase in that person's voting power in the Company:	Mr Zhang's voting power will increase from nil to 63.59% as a result of the Acquisition.	Mr Lai's voting power in the Company will increase from nil to 9.45% as a result of the Acquisition.
(c)	The voting power the person would have as a result of the Acquisition:	73.04%	

<table>
<tr><th></th><th></th><th>Resolution 4</th><th>Resolution 5</th></tr>
<tr><td>(d)</td><td>The maximum extent of the increase in the voting power of each of the acquirer’s associates that would result from the Acquisition:</td><td>The maximum increase in the voting power of Mr Zhang’s associate, Mr Lai, is 9.45% as a result of the Acquisition.</td><td>The maximum increase in the voting power of Mr Lai’s associate, Mr Zhang, is 63.59% as a result of the Acquisition.</td></tr>
<tr><td>(e)</td><td>The voting power that each of the acquirer’s associates would have as a result of the Acquisition:</td><td colspan="2">73.04%</td></tr>
<tr><td>(f)</td><td>Reasons for the Acquisition:</td><td colspan="2">See section 2.1 above.</td></tr>
<tr><td>(g)</td><td>Timetable of the Acquisition:</td><td colspan="2">See section 2.9 above.</td></tr>
<tr><td>(h)</td><td>Material terms of the Acquisition:</td><td colspan="2">See section 2.2 above.</td></tr>
<tr><td>(i)</td><td>Other relevant agreements:</td><td colspan="2">There are no other relevant agreements.</td></tr>
<tr><td>(j)</td><td>Acquirer’s intention requiring the future of the Company:</td><td colspan="2">Other than as disclosed elsewhere in this Notice, each of ZHANG Houyi and LAI Xingxin:
(a) has no current intention of making any changes to the business of the Company;
(b) does not propose to inject further capital into the Company;
(c) does not intend to change the employment arrangements of the Company;
(d) does not propose to transfer any assets between the Company and himself or his associates;
(e) has no intention to otherwise redeploy the fixed assets of the Company; and
(f) does not intend to change the financial or dividend distribution policies of the Company.
These intentions are based on information concerning the Company, its business and the business environment which is known to ZHANG Houyi and LAI Xingxin at the date of this Notice. Final decisions regarding these matters will only be made by ZHANG Houyi or LAI Xingxin in light of material information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to them or as circumstances change.</td></tr>
</table>

		Resolution 4	Resolution 5
(k)	Directors' interests in the Acquisition:	Other than as disclosed in section 2.2, no current Director has a material personal interest in the outcome of Resolutions 4 and 5.	
(l)	Details about any person who is intended to become a director if members approve the Acquisition:	Mr ZHANG Houyi is a proposed Director who will be appointed upon Completion subject to the Shareholders approving the Acquisition Resolutions.	
(m)	Independent Expert's Report:	The Company has commissioned an Independent Expert's Report appraising the fair value of IWS and Laishi China which is attached in Schedule 5.	

7 Resolutions 6 to 8 – Election of Directors

7.1 General

In accordance with the Acquisition Agreement, the Company has agreed to appoint Mr ZHANG Houyi as a Director of the Company. It is also proposed that Messrs Ilmars DRAUDINS and Longhuy (Bill) LAM be appointed to the Board as independent Directors upon Completion.

Pursuant to Resolutions 6, 7 and 8, each of Messrs Zhang, Draudins and Lam seeks election from Shareholders to be appointed as a Director of the Company respectively.

Article 18.6 of the Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in general meeting.

Each of Resolutions 6, 7 and 8 is subject to and conditional upon the passing of all the Acquisition Resolutions.

7.2 Qualification

The qualifications and experience of the Proposed Directors are set out in section 2.10.

7.3 Independence

If elected, the Board considers that:

(a) Mr Zhang will not be an independent Director; and

(b) Messrs Draudins and Lam will be independent Directors.

Mr Zhang's relevant interest in the Company's Shares upon Completion will be 63.59% and, together with his associate LAI Xingxin, will have a voting power of 73.04% in the Company.

Neither Mr Draudins nor Mr Lam has, or will have upon Completion, a relevant interest in the Company's Shares.

7.4 Proposed remuneration

If elected, the proposed remuneration for each of Messrs Zhang, Draudins and Lam on an annualised basis is as follows:

Director	Proposed remuneration
ZHANG Houyi	$10,000
Ilmars DRAUDINS	$20,000
Longhuy (Bill) LAM	$20,000

Each Director has signed a letter of appointment with the Company conditional upon Completion occurring. These letters of appointment contain normal terms and conditions customary for directors' appointment in Australia, including:

(a) remuneration (disclosed in the table above);

(b) minimum time commitment (at least 16 hours a quarter);

(c) compliance with the Corporations Act, the Company's corporate governance plans and policies, and the Company's constitution;

(d) requirement to disclose directors' interests and any matter which affects directors' independence;

(e) maintain confidentiality unless otherwise required by the Listing Rules or any applicable laws; and

(f) right to access all corporate information of the Company during the term of their appointment.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of his or her directorship or any special duties.

8 Resolution 9 – Change of Company name

The Board proposes to change the Company's name to "Laishi Liquor Limited". This change of name is on the basis that it more accurately reflects the focus of the Company after Completion.

Resolution 9 is subject to and conditional upon the passing of all the Acquisition Resolutions.

9 Definitions

In this Notice and Explanatory Statement:

Acquisition	has the meaning given in section 2.1 of the Explanatory Statement.
Acquisition Agreement	means the Reverse Acquisition Agreement between JGY and the Nominal Shareholder to acquire an 100% interest in IWS dated 10 December 2021.
Acquisition Resolution	has the meaning given in section 2.1 of the Explanatory Statement.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Bainian Laishi	means Guizhou Bainian Laishi Liquor Co., Limited.
Board	means the board of Directors.
Chair or **Chairperson**	means the chair of the Company.
Cleansing Shares	has the meaning given in section 2.18 of the Explanatory Statement.
Companies Act	means the Companies Act of Cayman Islands as amended.
Completion	has the meaning given in section 2.2 of the Explanatory Statement.
Consideration	has the meaning given in section 2.2 of the Explanatory Statement.

Shares	
Consolidation	has the meaning given in section 2.2 of the Explanatory Statement.
Constitution	means the memorandum of association of the Company as amended.
Corporations Act	means the Corporations Act 2001 (Cth) as amended.
Corporations Regulations	means the Corporations Regulations 2001 as amended.
Director	means a director of the Company.
Explanatory Statement	means this explanatory statement.
Guizhou Laishi	means Guizhou Laishi Liquor Co., Limited.
Historical Accounts	has the meaning given in section 2.1.
IWS	means International Wines & Spirits Sdn. Bhd, a private company limited by shares incorporated and under the laws of Malaysia.
JGY or **Company**	means JGY Holdings Limited (ARBN 622 384 776).
JGY Sale Shares	has the meaning given in section 2.2 of the Explanatory Statement.
Laishi China	means Bainian Laishi and Guizhou Laishi.
Laishi Investors	has the meaning given in section 2.2 of the Explanatory Statement.
Listing Rules	means the listing rules of the NSX.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Non-Related Investors	means the Laishi Investors who will be issued Consideration Shares other than ZHANG Houyi and LAI Xingxin.
Notice	means this notice of meeting.
NSX	means NSX Limited (ABN 98008 624 691) or, where the context so require, the securities exchange which it operates.
Official List	means the official list of NSX.
Proposed Directors	means Messrs ZHANG Houyi, Ilmars DRAUDINS and Longhuy (Bill) LAM.
Proxy Form	means the proxy form attached to this Notice.
Renshen Liquor	means Guizhou Renhuai Moutai Town Renshen Liquor Co., Limited
Resolution	means a resolution set out in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
WST	means Western Standard Time.

SCHEDULE 1 LAISHI CHINA AND AN OVERVIEW OF ITS BUSINESS

1. History of Laishi China

The founders of Laishi China are ZHANG Houyi and LAI Qianru, who are husband and wife. The founders come from a family with a long history in the baijiu business, going back more than a hundred years. Laishi China's blending techniques has its origin tracing back to one of the founder's family business which started as early as the 1820s.

The following table is a summarised timeline of the founder's family business in the baijiu industry:

1826	Lai Zhengheng, a direct ancestor of Lai Qianru, founded the Maotai Shaochun Distillery. This distillery was later destroyed as a result of the uprisings during years of 1851-61.
1929	Lai Jiarong, a grandson of Lai Zhengheng, revived the family's baijiu business when his family invested in a major stake in the Hengchang Distillery. Under the Lai family's ownership, this distillery improved its distilling and blending techniques. During this time, the Lai family's Maotai liquor entered the Hong Kong market and became increasingly well-known.
1941	The Lai family took full control of Hengchang Distillery and renamed it Hengxing Distillery. The Lai family's liquor was rebranded as Laimao, with its brand logo designed as Dapengniao (大鹏鸟), an enormous legendary bird of prey in ancient Chinese mythology.
1953	The local government of Guizhou Province nationalised Hengxing Distillery and two other local distilleries in Maotai Town, who then consolidated them into a state-owned enterprise which is now the well-known Kweichow Moutai Co., Limited.
1982	Four years after China's reform and opening upon in 1978, Lai Shixian, a grandson of Lai Jiarong and son of Lai Yusheng, one of the three key managers of the Hengxing Distillery returned to Maotai Town with his daughter, Lai Qianru, to revive the Lai family's baijiu business. The revived business focuses on producing and selling the family's sauce-aroma baijiu. Since then, the market footprint of Lai's family baijiu business has expanded to more than 20 provinces and directly-administered cities all over China.
2009	Lai Shixian retired from active participation in Lai's family baijiu business. Lai Qianru and her husband Zhang Houyi registered Guizhou Laishi to consolidate and carry on Lai family's baijiu business.
2012	In 2012, Bainian Laishi was registered to act as the marketing and sales division of Laishi China, while Guizhou Laishi act as its production division.

2. Overview of Laishi China's business

Laishi China consists of two operating companies that are vertically integrated:

	Guizhou Laishi	**Bainian Laishi**
Date of registration	24 March 2009	17 April 2012
Capital structure	100% held by ZHANG Houyi and LAI Qianru.	100% held by ZHANG Houyi.
Main business	To source base liquor and supply blended liquor in Laishi China's packaging.	To market and sell Lai's Liquor products supplied by Guizhou Laishi.

Laishi China's products are sauce-aroma baijiu, a popular type of baijiu distilled in China. Baijiu (literally translated from Chinese, white liquor) is a colourless liquor typically coming in between 35% and 60% alcohol by volume and usually distilled from fermented sorghum. Sauce-aroma baijiu has a layered taste of herbs and fermented beans and a long aftertaste attributed to the different batches of base liquor used to be blended and mixed into the final sauce-aroma baijiu product.

Laishi China is located in Moutai Town Guizhou Province where sauce-aroma baijiu is mainly produced. Moutai Town is home to the well-known brand Kweichow Moutai (also called Guizhou Maotai). The Moutai Town distillery region is located at the upper reaches of the Chishui River where water is pristine and rich in micronutrients. The makers of Guizhou Moutai, Shanghai-listed Kweichow Moutai Co., Limited, is China's most valuable listed company and the world's most valuable liquor and spirits company.

Figure 1 Map showing location of Laishi China

Laishi China does not have its own distillery. Guizhou Laishi sources the distilled liquor (which is referred to as "base liquor") from local distilleries in Moutai Town. With different batches of base liquor it sources from these distilleries, Laishi China blends, bottles and packages them into final Laishi China's baijiu products. This blending and bottling plant operated by Laishi China is leased from and shared with Guizhou Renhuai Moutai Town Renshen Liquor Co., Limited (**Renshen Liquor**), an unrelated company. This blending and bottling facility is located in Moutai Town and has an area of 30 mu (approximately 2 hectares). The capacity of this bottling facility is 100 million bottles per year. A summary of the Production Cooperation Agreement between Guizhou Laishi and Renshen Liquor is set out in section 8 of this Schedule. Renshen Liquor also has a distillery from which it produces and supplies base liquor, and is one of the suppliers of base liquor to Laishi China.

Base liquor storage unit at Renshen Liquor

Botting workshop at Renshen Liquor

3. Australian business development plan

Subject to Completion and feasibility, having regard to the overall economic and travel conditions, the Company intends to explore the opportunity of work with a Western Australian distillery (**Australian Party**) to implement the following business development plan:

3.1 the Australian Party will develop a range of Australian produced gin, vodka or a mixture of other spirits which while do not materially differ in taste profile from Laishi China's existing products, but is sufficiently new and novel for Bainian Laishi to introduce to its customers to this new drinking experiences. In short, a range of Australian spirits with a Chinese consumer familiarity; and

3.2 the Australian Party will also provide its blending expertise to develop a range of baijiu which has a gin and/or vodka taste profile similar to the Australian Party's most popular range of products. In short, a range of Chinese baijiu with a new Australian twist.

Both ranges of products will be marked in their own unique and exclusive bottle and packaging which incorporate elements of modern Australian designs and that of traditional baijiu bottling/packaging. Both product ranges will be co-branded as being products of the collaboration between the Company and the Australian Party.

In the event that the collaboration can successfully proceed, the Company intends to employ a full-time local representative who has the relevant industry experience to carry out day-to-day management of the development of new range of baijiu with the Australian Party.

Subject to further market research, the Company will market the new range of baijiu, once developed, in China and Australia.

4. Growth strategy upon Completion of the Acquisition

Following Completion, the Company's main objectives are to:

4.1 advance and grow the existing business of Laishi China;

4.2 acquire Laishi China's own distillery factory to further vertically integrate its business;

4.3 expand its domestic market footprint through existing and new distributor channels;

4.4 progressively expand into Australia through its Australian development plan detailed above; and

4.5 strategically review its marketing strategies to improve its brand awareness in the market.

5. Products of Laishi China

The products of Laishi China include two main types:

5.1 Custom-made baijiu based on clients' specific requirements on taste, alcohol degree, packaging etc.; and

5.2 Its own-branded baijiu for general customers.

As at the date of this Notice, the Company has six branded product series as illustrated below.

Series of Laishi-branded sauce-aroma baijiu that Bainian Laishi sells as of the date of this Notice

Lai's Sauce-aroma Chinese Baijiu 1826

Lai's Sauce-aroma Chinese Baijiu 1929

Lai's Sauce-aroma Chinese Baijiu 1941

Lai's Sauce-aroma Chinese Baijiu 2019

Lai's Sauce-aroma Chinese Baijiu 10-Years Collection

Lai's Sauce-aroma Chinese Baijiu 20-Years Collection

The Chinese baijiu market is fairly complex as there is a wide variety of baijiu in the market, with each brand fitting into a specific market segment. Generally, these can be categorised as being the super cheap or "value" baijiu, the standard priced baijiu and the most expensive and highly regarded baijiu. Laishi China offers a wide range of baijiu products, with its value baijiu being sold at recommended retail prices from RMB50 (approximately A$10) per 500ml bottle, while its products in the standard product category selling at recommended retail prices of approximately RMB900 (approximately A$180) per 500ml bottle.

6. Sales and marketing

Laishi products are sold through integrated online and offline channels with established online stores on major e-commerce platforms in China (namely, WeChat, Suning and Pinduoduo) and a nation-wide network of distributors.

Prior to 2021, Laishi China engaged an external marketing team who received commission-based fees based on their sales performance. Following a review of Laishi China's business and financial performance, the management of Laishi China decided to discontinue the arrangement with this marketing team and directly engaged online sales staff to focus more on establishing its online stores and customer base. Laishi China experienced a decline in sales, particularly for the months between April and September 2021 which the management considers acceptable while the new strategy was being implemented and also because consumers tend to drink less baijiu during the summer months in China when the weather is hot.

Laishi China's offline channels are through a concept called "Demonstration Stores" with wholesale customers and distributors. The arrangement is confirmed by a written framework agreement between the parties, called "Demonstration Store Cooperation Agreement". See section 9.7 for a summary of the key terms of this agreement and Schedule 4 for the relevant risk disclosures. As of the date of this Notice, Laishi China has built up a nationwide network which over 270 wholesale customers and distributors in provinces and municipalities of Shandong, Hunan, Sichuan, Guangdong, Henan, Hubei, Fujian, Shanghai, Beijing, Tianjin, Liaoning, Zhejiang, Hebei, Yunnan and Jiangsu, with the core markets being Shandong, Henan and Hebei. This represents a coverage of 15 out of the 32 provinces, directly administered municipalities and autonomous regions in China. Due to the nature of the arrangement, the actual sales of Laishi products depend on the actual purchase orders put through by the wholesale customers and distributors. While Laishi China incentivise the customers and distributors with certain benefits if they reach an agreed sales target, it is not an obligation of the customers and distributors to reach it.

Laishi China's online e-commerce stores

WeChat Channel

Suning Store

Pinduoduo Store

To boost its online market presence, Laishi China will be opening their online stores on Taobao and JD.com, the top two e-commerce platforms in China, in the near term.

7. Properties

Guizhou Laishi owns one office unit under its name, namely an office unit located at Building E9, Area E, Pengjiawan Huaguoyuan Project, Nanming District in Guiyang City.

8. Intellectual property rights

As at the date of this Notice of Meeting, Guizhou Laishi has 56 registered trademarks and Bainian Laishi has one registered trademarks. The material ones are listed below:

No	Trademark	Registration No.	Term	International Patent Classification
Guizhou Laishi				
1.	赖茜茹赖氏	40344372	28/03/2022 to 27/03/2030	35
2.	赖茜茹赖氏	34343977	21/06/2019 to 20/06/2029	33
3.	赖泉赖雨生	33650251	21/06/2021 to 20/06/2029	35
4.	赖雨生	31170107	14/10/2019 to 13/10/2029	35
5.	 賴世頤	12298836	28/08/2014 to 27/08/2024	35
6.	賴茜茹賴氏茅	11917556	07/06/2014 to 06/06/2024	35
7.	 賴雨生	11751207	28/04/2014 to 27/04/2024	32
8.	 百年雨生	11743777	28/06/2014 to 27/06/2024	35
9.		11743664	21/04/2014 to 20/04/2024	35
10.	賴泉	11739215	21/04/2014 to 20/04/2024	32
11.	賴泉	11739128	21/04/2014 to 20/04/2024	35
12.	 百年雨生	10233446	28/01/2013 to 27/01/2023	33

No	Trademark	Registration No.	Term	International Patent Classification
13.	赖茜茹	9741596	14/09/2022 to 13/09/2032	33
14.	GuiZhouLaiShi	9712188	14/10/2012 to 13/10/2022	33
15.	賴世頤	8283842	07/11/2021 to 06/11/2031	33
16.	百年雨生	8181087	07/04/2021 to 06/04/2031	33
17.	賴泉	1301833	07/08/2019 to 06/08/2029	33
Bainian Laishi				
18.	百年賴氏	11803112	14/07/2014 to 13/07/2024	40

9. Material contracts summary

The Company and its subsidiaries have entered into a number of important contracts. These are:

Contract to be entered into by the Company

9.1 Letter of appointment with the Proposed Directors

Subject to Completion occurring, each of the Proposed Director will sign a letter of appointment with the Company which will contain normal terms and conditions customary for directors' appointment in Australia, including:

(a) remuneration as set out in section 7.4 of the Explanatory Statement;

(b) minimum time commitment of at least 16 hours a quarter;

(c) compliance with the Corporations Act, the Company's corporate governance plans and policies, and the Constitution;

(d) requirement to disclose director's interests and any matter which affects the director's independence;

(e) maintain confidentiality unless otherwise required by the Listing Rules or any appointment.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-picket expenses incurred as a result of his or her directorship or any special duties.

9.2 Deed of indemnity, insurance and access

Subject to Completion occurring, the Company will enter into a deed of indemnity, insurance and access with each of the Proposed Director and LI Xuekun (the proposed Company Secretary) under which the Company will agree to indemnity each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also use its best endeavour to keep the officers insured for the benefit of the relevant officer and allow the officer to inspect company records in certain circumstances.

<u>Contracts entered into by Guizhou Laishi</u>

9.3 Purchase Cooperation Agreement between Guizhou Laishi and Bainian Laishi dated 1 August 2019

Under this agreement, Bainian Laishi has a right to sell all ranges of baijiu products from Guizhou Laishi within China. The agreement provides for the technical requirements of the product, receipt and acceptance of goods, settlement and payment terms. However, details of products and their prices will be set out in each purchase order.

As Guizhou Laishi and Bainian Laishi are both wholly-owned subsidiaries of the Company, this agreement is a related party transaction. This agreement reflects the internal business structure of Laishi China that Guizhou Laishi is an entity mainly used as an entity to source baijiu and Bainian Laishi is an entity mainly used to market and sell Laishi products. Any transactions between the two entities will be cancelled out and therefore will not be reflected in Laishi China's consolidated accounts.

9.4 Product Cooperation Agreement between Guizhou Laishi and Renshen Liquor dated 23 May 2020

Under this agreement, Renshen Liquor agreed to produce products up to 100,000 boxes per annum (approximately 60 tonnes) according to the packaging requirements provided by Guizhou Laishi. The agreement will be renewed on an annual basis.

During the cooperation period:

(a) Renshen Liquor will be liable for any costs incurred as a result of any product quality and packaging issues;

(b) if Renshen Liquor fails to deliver any ordered quantities and fails to rectify it on that delivery date, Renshen Liquor will be liable to pay 1% of the value of the undelivered products as liquidated damages;

(c) Renshen Liquor must not produce and sell Laishi's products without authorisation from Guizhou Laishi. Renshen Liquor must pay compensation at 2 times the market price of the unauthorised products;

(d) Guizhou Laishi will bear any loss incurred as a result of it refusing to accept any delivered products;

(e) Guizhou Laishi must pay 0.1% interest on any overdue payments to Renshen Liquor; and

(f) Guizhou Laishi must not ask any other party to produce the products that it has agreed for Renshen Liquor to produce. Renshen Liquor is entitled to claim RMB200,000 in damages from Guizhou Laishi if this clause is breached.

9.5 Product development agreements

In addition to the above material contracts, Guizhou Laishi is a party to two long-term product development agreements with unrelated wholesale customers to develop and sell particular series of baijiu products. The contract values are not material in nature and details of the contract are considered commercially sensitive. Neither of the agreements contain onerous or usual terms.

Contracts entered into by Bainian Laishi

9.6 Office lease agreement between Bainian Laishi and LIN Haiguang (a non-related party) dated 14 February 2019

The lease is in relation to Bainian Laishi's business office at Greenland Liansheng International, 8 Honest North Road, Guanshan Lake District, Guiyang City, Guizhou Province. The office has a floor area of 394.87m^2. The lease period is from 14 February 2019 to 13 February 2024. The rent is RMB120,000 per annum and is payable semi-annually in arrears. Bainian Laishi also paid a security bond of RMB 10,000.

9.7 Demonstration Store Cooperation Agreement

In addition to the above lease agreement and the Purchase Agreement with Guizhou Laishi, Bainian Laishi has entered into standard Demonstration Store Cooperation Agreement with most of its wholesale customers.

The agreement is a framework agreement which does not contain particulars on the quantity and price of Laishi products. The standard agreement has a one-year term with automatic rollover clause if neither party objects to the rollover.

Under this demonstration store arrangement:

(a) the wholesale customer will pay an agreed amount in deposit to Bainian Laishi to purchase an initial batch of the Laishi products;

(b) Bainian Laishi provides training to the wholesale customer on the Laishi products and the company's marketing strategies;

(c) Bainian Laishi will provide support to the wholesale customer to market and sell the Laishi products;

(d) the wholesale customer is responsible to monitor the retail prices for Laishi products in the local market so that they will not fall below the lowest retail price set by Bainian Laishi; and

(e) Bainian Laishi will bear any delivery costs except where the location is in remote areas. If the purchase amount by the wholesale customer reaches RMB 2,000,000 within the one-year contract period, the wholesale customer will be entitled to certain incentives and benefits from Bainian Laishi.

10. Related party transaction

Bainian Laishi markets and sells baijiu supplied by Guizhou Laishi. The two entities had entered into a framework procurement agreement dated 1 August 2019. The agreement confirms the supply and purchase arrangement between the parties but otherwise is general in nature with no specific requirements on pricing, quantity or has a fixed term for the arrangement. While we have yet to review detailed historical trading activities between these two entities for disclose-able issues generally relating to related party transactions, we consider this due diligence procedure to be of low priority. This is because, upon Completion, both Bainian Laishi and Guizhou Laishi will become wholly-owned child entities of the Issuer. Therefore, at that time, transactions between Bainian Laishi and Guizhou Laishi will no longer be considered to be related party transactions.

During the financial years ended 31 December 2019 (FY2019) and 31 December 2020 (FY2020), Laishi China received some payments from and made some payments for its operating activities through the priprietors' bank accounts in the name of ZHANG Houyi. At the material time:

10.1 ZHANG Houyi and LAI Qianru, husband and wife, were the registered owners of 100% of the equity capital of each of Bainian Laishi and Guizhou Laishi; and

10.2 ZHANG Houyi was (and still is) the legal representative of Bainian Laishi and LAI Qianru was (and still is) the legal representative of Guizhou Laishi.

For financial reporting purposes, these transactions are treated as related party transactions. In particular, a collection of Laishi China's revenue which is received into a proprietor's bank account is recorded as an advance given to the relevant proprietor. Conversely, a payment by a proprietor of an expense of Laishi China on its behalf is recorded as an advance from or a repayment to the relevant proprietor.

At present, save as disclosed above, we are not aware of any other current or ongoing related party transaction Laishi China had entered into or currently have.

In the ordinary course of our business, a subsidiary may from time to time propose to enter into a transaction with a related party. The terms of all proposed interested party transactions will be reviewed by our audit committee. When reviewing the terms of a proposed related party transaction, the committee will specifically have regard to the following factors:

10.3 whether it would be reasonable, considering all circumstances, that the subsidiary and the related party were dealing at arm's length;

10.4 the terms of the proposed related party transaction are less favourable to the related party than terms the subsidiary can obtain from a non-related party; and

whether approval of Shareholders for the proposed related party transaction will be required under Listing Rule 6.43 and also what is prescribed under the Corporations Act.

SCHEDULE 2 AUDITED HISTORICAL FINANCIAL INFORMATION ON IWS AND LAISHI CHINA

INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
(Incorporated in Malaysia)
Company No.: 202101036591 (1436891-M)
AND ITS CONTROLLED ENTITIES

PROFORMA CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2020, 31 MARCH 2021,
AND 30 SEPTEMBER 2021

INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
(Incorporated in Malaysia)
Company No.: 202101036591 (1436891-M)
and its controlled entities

PROFORMA CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS/PERIOD ENDED 31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021

INDEX

HML PLT
(LLP0004524-LCA & AF 002152)
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**REPORTING ACCOUNTANTS' REPORT
ON THE PROFORMA CONSOLIDATED
FINANCIAL STATEMENTS OF
INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.**

(Incorporated in Malaysia)
Company No.: 202101036591 (1436891-M)

We have reviewed the proforma consolidated financial information of International Wines & Spirits Trading Sdn. Bhd. ("IWS" or the "Company") and its controlled entities (the "Group" or, when before the legal structure of the Group became effective, the "Proforma Group") based on information provided by the Director of IWS. These financial statements comprise the statements of financial positions as at 31 March 2020, 31 March 2021 and 30 September 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Proforma Group for the followings financial years/period ended:

(a) 31 March 2020;

(b) 31 March 2021; and

(c) 30 September 2021;

each, a "Relevant Financial Period" and collectively, the "Relevant Financial Periods", and a summary of significant accounting policies and other explanatory notes as set out in the accompanying statement.

The proforma consolidated historical financial information has been prepared in accordance with the stated basis of preparation as described in Note 2 of the proforma consolidated financial statements, and the Guizhou Bainian Lai's Liquor Co., Limited ("Bainian Laishi") and Guizhou Lai's Liquor Co., Limited ("Guizhou Laishi") adopted accounting policies and were audited by Shanghai Tripod Certified Public Accountants which issued unmodified audit opinions on those financial reports.

The Proforma Group

The Proforma Group which comprises:

(a) International Wines & Spirits Trading Sdn. Bhd.;

(b) Guizhou Bainian Lai's Liquor Co., Limited; and

(c) Guizhou Lai's Liquor Co., Limited.

Company No.: 202101036591 (1436891-M)

Directors' Responsibility for the Proforma Consolidated Statement of Financial Position

The Directors of the Company are responsible for the preparation of the proforma consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"). This includes the responsibility for such internal controls as the Directors determine is necessary to enable the preparation of the proforma consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express a conclusion on the proforma consolidated financial statements. We conducted our review in accordance with *International Standards on Review Engagements (ISRE) 2400 (Revised) – Engagements to Review Historical Financial Statements* requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standards also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performed procedures, primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Company No.: 202101036591 (1436891-M)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying proforma consolidated financial statements do not present fairly in all material respects, the financial positions of the Proforma Group as at the end of each Relevant Financial Period, and of the financial performance and changes in equity for each Relevant Financial Period in accordance with the International Financial Reporting Standards ("IFRSs").

HML PLT
201504000748 (LLP0004524-LCA) & AF 002152
Chartered Accountants

HO MEE LING
02094/12/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 June 2022

INTERNATIONAL WINES SPIRIT TRADING SDN BHD.
STATEMENT BY DIRECTORS

In the opinion of the Directors of the Company, the accompanying proforma consolidated financial statements comprising:

(a) the proforma consolidated statement of financial position of the Proforma Group as at 31 March 2020, the proforma consolidated statement of comprehensive income, proforma consolidated statement of changes in equity and proforma consolidated statement of cash flows for the financial year then ended; and

(b) the proforma consolidated statement of financial position of the Proforma Group as at 31 March 2021, the proforma consolidated statement of comprehensive income, proforma consolidated statement of changes in equity and proforma consolidated statement of cash flows for the financial year then ended; and

(c) the proforma consolidated statement of financial position of the Proforma Group as at 30 September 2021, the proforma consolidated statement of comprehensive income, proforma consolidated statement of changes in equity and proforma consolidated statement of cash flows for the financial period then ended,

together with the notes thereon, are drawn up so as to give a true and fair view as to the financial position of the Proforma Group at the respective relevant financial periods above and the financial performance, changes in equity and cash flows of the Proforma Group for the respective relevant financial periods then ended.

Signed on behalf of the Board of Directors,

YANG YU TING
Director
29 June 2022

MO LIN
Director

INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
OF THE PROFORMA GROUP FOR THE FINANCIAL YEARS/PERIOD
31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021

	Note	30.9.2021 AUD	31.3.2021 AUD	31.3.2020 AUD
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	1,011,050	1,000,890	752,556
Right-of-use asset	7	110,614	124,627	190,798
		1,121,664	1,125,517	943,354
CURRENT ASSETS				
Inventories	8	1,668,894	1,368,257	1,193,543
Trade receivables	9	29,247	20,329	222,225
Other receivables	10	4,168,595	3,722,405	874,162
Cash and bank balances	11	65,241	334,858	265,498
		5,931,977	5,445,849	2,555,428
TOTAL ASSETS		7,053,641	6,571,366	3,498,782
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Contributed equity	12	571,082	571,082	571,082
Retained earnings		432,230	1,071,621	98,672
Foreign currency translation reserve		(18,379)	(100,013)	8,380
SHAREHOLDERS' EQUITY		984,933	1,542,690	678,134
NON-CURRENT LIABILITIES				
Finance lease payables	13	79,013	115,826	-
Lease liability	14	70,439	87,931	149,046
		149,452	203,757	149,046
CURRENT LIABILITIES				
Trade payables	15	2,370,191	2,281,421	1,565,677
Other payables	16	3,063,330	2,092,467	1,034,050
Finance lease payables	13	80,723	73,963	-
Lease liability	14	46,949	42,802	46,538
Provision for taxation		358,063	334,266	25,337
		5,919,256	4,824,919	2,671,602
TOTAL LIABILITIES		6,068,708	5,028,676	2,820,648
TOTAL EQUITY AND LIABILITIES		7,053,641	6,571,366	3,498,782

The statement of comprehensive income is to be read in conjunction with notes to and forming part of the proforma consolidated historical financial information set out in Appendix 5.

INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE PROFORMA GROUP FOR THE FINANCIAL YEARS/PERIOD ENDED 31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021

	Note	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
Revenue	17	1,905,648	7,407,822	4,711,108
Cost of sales		(1,444,813)	(2,483,260)	(1,094,578)
Gross profit		460,835	4,924,562	3,616,530
Other operating income	18	2,295	1,559	437
Selling and distribution expenses		(629,123)	(2,936,103)	(2,875,878)
Administration expenses		(464,335)	(756,088)	(476,673)
Other operating expenses		(136)	-	(1)
(Loss)/Profit from operations		(630,464)	1,233,930	264,415
Finance expenses	19	(8,927)	(14,863)	(10,925)
(Loss)/Profit before tax		(639,391)	1,219,067	253,490
Income tax expense	20	-	(246,118)	(23,354)
(Loss)/Profit for the period/year		(639,391)	972,949	230,136
Other comprehensive (loss)/income				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences		81,634	(108,393)	8,380
Total comprehensive (loss)/income		(557,757)	864,556	238,516

The statement of comprehensive income is to be read in conjunction with notes to and forming part of the proforma consolidated historical financial information set out in Appendix 5.

INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
PROFORMA CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
OF THE PROFORMA GROUP FOR THE FINANCIAL YEARS/PERIOD ENDED
31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021

	Contributed equity AUD	Foreign currency translation reserve AUD	Retained earnings AUD	Total AUD
As at 1 April 2019	571,082	-	(131,464)	439,618
Total comprehensive income for the year	-	8,380	230,136	238,516
As at 31 March 2020	571,082	8,380	98,672	678,134
Total comprehensive income for the year	-	(108,393)	972,949	864,556
As at 31 March 2021	571,082	(100,013)	1,071,621	1,542,690
Total comprehensive loss for the period	-	81,634	(639,391)	(557,757)
As at 30 September 2021	571,082	(18,379)	432,230	984,933

The statement of comprehensive income is to be read in conjunction with notes to and forming part of the proforma consolidated historical financial information set out in Appendix 5.

INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
OF THE PROFORMA GROUP FOR THE FINANCIAL YEARS/PERIOD
31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021

	Note	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax		(639,391)	1,219,067	253,490
Adjustment for:				
Depreciation of property, plant and equipment		59,091	80,548	18,949
Depreciation of right-of-use asset		21,919	43,860	48,643
Interest expenses		7,956	14,131	10,512
Interest income		-	-	(453)
Operating (loss)/profit before working capital changes		(550,425)	1,357,606	331,141
Increase in inventories		(194,645)	(329,858)	(1,100,108)
Increase in trade receivables		(747,753)	(744,898)	(349,060)
Increase in other receivables		(1,052,295)	(3,214,618)	(794,832)
Increase in trade payables		670,058	1,856,241	1,588,357
Increase in other payables		1,665,948	1,397,606	53,358
Cash (used in)/from operations		(209,112)	322,079	(271,144)
Interest paid		(7,956)	(14,131)	(10,512)
Tax refund		-	74,179	-
Interest received		-	-	453
Cash (used in)/from operating activities		(217,068)	382,127	(281,203)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	21	(576)	(155,796)	-
Purchase of right-of-use asset		-	-	(224,504)
Net cash used in investing activities		(576)	(155,796)	(224,504)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease payables		(41,725)	(84,774)	-
Repayment of lease liability		(21,696)	(41,900)	180,273
Net cash (used in)/from financing activities		(63,421)	126,674	180,273

The statement of comprehensive income is to be read in conjunction with notes to and forming part of the proforma consolidated historical financial information set out in Appendix 5.

**INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.
PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
OF THE PROFORMA GROUP FOR THE FINANCIAL YEARS/PERIOD
31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021**

	Note	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
Net (decrease)/increase in cash and cash equivalents		(281,065)	99,657	(325,434)
Cash and cash equivalents at beginning of the period/year		334,858	265,498	149,048
Effect of exchange rate changes on cash and cash equivalents		11,448	(30,297)	441,884
Cash and cash equivalents at end of the period/year		65,241	334,858	265,498
Cash and cash comprises:				
Cash and bank balances		65,241	334,858	265,498

The statement of comprehensive income is to be read in conjunction with notes to and forming part of the proforma consolidated historical financial information set out in Appendix 5.

INTERNATIONAL WINES & SPIRITS TRADING SDN BHD.
NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL STATEMENTS FOR THE PROFORMA GROUP FOR THE FINANCIAL YEARS/PERIOD ENDED 31 MARCH 2020, 31 MARCH 2021 AND 30 SEPTEMBER 2021

These notes form an integral part of and should be read in conjunction with the proforma consolidated financial statements.

1 GENERAL CORPORATE INFORMATION AND NATURE OF OPERATIONS

The Company was incorporated in Malaysia on 2 November 2021 with a company registration number 202101036591 (1436891-M) with its registered address at No. 3A, First Floor, Susuran Jingga, Kompleks Perniagaan Mergong, Lebuhraya Sultanah Bahiyah, 05150 Alor Setar, Kedah, Malaysia.

The Company is a holding company for the proposed listing of Guizhou Bainian Lai's Liquor Co., Limited ("Bainian Laishi") and Guizhou Lai's Liquor Co., Limited ("Guizhou Laishi") (together referred to as "Laishi China") on National Stock Exchange of Australia ("NSX"). The principal activity of the Bainian Laishi is engaged in trading of liquor, while the principal activity of the Guizhou Laishi is engaged in manufacturing of liquor.

On 13 December 2021, the Company acquired 100% of the issued share capital of Laishi China.

The Company was incorporated on 2 November 2021. As such, no historical financial information is presented for the Company.

The Company are newly incorporated or registered and is dormant entity. The sole purpose is to hold the investment in Laishi China. The only transactions these two entities entered into related to share capital issued and the investment in subsidiary, both of which are eliminated in full upon consolidation.

The proforma consolidated historical financial information of the Laishi China has presented in Chinese Renminbi ("RMB"). For the purpose of our report, we have translated the statements included above into Australian Dollar ("AUD") using the prevailing spot rates as at end of each Relevant Financial Period, as taken from rates published by Bank Negara Malaysia, the central bank of Malaysia. The relevant rates used for statement of financial position were 1AUD = RMB4.6592 (31.3.2021: RMB4.9908; 31.3.2020: RMB4.3777) and for statement of comprehensive income were 1AUD = RMB4.8646 (31.3.2021: RMB4.8622; 31.3.2020: RMB4.7495).

The proforma consolidated historical financial information has been prepared in accordance with the stated basis of preparation and the Laishi China adopted accounting policies and was audited by Shanghai Tripod Certified Public Accountants which issued unmodified audit opinions on those financial reports.

The proforma consolidated historical financial information in this report has been derived from the historical financial information of the Laishi China for the Relevant Financial Periods, after adjusting for the effects of proforma adjustments as described in Note 2 of this report. The stated basis of preparation of the proforma consolidated historical financial information is the recognition and measurement principles contained in International Financial Reporting Standards ("IFRSs"), as applied to the historical financial information and the events or transactions to which the proforma adjustments relate, as described in Note 2 of this report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the proforma consolidated historical financial information does not represent the Proforma Group's actual or prospective financial position.

2 BASES, PROFORMA ADJUSTMENT AND ASSUMPTIONS ADOPTED IN COMPILING THE PROFORMA ADJUSTMENTS

The proforma consolidated statement of financial position of the Company and the Group has been compiled by the Directors of the Company.

The following bases and proforma adjustments were made in the preparation of the proforma consolidated historical financial statements set out in this report:

(a) the Acquisition was completed on 1 April 2019, being the commencement date of the financial year ended 31 March 2020, the earliest of the Relevant Financial Periods;

(b) the Proforma Group which comprises:

(i) International Wines & Spirits Trading Sdn. Bhd.;

(ii) Guizhou Bainian Lai's Liquor Co., Limited; and

(iii) Guizhou Lai's Liquor Co., Limited;

has in place on and since 31 March 2020 and remains in place throughout the Relevant Financial Periods; and

the proforma consolidated historical financial statements include financial information relating only to the Proforma Group.

The Acquisition is treated as a reverse acquisition under *IFRS 3 – Business Combinations*, in that Guizhou Bainian Lai's Liquor Co., Limited is identified as the acquirer in the Acquisition and International Wines & Spirits Sdn. Bhd. is the acquiree. Under this accounting treatment, the shares in the share capital of International Wines & Spirits Sdn. Bhd. issued prior to the Acquisition and the formation of the Proforma Group are eliminated on accounting consolidation.

3 BASIS OF PREPARATION

3.1 BASIS OF PREPARATION OF PROFORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The financial statements of the Proforma Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with IFRSs. In the preparation of proforma consolidated historical financial statements, the Proforma Group has adopted all the IFRSs and Interpretation to IFRS that are relevant to its operations and effective for the Relevant Financial Periods presented in the proforma consolidated historical financial statements.

The proforma consolidated historical financial statements are presented in Australian Dollar ("AUD") using prevailing spot rates as at the end of each Related Financial Period.

3.2 COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The proforma consolidated financial statements are prepared in accordance with IFRSs issued by the International Accounting Standard Board ("IASB").

ADOPTION OF NEW AND AMENDED STANDARDS

The Proforma Group has adopted all the new and revised standards and interpretations of IFRS that are effective for financial periods beginning on or after 1 April 2019. The adoption of these standards and interpretations did not have any significant impact on the financial statements of the Proforma Group.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB has issued a number of new and revised IAS and IFRS which were relevant to the Proforma Group. The Proforma Group have not early adopted the following IAS and IFRS that have been issued but are not yet effective.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3, Reference to the Conceptual Framework;
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16, Property, Plant and Equipment; and
- Annual Improvements to IFRS Standards 2018 – 2020.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after 1 January 2023:

- IFRS 17, Insurance Contracts;
- Amendments to IFRS 17, Insurance Contracts;
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current; and
- Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

IFRSs, IFRIC and amendments effective for annual periods beginning on or after a date yet to be confirmed:

- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associates or Joint Venture.

The Proforma Group will adopt the above IFRSs in the respective financial years when they become effective. The initial application of the above-mentioned IFRSs is not expected to have any significant impact on the financial statements of the Proforma Group.

3.3 BASIS OF CONSOLIDATION

The proforma consolidated historical financial statements incorporate the proforma consolidated financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of a subsidiary acquired or disposed of during the year are included in the proforma consolidated historical statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the proforma historical financial statements of a subsidiary to bring its accounting policies in line with those used by the Company. All intra-group transactions, balances, incomes and expenses are eliminated in full on consolidation.

Changes in the Proforma Group's ownership interests in a subsidiary that do not result in the Proforma Group losing control are accounted for as equity transactions. The carrying amounts of the Proforma Group's interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Proforma Group loses control of a subsidiary, a gain or loss is recognised in the proforma consolidated statements of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Proforma Group has directly disposed of the relevant assets (i.e. applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.4 FOREIGN CURRENCY TRANSLATION

i) Functional And Presentation Currency

The proforma consolidated historical financial statements are measured using Chinese Renminbi ("RMB"), the currency of the primary economic environment in which entity operates ("the functional currency") and presented in AUD ("the presentation currency") for the purpose of this proforma consolidated financial statements which were prepared in connection with the Company's proposed compliance listing on the NSX.

ii) Foreign currency transactions and balances

Foreign currency transactions of the respective Proforma Group entity are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with note 3.7.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following useful lives periods:

	Estimate useful lives	Estimated residual value as a percentage of cost
Leasehold property	40 years	5%
Electrical equipment	3 years	Nil - 5%
Motor vehicles	4-5 years	5%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

3.6 INVESTMENT IN SUBSIDIARY

The subsidiary is a company in which a group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in the subsidiary company which is eliminated on consolidation are stated at cost less impairment losses, if any.

3.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Proforma Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Proforma Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in the profit and loss, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.9 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS AND DISTRIBUTIONS

The Group classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

(a) Share Capital

Ordinary shares and non-redeemable preference shares issued that carry no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity.

(b) Compound Financial Instruments

The Group evaluates the terms of an issued financial instrument to determine whether it contains both a liability and an equity component. The proceeds of a convertible bond or other compound instruments are allocated to the liability component measured at fair value, using the discounted cash flow method, and balance to the equity component. Transaction costs are allocated pro rata based on the relative carrying amounts. Any tax effect arising from temporary differences of the liability component is charged or credited to the equity component.

(c) Distributions

The Group establishes a distribution policy whereby cash dividends can only be paid out of retained profits.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Management declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Group approve the proposed final dividend in an annual general meeting of shareholders.

3.10 RIGHT-OF-USE ASSET

The Group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined 5 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in statement of comprehensive income. Short term leases are leases with a lease term of 12 months or less.

3.11 FINANCIAL INSTRUMENTS

(a) FINANCIAL ASSETS

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Proforma Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Proforma Group has applied the practical expedient, the Proforma Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Proforma Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in 3.13 Revenue.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Proforma Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Proforma Group commits to purchase or sell the asset.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Proforma Group. The Proforma Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Proforma Group's financial assets at amortised cost includes trade, other receivables, advances to related parties and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Proforma Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Proforma Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Proforma Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of Financial Instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Proforma Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Proforma Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Proforma Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Proforma Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Proforma Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Proforma Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Proforma Group could be required to repay.

Impairment Of Financial Assets

The Proforma Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Proforma Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at fair value through OCI, the Proforma Group applies the low credit risk simplification. At every reporting date, the Proforma Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Proforma Group reassesses the internal credit rating of the debt instrument. In addition, the Proforma Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Proforma Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Proforma Group may also consider a financial asset to be in default when internal or external information indicates that the Proforma Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) FINANCIAL LIABILITIES

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade, other payables, advance from related party, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Proforma Group's financial liabilities include borrowings, trade, other payables, and advance from related party.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Proforma Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition of Financial Instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to a known amount of cash with an insignificant risk of changes in value.

3.13 REVENUE

Revenue is measure based on the considerations specified in a contract with a customer in exchange for transferring goods to customer, excluding amounts collected on behalf of third parties. The Group recognised revenue when or as it transfer control over a product to customer. An asset is transferred when or as the customer obtains control of the asset.

The Group transfers control of goods at a point in time unless one of the following overtime criteria is met:

a) The customer simultaneously receives and consumes the benefits provided as the Group's performs;

b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) The Group's performance does not create an assets with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3.14 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the period in which the associated services are rendered by employees of the Proforma Group.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Profit-sharing and bonus plans are recognised when the Proforma Group has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Proforma Group has no realistic alternative but to make the payments.

ii) Defined Contribution Plan

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the period to which they relate.

3.15 VALUE ADDED TAX ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT, except when the amount of VAT incurred is not recoverable from the tax office. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the proforma consolidated statements of financial position are shown as inclusive of VAT.

3.16 PROVISIONS

Provisions are recognised when the Proforma Group has a present obligation (legal or constructive) when as a result of a past event, and it is probable that the Proforma Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17 CONTINGENCIES

(i) Contingent liabilities

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

3.18 INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the proforma consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible and include certain item that are eligible for double deductions. The Proforma Group's liability for current tax is calculated using the tax rates that have been enacted at the dates of proforma consolidated statements of financial position.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the proforma consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each date of proforma consolidated statements of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the proforma consolidated statements of financial position. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Proforma Group intends to settle its current tax assets and liabilities on a net basis.

3.19 RELATED PARTIES

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Proforma Group if that person:

   (i) has control or joint control over the Proforma Group;

   (ii) has significant influence over the Proforma Group; or

   (iii) is a member of the key management personnel of the Proforma Group.

b) An entity is related to the Proforma Group if any of the following conditions applies:

   a) the entity and the Proforma Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);

   b) one entity is an associate or joint venture of the other entity (or an associate or joint control venture of a member of a group of which the other entity is a member);

   c) both entities are joint ventures of the same third party;

   d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   e) the entity is a past-employment benefit plan for the benefit of employees of either the Proforma Group or an entity related to the Proforma Group. If the Proforma Group is itself such a plan, the sponsoring employers are also related to the Proforma Group;

   f) the entity is controlled or jointly controlled by a person identified in (a);

   g) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

the entity, or any member of a group of which it is a part, provides key management personnel services to the Proforma Group or to the parent of the Proforma Group.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect in determining the amount recognised in the financial statements include the following:

4.1 LOSS ALLOWANCES OF FINANCIAL ASSETS

The Proforma Group recognises impairment losses for receivables using the expected loss model. At the end of each reporting period, the Proforma Group assesses whether there is any objective evidence that loans and receivables are impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the allowance made and this may affect the Proforma Group's financial position and results.

4.2 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciated method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

4.3 INVENTORIES

Inventories are stated at the lower of cost and net realisable value (NRV). NRV for finished goods and work-in-progress are assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the Proforma Group's best estimation of the value recoverable through sale.

4.4 MEASUREMENT OF INCOME TAXES

Significant judgment is required in determining the Proforma Group's provision for current and deferred taxes. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Proforma Group will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

4.5 PROVISION FOR CONTINGENCIES

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts for matters in the ordinary course of business. Furthermore, the Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group are remote.

5 PROPERTY, PLANT AND EQUIPMENT

30 September 2021

	As at 1 April 2021 AUD	Additions AUD	Disposals AUD	Exchange differences AUD	As at 30 September 2021 AUD
Cost					
Leasehold land and building	759,275	-	-	54,055	813,330
Electrical equipment	7,013	576	-	524	8,113
Motor vehicles	412,255	-	-	29,349	441,604
	1,178,543	576	-	83,928	1,263,047

	As at 1 April 2021 AUD	Additions AUD	Disposals AUD	Exchange differences AUD	As at 30 September 2021 AUD
Accumulated Depreciation					
Leasehold land and building	117,213	9,250	-	8,753	135,216
Electrical equipment	-	1,715	-	76	1,791
Motor vehicles	60,440	48,126	-	6,424	114,990
	117,653	59,091	-	15,253	251,997

	30.9.2021 AUD	31.3.2021 AUD
Carrying Amounts		
Leasehold land and building	678,114	642,062
Electrical equipment	6,322	7,013
Motor vehicles	326,614	351,815
	1,011,050	1,000,890

31 March 2021

	As at 1 April 2020 AUD	Additions AUD	Disposals AUD	Exchange differences AUD	As at 31 March 2021 AUD
Cost					
Leasehold land and building	865,629	-	-	(106,354)	759,275
Electrical equipment	-	7,198	-	(185)	7,013
Motor vehicles	-	423,161	-	(10,906)	412,255
	865,629	430,359	-	(117,445)	1,178,543

	As at 1 April 2020 AUD	Charges for the year AUD	Disposals AUD	Exchange differences AUD	As at 31 March 2021 AUD
Accumulated Depreciation					
Leasehold land and building	113,073	18,510	-	(14,370)	117,213
Electrical equipment	-	-	-	-	-
Motor vehicles	-	62,038	-	(1,598)	60,440
	113,073	80,548	-	(15,968)	177,653

	31.3.2021 AUD	31.3.2020 AUD
Carrying Amounts		
Leasehold land and building	642,062	752,556
Electrical equipment	7,013	-
Motor vehicles	351,815	-
	1,000,890	752,556

31 March 2020

	As at 1 April 2019 AUD	Additions AUD	Disposals AUD	Exchange differences AUD	As at 31 March 2020 AUD
Cost					
Leasehold land and building	793,910	-	-	71,719	865,629

	As at 1 April 2019 AUD	Charges for the year AUD	Disposals AUD	Exchange differences AUD	As at 31 March 2020 AUD
Accumulated Depreciation					
Leasehold land and building	84,849	18,949	-	9,275	113,073

	31.3.2020 AUD	31.3.2019 AUD
Carrying Amounts		
Leasehold land and building	752,556	709,061

Included in the property, plant and equipment of the Group is motor vehicles with net book value of AUD302,771 (2021: AUD327,031) held under finance lease agreement.

6 INVESTMENT IN SUBSIDIARIES

Details of the Company's subsidiaries are as follows:

Name of Company	Country of incorporation	Equity interest (%)	Principal activities
Guizhou Bainian Lai's Liquor Co., Limited #	People's Republic of China	100%*	Supply of liquor
Guizhou Lai's Liquor Co., Limited #	People's Republic of China	100%*	Manufacturing of liquor

Not audited by HML PLT

*1% equity interest in Guizhou Bainian Lai's Liquor Co., Limited and Guizhou Lai's Liquor Co., Limited is held in trust by ZHANG Houyi.

7 RIGHT-OF-USE ASSET

	Right of use asset AUD	Total AUD
30 September 2021		
Cost		
Balance at beginning of the year	213,646	213,646
Exchange differences	15,210	15,210
Balance at end of the period	228,856	228,856
Accumulated depreciation		
Balance at beginning of the year	89,019	89,019
Charge for the period	21,919	21,919
Exchange differences	7,304	7,304
Balance at end of the period	118,242	118,242
Carrying amount		
At 30 September 2021	110,614	110,614
31 March 2021		
Cost		
Balance at beginning of the year	243,572	243,572
Exchange differences	(29,926)	(29,926)
Balance at end of the year	213,646	213,646
Accumulated depreciation		
Balance at beginning of the year	52,774	52,774
Charge for the year	43,860	43,860
Exchange differences	(7,615)	(7,615)
Balance at end of the year	89,019	89,019
Carrying amount		
At 31 March 2021	124,627	124,627
31 March 2020		
Cost		
Balance at beginning of the year	223,392	223,392
Exchange differences	20,180	20,180
Balance at end of the year	243,572	243,572
Accumulated depreciation		
Charge for the year	48,643	48,643
Exchange differences	4,131	4,131
Balance at end of the year	52,774	52,774
Carrying amount		
At 31 March 2020	190,798	190,798

The above right-of-use asset arising from the initial application of IFRS 16.

8 INVENTORIES

	30.9.2021 AUD	31.3.2021 AUD	31.3.2020 AUD
Raw material	733,213	402,461	-
Work in progress	-	112	-
Finished goods	935,681	965,684	1,193,543
	1,668,894	1,368,257	1,193,543

9 TRADE RECEIVABLES

	30.9.2021 AUD	31.3.2021 AUD	31.3.2020 AUD
Trade receivables	29,247	20,329	3,004
Advance payment	-	-	219,221
	29,247	20,329	222,225

10 OTHER RECEIVABLES

Included in other receivables is an amount owing by a controlling shareholder of Bainian Laishi. This amount is unsecured, interest free and repayable on demand. Details of the related party transactions is as disclosed in Note 23.3.

11 CASH AND BANK BALANCES

	30.9.2021 AUD	31.3.2021 AUD	31.3.2020 AUD
Renminbi	65,241	334,858	265,498

12 CONTRIBUTED EQUITY

	Number of shares Units	AUD
Issued and fully paid as at 30.9.2021:		
Ordinary shares		
At beginning/end of the period	2,500,000	571,082
Issued and fully paid as at 31.3.2021:		
Ordinary shares		
At beginning/end of the year	2,500,000	571,082

	Number of shares Units	AUD
Issued and fully paid as at 31.3.2020:		
Ordinary shares		
At beginning/end of the year	2,500,000	571,082

13 FINANCE LEASE PAYABLES

	30.9.2021 AUD	31.3.2021 AUD	31.3.2020 AUD
Total principal sums payable			
- within one year	80,723	73,963	-
- more than one year but not later than five years	79,013	115,826	-
	159,736	189,789	-

The finance lease payables of the Group are secured over the assets as disclosed in Note 5 to the financial statements and the effective interest rate is at 4.99% (31.3.2021: 4.99% and 31.3.2020: 4.99%) per annum.

14 LEASE LIABILITY

	30.9.2021 AUD	31.3.2021 AUD	31.3.2020 AUD
Lease liability	124,486	140,257	214,726
Less: Interest charges	(7,098)	(9,524)	(19,142)
	117,388	130,733	195,584
Total principal sum payable			
- within one year	46,949	42,802	46,538
- more than one year but not later than five years	70,439	87,931	149,046
	117,388	130,733	195,584

15 TRADE PAYABLES

Included in trade payables of the Group are:

(i) an amount of AUD1,160,474 (31.3.32021: AUD1,084,609 and 31.3.2020: AUD884,220 which represent advanced received from trade receivables; and

(ii) an amount owing to a controlling shareholder of Guizhou Laishi. This amount is unsecured, interest free and repayable on demand. Details of the related party transactions is as disclosed in Note 23.3.

16 OTHER PAYABLES AND ADVANCE RECEIVED

Included in other payables:

1) is an amount owing to a controlling shareholder of Bainian Laishi and Guizhou Laishi. This amount is unsecured, interest free and repayable on demand. Details of the related party transactions is as disclosed in Note 23.3.

2) is value added tax amounting to AUD1,981,748 (31.3.2021: AUD1,279,074 and 31.3.2020: AUD251,603).

17 REVENUE

Revenue represents invoiced value of goods sold net of discounts and allowances during the year.

18 OTHER OPERATING INCOME

	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
Other income	2,295	1,559	437

19 FINANCE EXPENSES

	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
Interest expenses	7,956	14,131	10,512
Processing fees	971	732	413
	8,927	14,863	10,925

20 INCOME TAX EXPENSE

	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
Current income tax	-	246,118	23,354

Current income tax represents People's Republic of China ("PRC") enterprise income tax ("EIT"). The provision for PRC EIT is calculated based on the PRC statutory income tax rate of 25% (31.3.2021: 25%; 31.3.2020: 25%) of the assessable income of the Group.

21 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	1.4.2021 to 30.9.2021 AUD	1.4.2020 to 31.3.2021 AUD	1.4.2019 to 31.3.2020 AUD
Additions of property, plant and equipment	576	430,359	-
Less: Purchase made directly by finance lease	-	(274,563)	-
Purchase of property, plant and equipment directly by cash	576	155,796	-

22 SEGMENT INFORMATION

Segmental reporting is not presented as the Group is principally engaged in supply and manufacturing of liquor, which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in the People's Republic of China.

23 RELATED PARTY DISCLOSURES

23.1 IDENTIFYING RELATED PARTIES

Transactions with Related Parties and Directors' Interests are as disclosed in Directors and executive officers of the Prospectus.

The Directors of the Company at the date of this report are:

- CHUA Kee Leng
- YANG Yu Ting
- MO Lin

Related parties of the Group are as follows:

- ZHANG Houyi – Controlling shareholder and Legal Representative of Bainian Laishi
- LAI Qianru – Contolling shareholder and Legal Representative of Guizhou Laishi

23.2 RELATED PARTY TRANSACTIONS

The following significant transactions between the Company and related parties took place at term agreed between the parties during the period/years:

	Group		
	1.4.2021 to 30.9.2021 AUD	2021 AUD	2020 AUD
Sales/Purchases of goods to/from a company controlled by a controlling shareholder that are fully eliminated at consolidation	1,351,902	1,601,996	633,035
Purchase of goods on behalf of company by controlling shareholder of Bainian Laishi	-	1,388,918	61,126
Repayment from/(Advanced to) controlling shareholder of Bainian Laishi			
- Other receivable	(428,416)	(3,314,372)	(396,817)
- Trade payable	46,857	953,795	66,317
Advanced from/(Repayment to) controlling shareholder of Guizhou Laishi			
- Other payable	44,461	(65,327)	722,258

23.3 RELATED PARTY BALANCES

As at the end of the period/year, the Company has following outstanding balances with the related parties:

	Group		
	1.4.2021 to 30.9.2021 AUD	2021 AUD	2020 AUD
Amount owing from/(to) controlling shareholder of Bainian Laishi			
- Other receivable	4,139,605	3,711,189	396,817
- Trade payable	(1,066,969)	(1,020,112)	(66,317)
Amount owing to controlling shareholder of Guizhou Laishi			
- Other payable	(584,495)	(543,044)	(589,623)

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Group's business. The Group has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's principal financial risk management policies are as follows:

a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its other receivables.

The credit risk of Group's arise from default of the counterparty, with a maximum exposure equal to the carrying amount of the financial asset.

As at reporting date, the Group has a significant concentration of credit risk in the amount owing from its controlling shareholder representing approximately 99% (31.3.2021: 99% and 31.3.2020: 45%) of other receivables.

b) Liquidity risk

Liquidity risk is the risk that the Group will not able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and finance lease payables.

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period/years based on undiscounted contractual payments (including interest):

	Carrying amount AUD	Contractual cash flows AUD	On demand or Within a year AUD
30.9.2021			
Financial liabilities			
Trade payables	2,370,191	2,370,191	2,370,191
Other payables and advance received	3,063,330	3,063,330	3,063,330
Finance lease payables	159,736	160,594	98,075
Lease liability	117,388	124,486	51,511
	5,710,645	5,718,601	5,583,107
31.3.2021			
Financial liabilities			
Trade payables	2,281,421	2,281,421	2,281,421
Other payables and advance received	2,092,467	2,092,467	2,092,467
Finance lease payables	189,789	194,396	91,560
Lease liability	130,733	140,257	48,088
	4,694,410	4,708,541	4,513,536
31.3.2020			
Financial liabilities			
Trade payables	1,565,677	1,565,677	1,565,677
Other payables and advance received	1,034,050	1,034,050	1,034,050
Lease liability	195,584	206,096	54,823
	2,795,311	2,805,823	2,654,550

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

(i) Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is not exposed to any significant foreign currency risk because the Group is mainly operate in People's Republic of China.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates.

Finance lease payables and lease liability are not significantly exposed to interest rate risk.

Interest rate risk sensitivity analysis

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

25 CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern and to provide fair returns for shareholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

26 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

On 30 August 2021, a statement of claim on termination damages of RMB3,000,000 for service contract dispute was issued to Guizhou Lai's Liquor Co., Limited.

As of the date of this report, the legal proceeding has not started. Hence, the Board of Directors is of the opinion that no provision needs to be made in the financial statements.

There are no other contingent liabilities or capital commitments as at the date of this financial statements.

SCHEDULE 3 CONSOLIDATED PRO-FORMA STATEMENT OF FINANCIAL POSITION

JGY HOLDINGS LIMITED
PRO FORMA HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	International Wines & Spirits Trading SDN.BHD. and its' controlled entities Group 30 Sept 2021 AUD $	JGY Holdings Limited Group 30 Sep 2021 AUD $	Pro-Forma Adjustment	Pro-Forma Group AUD $0 AUD $
ASSETS				
Current Assets				
Cash and bank balances	65,241	39,819		105,060
Trade receivables	29,247	-		29,247
Inventories	1,668,894	-		1,668,894
Other receivables	4,168,595	-		4,168,595
Total Current Assets	**5,931,977**	**39,819**		**5,971,796**
Non-Current Assets				
Property, plant and equipment	1,011,050	-		1,011,050
Right-of-use assets	110.614	-		110,614
Total Non-Current Assets	**1,121,664**	-		**1,121,664**
TOTAL ASSETS	**7,053,641**	**39,819**		**7,093,460**
LIABILITIES				
Current Liabilities				
Trade payables	2,370,191	288,564		2,658,755
Other payables	3,063,330	-	333,000	3,396,330
Finance lease payables	80,723	-		80,723
Lease liabilities	46,949	-		46,949
Income tax provision	358,063			358,063
	5,919,256	**288,564**	**333,000**	**6,540,820**
Non-Current Liabilities				
Related party loans	-	481,548		481,548
Finance lease payables	79,013	-		79,013
Lease liabilities	70,439	-		70,439
Total Non-Current Liabilities	**149,452**	**481,548**		**631,000**
TOTAL LIABILITIES	**6,068,708**	**770,112**		**7,171,820**
NET ASSETS/(LIABILITIES)	**984,933**	**(730,293)**		**(78,360)**
EQUITY				
Contributed equity	571,082	6,300,000	(2,050,000)	4,821,082
Accumulated losses	432,230	(7,857,800)	2,544,507	(4,881,063)
Exchange difference	(18,379)	827,507	(827,507)	(18,379)
TOTAL EQUITY/(DEFICIT)	**984,933**	**(730,293)**	**-**	**(78,360)**

The pro-forma consolidated statement of financial position represents the audited consolidated statutory historical statement of financial position of the Company as at 30 September 2021 adjusted for subsequent events and proforma transactions outlined below.

Note: The preparation of the consolidated pro-forma historical statement of financial position

The 30 September 2021 consolidated statement of financial position of JGY has been adjusted to reflect the impact of the following proposed transactions or actual transactions which have taken place subsequent to 30 September 2021:

- The consolidation of the JGY's existing share capital on the basis that every 8 Shares be consolidated into 1 Share.
- The acquisition by JGY of 100% of the issued share capital of IWS, satisfied by the issue of 131,835,000 for a consideration of AUD$14,000,000. As the acquisition is required to be accounted for as a reverse acquisition, the pro-forma financial information has therefore been prepared as a continuation of the business and operations of IWS.
- The estimated total expenses of the offer of AUD$333,000 has been expensed to accumulated losses.

SCHEDULE 4 RISK FACTORS

1. Risk in relation to the change to nature and scale of activities

1.1 Re-quotation of securities on NSX

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with the Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of NSX for re-quotation of its Shares on NSX. Should this occur, the Shares will not be able to be traded on the NSX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

1.2 Dilution risk

Upon Completion, a total of 131,835,000 Consideration Shares will be issued to Laishi Investors, and:

(a) the existing Shareholders will retain approximately 7.46% of the Company's issued Share capital; and

(b) the Laishi Investors (or their nominees) will hold approximately 92.54% of the Company's issued share capital.

1.3 Liquidity risk

On Completion, the Company proposes to issue the Consideration Shares to the Laishi Investors (or their nominees). As a significant number of the Company's Shares will be subject to escrow upon Completion, there is an increased liquidity risk as a large portion of issued capital may not be able to be freely traded for a period of time.

1.4 Contractual risk

Pursuant to the Acquisition Agreement, Completion is subject to the fulfilment of certain Conditions Precedent, as identified in section 2.2 of the Explanatory Statement.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which may be costly.

1.5 Shareholding concentration

Upon Completion, ZHANG Houyi will have a relevant interest in 63.59% of the Company's issued Share capital and a voting power of 73.04% (together with his associate, LAI Xingxin) in the Company. Therefore, Mr Zhang has the ability to control the election of Directors and matters subject to ordinary resolution by the Shareholders. If the interests of Mr Zhang differ from the interests of the Shareholder, there is a risk that the Company may not be managed to the best interest of some of the other Shareholders. However, being a Shareholder as well as a Director (following Completion), Mr Zhang could reduce the agency cost of equity and better align his interests as Director with the interests of all other Shareholders.

2. Specific risks to our business

2.1 Food safety risks

Baijiu is widely consumed in China. The quality and safety of baijiu products are essential to maintain and build consumer confidence. In recent years, there have been a number of negative publicities on food safety in the Chinese media which greatly increased consumer awareness on food safety issues.

Laishi China is in the business of blending, packaging and selling of baijiu products. There is a risk that a food quality and safety issue may occur as a result of negligent practice or inadequate implementation of quality control systems. In this happens, Laishi China may be subject to negative publicity or administrative actions which may have a material adverse impact on the Company's product sales and brand reputation.

2.2 Contractual risks

The standard demonstration store agreement Bainian Laishi uses for its wholesale customers is a type of framework agreement that is commonly used in China. There are with no particulars on quantity or pricing of products in the agreement which will be determined at the time that each purchase order is placed. The level of uncertainty in the framework agreement may not provide sufficient legal protection when there is a dispute between Bainian Laishi and one of its wholesale customers. Laishi China has not had any dispute of such nature and tries to mitigate the risk by maintaining good business relationship with the customers. However, there is risk that customers who sign cooperation agreements with Bainian Laishi may end the cooperation arrangement at any time during the contract term. Such termination may or may not result in material adverse financial loss to Bainian Laishi.

Pursuant to the Food Safety Law of China, business entities engaging in food production need to have food production licence and those involved in food distribution whether wholesale or retail, need to have food operation licence. Neither licence can be held by an individual. Among 275 wholesale customers of Bainian Laishi, there are individuals and business entities which do not have food operation licences. If any of the wholesale customers is engaged in a business of re-selling baijiu, there is a risk that the relevant local authority may order the cessation of the re-selling activities and the arrangement between Bainian Laishi and the customer as well as imposing a fine amounting to 10 times the actual sales amount on the non-compliant party under the Food Safety Law of China.

Under some of the Demonstration Store Cooperation Agreements, a bank account in the name of Lai Xingxin or Guizhou Chixin Trade Co., Ltd (**Chixin**) was designated to receive the purchase money from wholesale customers. LAI Xingxin is the son of LAI Qianru and ZHANG Houyi and is the controller of Chixin. The Company has sought confirmation from the auditor of Laishi China that despite the designated bank account, actual moneys from the relevant sales were directly deposited into Bainian Laishi's business bank account. However, the use of a personal account to receive sales money could lead to incorrect sales figure in the company's accounts and cause issues with the relevant taxation department. Laishi China has agreed to amend the incorrect bank details when entering into new agreements or renewing the existing ones.

2.3 Market and competition risk

Since Chinese government's crackdown on waste, extravagant spending, and corruption in 2012, including state-funded banqueting, high-end Chinese baijiu price and consumption dropped significantly for the following three to four years. In order to counteract the impacts caused by such trends, leading Chinese baijiu brands launched low-end products, leading to more competition in the low-end Chinese baijiu market. The high-end Chinese baijiu sales started to recover in the past three years because of growing ordinary consumers' buying power of more expensive Chinese baijiu and a return of banqueting in the private sector.

As Chinese baijiu is consumed directly by consumers, brand recognition is of great importance for consumers when they are choosing the products. Laishi China's target market is low-to-medium. There are many well-known baijiu brands in China and it is expected that the industry will be further consolidated. Laishi China considers that the Chinese economy has been materially affected by COVID-19 and the lockdown measures imposed by the government. This is especially so for the low to middle income households. This will slow down the consolidation of the baijiu industry and result in more demand for low to medium end baijiu products.

However, being in a highly competitive market still means that Laishi China is exposed to a risk that if it cannot increase its brand recognition, it may not be able to compete with the other business offering similar products. This may adversely impact on its financial performance in the future.

2.4 Change in consumer preference

Chinese baijiu market is also negatively affected due to the number of traffic accidents and health issues caused by drinking or over drinking alcohol, including baijiu. Chinese consumers are focusing more on their health. In addition, with the younger generations born after 1990 gradually becoming the main consumers, the demand for taste, alcohol content, aroma and appearance of baijiu may be different from previous consumers. The Company may need to accurately analyse these changes and adjust its baijiu products accordingly.

If market demand for alcohol deteriorates or if the Company fails to timely adapt its products to consumer preferences, this may lead to a material change in consumer purchasing behaviour which may adversely impact on the Company's financial performance.

2.5 Relationships with distributors

Laishi China sells its products mainly through distribution channels and its main customers are generally alcohol distributors in various regions. Laishi China does not have long term agreements with any of its current distributors. There is a risk that there may be less distributors in the future due to factors including less demand for its baijiu products, low brand recognition, or bad market environment. This may lead to less sales and thus adversely impact on Laishi China's financial performance.

2.6 Litigation risk

Bainian Laishi is the defendant to an ongoing court dispute brought by a business consultancy company it previously engaged (**Consultancy Company**). The Consultancy Company requested that the General Consultancy Agreement for Listing between Bainian Laishi and the Consultancy Company to be terminated; Bainian Laishi to pay RMB 3,000,000 for breach of contract and that Bainian Laishi to pay costs of the litigation. Bainian Laishi engaged the Consultancy Company in December 2018 to provide services in relation to a proposed listing in Australia and paid RMB 1,000,000 as the initial deposit. However, since 11 December 2019, Bainian Laishi has not been able to contact the Consultancy Company nor has the Consultancy Company provided any services since then. Bainian Laishi considers that the General Consultancy Agreement has effectively been terminated on 11 December 2019 due to non-performance of the Consultancy Company's duties under the General Consultancy Agreement. Or alternatively, Bainian Laishi should not be liable to pay any fees in additional to the initial deposit given no services have been provided since 11 December 2019. A hearing for this case is yet to be set. The representing lawyer commented that the matter is being considered in the first instance and defence has been filed with the court. Based on her assessment of the facts, while there is no certainty as to the outcome of the litigation, nonetheless there is a possibility that the court may find in favour of the Consultancy Company on its breach of contract claim. However, the amount of liquidated damages cannot be reasonably estimated at present. There is a risk that Bainian Laishi may be ordered to pay the claimed amount or a material amount of money to the Consultancy Company if the court finds in favour of the Consultancy Company. Management is of the opinion that even if Bainian Laishi is ordered to pay the full amount claimed by the Consultancy Company, it will not materially affect Bainian Laishi's ongoing operations.

In 2017, Kweichow Moutai Co., Ltd, the leading Chinese liquor maker brought a claim against several distilleries in the Moutai region to discontinue the production and sale of any baijiu products labelled "Laimou". Kweichow Moutai later won the legal dispute over the trademark "Laimou". Guizhou Laishi was one of the defendants to the claim and was ordered to cease production of any products using the "Laimou" products. Laishi China confirmed that "Laimou" has not been used in any of Guizhou Laishi's product series since the conclusion of the litigation. However, given that the sauce-flavour baijiu in the Moutai region is highly competitive and it is likely that similar or common word or phrase is used as product brand names, there is a risk that future disputes over infringement of trade market rights may emerge which may cause disruption to Laishi China's business.

2.7 Procurement of base liquor

Laishi China does not have long term contracts with any base liquor producer. Laishi China procures its base liquor regularly based on its estimated production requirements for the next half year or year. Given the nature of base liquor production, it is common practice for the local base liquor producers to store a large amount of base liquor from different productions years. Laishi China also stores certain quantities of base liquor at its storage units in Renshen Liquor. Therefore, the risk of a disruption in base liquor supply is considered to be low.

2.8 Change in government policies and regulations

Chinese government has been encouraging Chinese baijiu industry consolidation to favourable production regions, leading companies and brands. If the Chinese government introduces more restrictions to the industry via tax, land, price, advertisement and promotion, this may impact more on smaller players in the industry and thus resulting in material adverse impact on the Company's business operations.

Laishi China is subject to a range of laws, regulations and government policies in China dealing with food productions and sale of baijiu products. A change in government policy or regulation may occur due to economic conditions, budget deficits, political shifts or delays in the appropriate process, which may have an adverse impact on our future financial performance and position. Any future increase in the cost of regulatory compliance that is unable to be passed through to customers may also have an adverse impact on our future financial performance and position.

If Laishi China does not comply with the relevant laws, regulations and policies this may adversely affect the operational and financial performance of the business through corrective action, penalties, liabilities, restrictions on activities or suspension of operations, and could also cause reputational damage.

The Directors are not currently aware of any change of laws or regulations which may adversely affect our current business or business proposal and will closely monitor any proposed changes in the future to ensure compliance.

2.9 Exchange rates movement

Laishi products are sold in China while the audited accounts for Laishi China are prepared in Australian dollar. If the movement in the exchange rates is material, this may have a materially adverse effect on the financial performance of Laishi China.

2.10 Reliance on key personnel

Our success depends on the ability and performance of our key personnel, in particular the senior management team. Loss of key personnel, sustained underperformance by key personnel or an inability to recruit or retain suitable replacement or additional personnel may adversely affect our future financial performance.

2.11 Additional requirements for capital

To comply with the disclosure requirements in the Corporations Act, the Company is issuing a cleansing prospectus for the issue of the Consideration Shares. The Company is not raising any funds under the cleansing prospectus as Laishi China is considered to have sufficient funds to meet its business objects for the next 12 months. However, circumstances may change and Laishi China may need external funds to support its business operation or growth. The funds will likely be raised through equity financing. Failure to obtain sufficient financing may result in delay and indefinite postponement of our planned activities. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to us and might involve substantial dilution to the Shareholders.

As present Laishi China has no detailed plan or calculation for either of these scenarios. We will update the market if such plan has been made.

Laishi China experienced a decline in sales revenue for the months between April and September 2021 due to seasonality factors and a change in its marketing strategy. This resulted in a very low cash in bank figure at the end of September 2021 therefore would have required addition cash injections based on its cash burn requirements for normal business operations. The issue has since been resolved as Laishi China received prepayments from Laishi products ordered through its recent promotional activities.

There is a risk that circumstances may arise which could cause a material reduction in Laishi China's cash position. If Laishi China is not able to maintain its cash reserves through similar practices as described above, Laishi China may need to raise additional funds to ensure there is adequate cash to support its business operations. If this occurs, Laishi China intends to seek cash injections from Mr ZHANG Houyi, the proposed Executive Director prior to exploring other funding options.

2.12 Internal controls

The system of internal controls currently implemented by Laishi China is designed for the operations of an owner-managed enterprise. It comprises a number of undocumented procedures which require the substantial hands-on involvement of the owner-manager. The Directors are of the opinion that while this system of internal control is adequate and effective for the current level of operations, it may become inadequate after our business expands. If we are not able to improve and subsequently maintain the quality of our internal controls, any weaknesses could materially and adversely affect Laishi China's ability to properly manage the operations of Laishi China, provide timely and accurate information about our operations and finance, and could cause Laishi China to be susceptible to internal fraud.

The Directors will continually review our system of internal controls and ensure that they are developed to, and maintained at, a level appropriate for a publicly listed company of comparable size and scale of operations. Any weaknesses in effective internal controls may create additional challenges in the Company complying with its continuous disclosure obligations. To mitigate risks associated with compliance with continuous disclosure obligations, we have adopted, as part of the Company's corporate governance practices, a risk management and internal control policy. The policy requires each Director and employee of the Company to be responsible for ensuring regular communication between the Company and the Subsidiaries so that the board of Directors are fully aware of the business activities happening in China. The policy also requires any use of the Company's funds of more than A$2,000 to be approved by a Non-Executive Director before the money can be taken out of the Company's bank account. In addition, the Company will appoint its nominated adviser and other suitable advisers to provide regular training and review of its compliance with Australian laws and continuous disclosure obligations.

2.13 Reputational damage

Our reputation may be adversely affected by a number of factors, including failure to provide customers with the quality of service they expect, product liability claims, disputes or litigation with third party stakeholders, including customers, employees or suppliers. Any reputational damage may result in the cessation of existing customer relationships, loss of key employees, which may be harmful to our financial performance and lead to disruption in our operations.

3. General investment risks

3.1 COVID-19

The outbreak of the current COVID-19 pandemic has greatly impacted and may continue to impact on the global economy including capital markets and metal prices. The Company's business and share prices may be adversely affected by the COVID-19 outbreak. The Company's business may also be impacted if travel plans and workplace restrictions are imposed. Any forced closure or cessation of works for the Company will adversely impact the Company's operations.

3.2 Investment in securities

Shareholders and interested investors should be aware that there are risks associated with any investment in securities such as the Shares and should recognise that the price of securities may fall as well as rise. In particular, the trading price of securities at any given time may be higher or lower than the price paid by the investor for these securities. Further, there can be no assurance that an active trading market will develop in the Shares.

Many other factors will affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest and exchange rates, industry specific as well as general economic conditions and investor sentiment. Stock markets have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no guarantee that trading prices and volumes of any securities will be sustained. These factors may materially affect the market price of the Shares, regardless of our operational performance.

No guarantee can be given by the Company in respect of the payment of dividends, return of capital or the market value of the Shares. Such issues are dependent on our business performance after listing, the control of costs and the need for working capital and other funding requirements.

3.3 Economic risk

Changes in the general economic climate in which we operate may adversely affect our financial performance. Factors that may contribute to that general economic climate include the level of direct and indirect competition against us, industrial disruption and the rate of growth of the gross domestic product in China where it operates, interest and exchange rates and rates of inflation.

No assurances can be given or forecasts made regarding the continuing strong growth experienced by the Chinese economy nor whether or when it will slow materially or shrink. If the Chinese economy does not continue to grow or if it slows materially, stops growing or goes into recession, there may be a diminished market for our products. This would have a material adverse effect on the performance and profitability of the business.

3.4 Changes in legislation and government regulation

The introduction of new legislation or amendments to existing legislation and regulations by governments, and the decisions of courts and tribunals, can impact adversely on our assets, operations and, ultimately, our financial performance. In addition, any adverse changes in political and regulatory conditions in China or Australia could affect the prospects of our business. Financial and economic changes such as changes in both monetary and fiscal policies, import regulations and tariffs, taxation, methods of taxation and currency exchange could affect our profitability and adversely affect the return to Shareholders.

SCHEDULE 5 INDEPENDENT EXPERT'S REPORT

MGI CONSULTING SERVICES PTE LTD
Company Registration No. 200808400R

51 Anson Road, Anson Centre #09-55
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29 June 2022

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JGY Holdings Limited
Unit 20, 217 Hay Street
Subiaco WA6008
Australia

Dear Sirs

FAIR VALUE OPINION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF INTERNATIONAL WINES & SPIRITS TRADING SDN. BHD.

1. JGY Holdings Limited (**JGY**) has asked us to carry out a desktop assessment of and to provide a fair value opinion of the entire issued and paid-up share capital of International Wines & Spirits Trading Sdn. Bhd. (**IWS**) for inclusion with a notice of meeting to be dispatched to its shareholders to convene an extraordinary meeting to seek shareholders' approval for its proposed acquisition of the entire issued and paid-up share capital of IWS (**Proposed Transaction**). This letter and our opinion should not be used for any other purpose without our expressed written consent.

2. We confirm that we are qualified and experienced to provide this reasonableness opinion. We give this confirmation based on the following considerations:

   (a) we had provided opinions on fair values of companies for issuers listed in Australia and another jurisdiction; and

   (b) the external expert reviewer has skills and expertise in securities industry and capital markets having worked for more than 15 years as stockbroker licensed and regulated by the Securities Commission of Malaysia.

3. The term "fair value" is generally defined as being "the amount at which an asset could be bought or sold in a current transaction between willing parties, or transferred to an equivalent party, other than in a liquidation sale", and is usually used as an estimate of the market value of an asset for which a market price cannot be determined, usually because there is no established market for the asset. Therefore, in considering our opinion set out in this letter, due regard should be given to the theoretical nature of the term "fair value" and the inherent limitations of its estimation.

4. For this purpose, JGY had provided us with the following:

   (a) the announcement relating to the Proposed Transaction which JGY announced on the NSX announcements platform on 13 December 2021. As this announcement is a is a public record, we do not attach a copy of it to this letter;

   (b) the final draft of the notice of meeting in which this report will be included (**NOM**);

(c) the final draft of the prospectus (**Prospectus**) which it proposes to issue in connection with the Proposed Transaction. We note that the Prospectus is a public record. Therefore, we do not attach a copy of it to this letter.; and

(d) the final draft of the combined financial statements of the two operating subsidiaries (**Operating Companies**) which IWS will wholly-own on completion of the Proposed Transaction, namely:

(i) Guizhou Bainian Lai's Liquor Co., Limited (**Bainian Laishi**); and

(ii) Guizhou Lai's Liquor Co., Limited (**Guizhou Laishi**),

for the financial years ended 31 March 2020 (**FY2020**) and 31 March 2021 (**FY2021**) and the half-year period ended 30 September 2021 (**HY2022**) (**Combined Financial Statements**). We note that this combined financial statements will also be included in the NOM. Therefore, we do not attach a copy of it to this letter.

5. In forming our opinion, we had in good faith relied on the above documents and other information which the management of the Operating Companies (**Management**) have provided to us either verbally and in writing, and have assumed that information contained in those documents and which is provided by Management is true and accurate. We did not independently verify any of the information which the Company had provided to us as this is outside the scope of our engagement.

6. The fair value opinion of the entire issued and paid-up share capital of IWS which we provide is this letter is predicated on the basis that the Operating Companies are wholly-owned by IWS as of Valuation Date (defined below).

Valuation Date

7. Our analysis considered those facts and circumstances present at IWS at Valuation Date. The opinion which we express in this letter on the fair value of the entire issued and paid-up share capital of IWS is as of Valuation Date. Our opinion would most likely be different if another Valuation Date was used. **Valuation Date** referred to in this letter is 1 April 2022.

Assumptions and limiting conditions

8. In addition to any specific assumptions and limiting conditions set out in this letter, our fair value opinion is subject to the general assumptions and limiting conditions set out in **Appendix A**.

Background information on IWS

9. Brief information on IWS and the Operating Companies are set out below:

9.1. IWS The Company was incorporated in Malaysia on 2 November 2021 with a company registration number 202101036591 (1436891-M) with its registered address at No. 3A, First Floor, Susuran Jingga, Kompleks Perniagaan Mergong, Lebuhraya Sultanah Bahiyah, 05150 Alor Setar, Kedah, Malaysia.

9.2. On or before completion of the Proposed Transaction, the Target Company will, through a wholly-owned subsidiary (**WFOE**) registered in China, be the registered and beneficial holder of the entire equity capitals of the Operating Companies.

9.3. Guizhou Laishi has an operating track record of more than 11 years, while Bainian Laishi has an operating track record of more than 8 years.

9.4. The Operating Companies' products are sauce-aroma baijiu, a popular type of baijiu distilled in China. Baijiu (literally translated from Chinese, white liquor) is a colourless liquor typically containing between 35% and 60% alcohol by volume and usually distilled from fermented sorghum. Sauce-aroma baijiu has a layered taste of herbs and fermented beans and a long aftertaste attributed to the different batches of base liquor used to blend and mix into the final sauce-aroma baijiu product.

9.5. Sauce-aroma baijiu is produced mainly in Maotai Town in Guizhou Province which is home to the well-known brand Kweichow Moutai (also called Guizhou Maotai). The Maotai Town distillery region is located at the upper reaches of the Chishui River where water is pristine and rich in micronutrients. The makers of Guizhou Maotai, Shanghai-listed Kweichow Moutai Co., Limited, is China's most valuable listed company and the world's most valuable liquor and spirits company.

9.6. The Operating Companies do not have their own distillery. The base liquor used to blend and produce their products are sourced from specialised base liquor producers in Maotai Town. With different batches of base liquor they source from these distilleries, the Operating Companies blend, bottle and package them into final baijiu products which they sell to customers. This blending and bottling plant which is operated by the Operating Companies is leased from and shared with an unconnected third-party distiller.

9.7. The products of the Operating Companies are sold through integrated online and offline channels with established online stores on major e-commerce platforms in China (namely, Wechat, Suning and Pinduoduo) and a nation-wide network of distributors. As of March 2021, the Operating Companies have built up a nationwide network with agents and/or distributors in provinces and municipalities of Shandong, Hunan, Sichuan, Guangdong, Henan, Hubei, Fujian, Shanghai, Beijing, Tianjin, Liaoning, Zhejiang, Hebei, Yunnan and Jiangsu, with the core markets being Shandong, Henan and Hebei. This represents a coverage of 15 of the 32 provinces, directly administered municipalities and autonomous regions in Mainland China.

10. Readers of this letter should refer to the NOM and the Prospectus for more detailed information on the Proposed Transaction, IWS and the Operating Companies.

Basis of valuation

11. We note from the above that IWS does not carry on any trading on its own. We further note from Management that WFOE, when registered, will also not carry on any trading on its own. Therefore, the fair market value of IWS will derive from the combined fair market values of its wholly-owned subsidiaries, that is to say, the Operating Companies.

12. In forming our opinion, we had to first of all determine which valuation methodology to use. We had considered two of the most commonly used methodologies, namely:

12.1. the discounted free cash-flows approach; and

12.2. relative valuation approach.

13. In the final analysis, we do not consider the discounted cash-flow approach to be feasible in this instance. This is because we note that the NOM and the Prospectus do not include any financial nor cash flow forecasts which have been prepared by Management. Hence, we consider the relative valuation approach, more particularly the price to earnings multiple (price-earnings) approach, can be used in this exercise, and accordingly, had used this approach in arriving at our opinion.

14. To estimate the fair value of IWS using the price-earnings approach, we needed to estimate two components, namely:

14.1. an appropriate price-earnings (P/E) ratio; and

14.2. IWS's future maintainable earnings (**FME**).

Estimate of appropriate price-earnings ratio

15. In forming our opinion, we had identified 19 companies whose primary business is the production and sale of baijiu whose market valuations we believe can be used as comparison to estimate fair market value of IWS. To the best of our knowledge, these 19 companies are all the baijiu companies which are listed on the two stock exchanges in China. Readers of this letter should note that these comparable companies, while are comparable in a number of ways to IWS or to the Operating Companies, they are not directly comparable. This could be due to many different factors including, but not limited to, composition and geographical coverage of business activities, scale of operations, range of products produced and sold, reputation, operating track record, financial strength, risk profile, asset base and future prospects. Brief information on these 19 companies (**Comparable Companies**) are set out in the table below:

S/No.	Name of comparable company	Brief information
1	Kweichow Moutai Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 600519 Kweichow Moutai is China’s leading jiang-flavour baijiu brand with its production base in Maotai Town in Guizhou Province. Its main products include Maotai and Maotai Prince.
2	Wuliangye Yibin Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 000858 Wuliangye is China’s leading strong-flavour baijiu brand, with its production base in Yibin City in Sichuan Province. Its main products include Wuliangye and Wuliangchun.
3	Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 600809 Yanghe is also a leading strong-flavour baijiu brand in China, with its production base in Suqian City in Jiangsu Province. Its main products include Mengzhilan, Tianzhilan and Yanghedaqu.
4	Luzhou Laojiao Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 000568 Luzhou Laojiao is also a leading strong-flavour baijiu brand in China, with its production base in Luzhou City in Sichuan Province. Its main products include Guojiao 1573 and Luzhoulaojiaotequ.

S/No.	Name of comparable company	Brief information
		Luzhou Laojiao is a current major sponsor of the Australian Open tennis tournament.
5	Beijing Shunxin Agriculture Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 002304 Shunxin Agriculture is also a leading strong-flavour baijiu brand in China, with its production base in Beijing. Its main products include Erguotou and the Niulanshan series.
6	Shanxi Xinghuacun Fen Wine Factory Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 603369 Shanxi Fen Wine is a leading mild-flavour baijiu brand in China, with its production base in Lvliang City in Shanxi Province. Its main products include Fenjiu, Zhuyeqingjiu and Xinghuacun.
7	Anhui Gujing Distillery Company Limited	Listed: Shanghai Stock Exchange Stock Code: 600779 Gujing is also a leading strong-flavour baijiu brand in China, with its production base in Bozhou City in Anhui Province. Its main products include the Nianfenyuanjiang and Laomingjiu series.
8	Jiangsu King's Luck Brewery Joint-Stock Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 603198 King's Luck is also a strong-flavour baijiu brand in China, with its production base in Huaian City in Jiangsu Province. Its main products include the Guoyuan, Jinshiyuan and Gaogou series.
9	Anhui Kouzi Distillery Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 603589 Kouzijiao is a leading mixed-flavour baijiu brand in China, with its production base in Huaibei City in Anhui Province. Its main products include the Kouzijiao, Laokouzi, Kouzifang and Kouzijiu series
10	Shede Spirits Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 000860 Shede is also a strong-flavour baijiu brand in China, with production base in Shehong City, Sichuan Province. Its main its products include the Shede, Tuopaiqujiu, Tuopaitequ, and Taozui series.
11	Hebei Hengshui Laobaigan Liquor Co.，Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 000596 Laobaigan Liquor is a leading laobaigan-flavour baijiu brand in China, with production base in Hengshui City, Hebei Province. Its main products include the Hengshui Laobaigan and Shibafang series.
12	Anhui Yingjia Distillery Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 600702 Yingjia Distillery is also a strong-flavour baijiu brand in China, with its production base in Lu'an City in Anhui Province. Its main products include the Yingjiaguobin, Bainian Yingjiagong, Yingjiagufang and Yingjiacaofang series.
13	Sichuan Swellfun Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 600559 Swellfun is also a strong-flavour baijiu brand in China, with production base in Chengdu City, Sichuan Province. Its main products include series of Swellfun Yuanmingqing, Swellfun Jingcun, Swellfun Classic Collection Master, Swellfun Jingtai, etc.
14	Jiugui Liquor Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 000799 Jiugui Liquor is a fuyu-flavour baijiu brand in China, with its production base in Xiangxi Tujia and Miao Minorities Autonomous

S/No.	Name of comparable company	Brief information
		Prefecture in Hunan Province. Its main products include the Neican, Jiugui and Xiangquan series.
15	Xinjiang Yilite Industry Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 600197 YLT is also a strong-flavour baijiu brand in China, with its production base in Cocodala City in Xinjiang Autonomous Region. Its main products include the Yilite, Xiaolaojiao and Yilichun series.
16	Jinhui Liquor Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 603919 Jinhui is also a strong-flavour baijiu brand in China, with production its base in Longnan City in Gansu Province. Its main products include the Nianfen, Xingchen, Ronghe and Nengliang series.
17	Anhui Golden Seed Winery Co., Ltd.	Listed: Shanghai Stock Exchange Stock Code: 600199 AGSD is also a strong-flavour baijiu brand in China, with its production base in Fuyang City in Anhui Province. Its main products include the Golden Seed, Zuisanqiu, Hetai and Seed series.
18	Qinghai Huzhu Barley Wine Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 002646 Qinghai Barley Wine is a mild-flavour baijiu brand in China, with production its base in Weiyuan County in Qinghai Province. Its main products include the Huzhu, Tianyoude, Badazuofang, Yongqinghe and Shiyide series.
19	Gansu Huangtai Wine-Marketing Industry Co., Ltd.	Listed: Shenzhen Stock Exchange Stock Code: 000995 Huangtai Wine Marketing is a strong-flavour baijiu brand in China, with its production base in Wuwei City in Gansu Province. Its main products include the Jiaodiyuanjiang, Liuding and Classic series.

Note: The names of the Comparable Companies English language translations of their official names which is in the Chinese language, and is translated for reference only

16. We considered the price-to-earnings ratios (**PER**) at which the Comparable Companies traded as at Valuation Date. We also noted the share prices of the Comparable Companies as at Valuation Date and their net asset value (**NTA**) per share based on the last available publicly published financial reports. These are summarized in the table below:

S/No.	Name of comparable company	PER (times)	Share price (RMB)
1	Kweichow Moutai Co., Ltd.	42.62	1,769.2
2	Wuliangye Yibin Co., Ltd.	26.87	159.36
3	Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	48.54	260.69
4	Luzhou Laojiao Co., Ltd.	35.75	190.52
5	Beijing Shunxin Agriculture Co., Ltd.	21.61	230.37
6	Shanxi Xinghuacun Fen Wine Factory Co., Ltd.	23.83	43.01
7	Anhui Gujing Distillery Company Limited	30.86	84.24
8	Jiangsu King's Luck Brewery Joint-Stock Co., Ltd.	31.68	55.18
9	Anhui Kouzi Distillery Co., Ltd.	19.13	55.15

S/No.	Name of comparable company	PER (times)	Share price (RMB)
10	Shede Spirits Co., Ltd.	35.49	23.75
11	Hebei Hengshui Laobaigan Liquor Co.， Ltd.	40.26	174.31
12	Anhui Yingjia Distillery Co., Ltd.	43.65	164.00
13	Sichuan Swellfun Co., Ltd.	55.04	20.41
14	Jiugui Liquor Co., Ltd.	53.41	156.39
15	Xinjiang Yilite Industry Co., Ltd.	37.44	28.05
16	Jinhui Liquor Co., Ltd.	44.69	28.38
17	Anhui Golden Seed Winery Co., Ltd.	--	24.79
18	Qinghai Huzhu Barley Wine Co., Ltd.	68.34	16.47
19	Gansu Huangtai Wine-Marketing Industry Co., Ltd.	--	13.15

17. We calculated the mean (μ) PER and the standard deviation (δ) of these PERs using the formulas set out below. In performing our calculations, we had disregarded the outlier securities, that is to say the Comparable Companies with the highest and the lowest PERs and the two Comparable Companies with no reported PER. The result of our calculations are as follows:

	To calculate μ	To calculate δ
Formula used	$\mu = \frac{\sum x}{N}$	$\sigma = \sqrt{\frac{\sum_1^n (x_i - \bar{x})^2}{n-1}}$
Result (rounded to one decimal number)	38.1	10.1

18. Statistically, 86.6% of the population from which a sample is drawn lies within 1.5 standard deviation from the mean. Applying this to our analysis, we infer that about 86.6% of listed companies which carries on a business comparable to the Operating Companies' business trade within a PER range from 22.9 to 53.2. In forming our opinion as to an appropriate PER should apply in estimating the fair value of IWS, we considered the following qualitative factors:

18.1. generally private companies are valued at PERs lower than comparable publicly traded companies;

18.2. the Operating Companies have been profitable for both FY2020 and FY2021; and

18.3. the Operating Companies had reported a new operating loss for HY2021 although Management believes and is cautiously optimistic that the loss for HY2022 (and FY2022) is transitory and the Operating Companies will continue to operate profitably again from FY2023.

19. We would expect that IWS should trade at a PER in in the lower range mentioned above, say, 23 times. However, in view of any uncertainty which result from the factor mentioned in paragraph 18.3, we consider that a further discount of between 20% to 25% should be applied. Taking into account all the above factors, we believe that a PER of 17.0 would not be an unreasonable price earning multiple to use to estimate the fair market value of IWS using the price-earnings ratio relative valuation approach.

Estimate of appropriate future maintainable earnings

20. To estimate the IWS's FME, we had considered:

    20.1. its historical results as set out in the Combined Financial Statements; and

    20.2. Management's outlook of its future prospects.

    In particular, we note that:

    (a) the total comprehensive income / (loss) and net assets reported in the Combined Financial Statements are as follows:

(In A$)	FY2020 (audited)	FY2021 (audited)	HY2022 (reviewed)
Total comprehensive income / (loss)	238,516	864,556	(557,757)
net asset value	678,134	1,542,690	984,933

    (b) Management believes and is cautiously optimistic that the loss for HY2022 (and FY2022) is transitory and the Operating Companies will continue to operate profitably again from FY2023.

21. Taking into account all the above factors, including the matter discussed in paragraph 19, we believe that $800,000, being approximately the total comprehensive income (rounded down to the previous $100,000) for FY2021, the most recent full year which IWS is profitable, would not be an unreasonable FME to use to estimate the fair market value of IWS using the price-earnings ratio relative valuation approach.

Conclusion

22. We highlight to readers of this letter that they should recognize that a valuation of any entity or asset is subject to a numerous uncertainties and involves a high degree of subjectivity and judgement. Furthermore, a valuation is very susceptibility to the choice of valuation approach used and inputs to the model applied. Therefore, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook, both in the general economic conditions as well as changes specific to the industry itself the entity operates or which the asset can be employed.

23. Based on the analyses and subject to the conditions and limitations set out in this letter, we are of the opinion that the fair value of IWS on a going-concern basis using the price-earnings ratio relative valuation approach is approximately A$13,600,000.

Yours faithfully
MGI CONSULTING SERVICES PTE LTD

Justin S K Tay
Director

Chua Tai Joo
External expert reviewer

Assumptions and Limiting Conditions

1. Public, industry, statistical, and other information furnished by others, upon which all or portions of this analysis is based, is believed to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

2. The Company (which for the purposes of this Assumptions and Limiting Conditions means the entity which appointed us to perform this valuation engagement or, where the context so require, the company whose business or equity whose value we are giving an opinion on), its officers and representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statement information reflects the Company's results of operations and financial and business condition in accordance with generally accepted accounting principles, unless otherwise noted. The financial statements and other related information supplied by management has been accepted as correct without further verification. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

3. This report and conclusion of value is restricted to the internal use of the management of the Company for the sole and specific purpose as noted herein, and shall not be used to obtain credit or for any other purpose or by any other party for any purpose. Neither our work product nor any portions thereof, including any conclusions or the identity of our firm, any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated, shall be disseminated to third parties other than the Company, its financial accounting firm and attorneys, and governmental agencies by any means without our prior written consent and approval.

4. We or any individual associated with this assignment are not required to provide future services regarding the subject matter of this report, including but not limited to providing further consultation, providing testimony, or appearing in court or other legal proceedings unless specific arrangements have been made.

5. The conclusion of value is valid only for the stated purpose as of the valuation date indicated. We take no responsibility for changes in market conditions and assume no obligation to revise our conclusion of value to reflect events or conditions which occur subsequent to the valuation date.

6. Full compliance by the Company with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated. Furthermore, no effort has been made to determine the possible effect, if any, on the Company due to future national or local legislation including any environmental or ecological matters or interpretations thereof, unless otherwise stated.

7. This report and the conclusion of value arrived at herein are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of based on information furnished to them by the Company and other sources.

8. We do not provide assurance on the achievability of the results forecasted by the Company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions,plans, and assumptions of management.

9. For the prospective financial information approved by management that was used in our engagement, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.

10. We are not environmental consultants or auditors, and we take no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, is encouraged to obtain a professional environmental assessment. We do not conduct or provide environmental assessments and have not performed one for the subject property.

11. We have not determined independently whether the Company is subject to any present or future liability relating to environmental matters, nor the scope of any such liabilities. Our valuation takes no such liabilities into account, except as they have been reported to us by the Company or by an environmental consultant working for the Company, and then only to the extent that the liability was reported to us in an actual or estimated dollar amount. Such matters, if any, are noted in the report. To the extent such information has been reported to us, we relied on it without verification and offer no warranty or representation as to its accuracy or completeness.

12. Except as noted, we have relied on the representations of the owners, management, and other third parties concerning the value and useful condition of all equipment, real estate, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether all assets of the business are free and clear of liens and encumbrances or that the Company has good title to all assets.

13. Neither all nor any part of the contents of this report (including the conclusion of value, the identity of any valuation specialist(s), the firm with which such valuation specialists are connected, or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without our prior written consent and approval.

14. We have not made a specific compliance survey or analysis of the subject property to determine whether it is subject to, or in compliance with, any legislation other than those we specifically mention or refer to in our report, and this valuation does not consider the effect, if any, of non-compliance.

15. No change of any item in this valuation report shall be made by anyone other than , and we shall have no responsibility for any such unauthorized change.

16. We have conducted interviews with the current management of the Company concerning the past, present, and future operating results of the Company.

17. This conclusion of value assumes that the Company will continue to operate as a going concern, and that the character and integrity of the Company through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed. It also assumes that the current level of management expertise and effectiveness would continue to be maintained.

JGY HOLDINGS LIMITED

(Incorporated in Cayman Islands)

Company Registration Number | ARBN 622 384 776

PROXY FORM

I/We* ____

(Name)

of ____

(Address)

being a member / members* of JGY Holdings Limited (the **Company**), hereby appoint:

Name	Address	Proportion of Shareholding to be represented by proxy (%)

and/or failing him/her*

or failing him/her*, the Chairman of the Meeting as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll, at the extraordinary general meeting of the Company to be held at **Room 1108 Block 16, Wanda Commercial Square, Jianye District, Nanjing City, Jiangsu Province, People's Republic of China on 1 August 2022**, and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specific instructions as to voting are given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the AGM.

Ordinary Resolution	**For**	**Against**
Resolution 1 – Change to nature and scale of activities		
Resolution 2 – Consolidation of capital		
Resolution 3 – Issue of Consideration Shares to Non-Related Investors		
Resolution 4 – Acquisition of relevant interests in Shares – ZHANG Houyi		
Resolution 5 – Acquisition of relevant interests in Shares – LAI Xingxin		
Resolution 6 – Election of Director – ZHANG Houyi		
Resolution 7 – Election of Director – Ilmars Draudins		
Resolution 8 – Election of Director – Longhuy (Bill) LAM		
Special Resolution	**For**	**Against**
Resolution 9 – Change of Company name		

Date: ________________ 2022

Total number of Shares held	

____

Signature(s) of Member(s) or Common Seal

* delete where necessary

Notes to the Proxy Form

1. Please insert the total number of shares held by you. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A proxy need not be a member of the Company.

4. **Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the proposed resolutions as set out in the notice of extraordinary general meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the extraordinary general meeting.**