

## Dukang Distillers Holdings Limited

(Incorporated in Bermuda)

### FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1. (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Year ended		Increase/ (Decrease) %
	30 Jun 2017 Unaudited RMB'000	30 Jun 2016 Audited RMB'000	
<b>Revenue</b>	464,530	865,038	(46.3)
Cost of sales	(343,435)	(564,053)	(39.1)
<b>Gross profit</b>	121,095	300,985	(59.8)
Other income	1,800	2,554	(29.5)
Selling and distribution expenses	(86,135)	(216,668)	(60.2)
Administrative expenses	(76,643)	(78,446)	(2.3)
Other expenses	(23,011)	-	N.M.
Impairment loss on interest in an associate	(31,000)	-	N.M.
<b>Operating (loss)/profit</b>	(93,894)	8,425	(1,214.5)
Finance costs	(6,674)	(8,890)	(24.9)
Share of profit of an associate	2,302	4,602	(50.0)
<b>(Loss)/profit before income tax</b>	(98,266)	4,137	(2,475.3)
Income tax expense	(14,175)	(14,799)	(4.2)
<b>Loss for the year, attributable to owners of the Company</b>	(112,441)	(10,662)	954.6
<b>Other comprehensive income for the year</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	(1,336)	(2,305)	(42.0)
<b>Total comprehensive income for the year, attributable to owners of the Company</b>	(113,777)	(12,967)	777.4

N.M. Not meaningful

## Notes:

- i. (Loss)/profit before income tax is arrived at after crediting / (charging):

	<b>Group</b>		<b>Increase/ (Decrease)</b>
	<b>Year ended</b>	<b>Year ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>	
	<b>Unaudited</b>	<b>Audited</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Interest income	1,244	1,805	(31.1)
Interest expenses	(6,674)	(8,890)	(24.9)
Depreciation of property, plant and equipment	(25,594)	(21,276)	20.3
Amortisation of prepaid land lease payments	(3,015)	(2,816)	7.1
Loss on remeasurement of non-current assets ceased to be classified as held for sale	(4,875)	-	N.M.
Temporary production suspension costs	(6,774)	-	N.M.
Compensation to suppliers on purchases returns	(8,807)	-	N.M.

N.M. Not meaningful

**1. (b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	GROUP		COMPANY	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Interests in subsidiaries	-	-	292,518	288,534
Interest in an associate	80,274	123,672	-	-
Property, plant and equipment	374,339	374,408	-	-
Prepaid land lease payments	140,539	115,961	-	-
Intangible assets	1,280	1,280	-	-
	596,432	615,321	292,518	288,534
<b>Current assets</b>				
Inventories	770,177	644,082	-	-
Amounts due from subsidiaries	-	-	548,094	546,949
Prepayments, deposits and other receivables	91,388	23,656	-	-
Cash and cash equivalents	190,213	595,627	16	19
	1,051,778	1,263,365	548,110	546,968
Non-current assets held for sale	-	52,592	-	-
	1,051,778	1,315,957	548,110	546,968
<b>Current liabilities</b>				
Trade payables	124,535	116,727	-	-
Amount due to an associate	2,962	29,502	-	-
Accrued liabilities and other payables	84,106	210,553	5,241	4,416
Bank and other loans, secured	113,000	135,000	-	-
Provision for income tax	1,221	3,048	-	-
	325,824	494,830	5,241	4,416
<b>Net current assets</b>	725,954	821,127	542,869	542,552
<b>Total assets less current liabilities</b>	1,322,386	1,436,448	835,387	831,086
<b>Non-current liabilities</b>				
Deferred tax liabilities	11,876	12,161	-	-
	11,876	12,161	-	-
<b>Net assets</b>	1,310,510	1,424,287	835,387	831,086
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	279,499	279,499	279,499	279,499
Reserves	1,031,011	1,144,788	555,888	551,587
<b>Total equity</b>	1,310,510	1,424,287	835,387	831,086

**1. (b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand:**

As at 30 June 2017	As at 30 June 2016
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
113,000	-	135,000	-

**Amount repayable after one year:**

As at 30 June 2017	As at 30 June 2016
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Details of any collateral:**

As at 30 June 2017, the Group's bank and other loans amounting to RMB113.0 million were secured by charges over the Group's existing land use rights and leasehold buildings.

**1. (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Year ended 30 Jun 2017 Unaudited RMB'000	30 Jun 2016 Audited RMB'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(98,266)	4,137
Adjustments for:		
Interest income on financial assets stated at amortised cost	(1,244)	(1,805)
Interest expenses	6,674	8,890
Depreciation of property, plant and equipment	25,594	21,276
Amortisation of prepaid land lease payments	3,015	2,816
Loss/(gain) on disposal of property, plant and equipment	198	(2)
Write-off of property, plant and equipment	-	172
Impairment loss on interest in an associate	31,000	-
Loss on remeasurement of non-current assets ceased to be classified as held for sale	4,875	-
Compensation to suppliers on purchases returns	8,807	-
Share of profit of an associate	(2,302)	(4,602)
Operating (loss)/profit before working capital changes	(21,649)	30,882
(Increase)/decrease in inventories	(126,095)	19,618
(Increase)/decrease in prepayments, deposits and other receivables	(67,508)	64,214
Increase in trade payables	7,808	36,960
(Decrease)/increase in accrued liabilities and other payables	(107,227)	52,765
(Decrease)/increase in amount due to an associate	(26,540)	9,405
Cash (used in)/generated from operations	(341,211)	213,844
Income taxes paid	(16,287)	(16,950)
<b>Net cash (used in)/generated from operating activities</b>	<b>(357,498)</b>	<b>196,894</b>
<b>Cash flows from investing activities</b>		
Dividend from an associate	14,700	-
Purchases of properties, plant and equipment	(5,627)	(3,720)
Proceeds from disposals of property, plant and equipment	28	4
Interest received	1,244	1,805
<b>Net cash generated from/(used in) investing activities</b>	<b>10,345</b>	<b>(1,911)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank and other loans	113,000	120,000
Repayments of bank and other loans	(135,000)	(119,750)
Interest paid	(6,674)	(8,890)
(Repayment to)/advance from a director	(28,742)	6,181
<b>Net cash used in financing activities</b>	<b>(57,416)</b>	<b>(2,459)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(404,569)</b>	<b>192,524</b>
Cash and cash equivalents at beginning of year	595,627	403,009
Effect of foreign exchange rate changes	(845)	94
<b>Cash and cash equivalents at end of year</b>	<b>190,213</b>	<b>595,627</b>

1. (d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
<b>Balance as at 1 July 2015</b>	279,499	656,811	(150,101)	152,773	3,834	494,438	1,437,254
Loss for the year	-	-	-	-	-	(10,662)	(10,662)
Other comprehensive income	-	-	-	-	-	-	-
Exchange loss on translation of foreign operations	-	-	-	-	(2,305)	-	(2,305)
<b>Total comprehensive income for the year</b>	-	-	-	-	(2,305)	(10,662)	(12,967)
Transfer to statutory reserves	-	-	-	10,075	-	(10,075)	-
<b>Balance as at 30 June 2016 and 1 July 2016</b>	279,499	656,811	(150,101)	162,848	1,529	473,701	1,424,287
Loss for the year	-	-	-	-	-	(112,441)	(112,441)
Other comprehensive income	-	-	-	-	-	-	-
Exchange loss on translation of statements of foreign operations	-	-	-	-	(1,336)	-	(1,336)
<b>Total comprehensive income for the year</b>	-	-	-	-	(1,336)	(112,441)	(113,777)
Transfer to statutory reserves	-	-	-	5,998	-	(5,998)	-
<b>Balance as at 30 June 2017</b>	279,499	656,811	(150,101)	168,846	193	355,262	1,310,510

Company	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>Balance at 1 July 2015</b>	279,499	656,811	120,523	(58,904)	(206,723)	791,206
Loss for the year	-	-	-	-	(5,843)	(5,843)
Other comprehensive income	-	-	-	-	-	-
Exchange gain on translation of financial statements	-	-	-	45,723	-	45,723
<b>Total comprehensive income for the year</b>	-	-	-	45,723	(5,843)	39,880
<b>Balance as at 30 June 2016 and 1 July 2016</b>	279,499	656,811	120,523	(13,181)	(212,566)	831,086
Loss for the year	-	-	-	-	(7,347)	(7,347)
Other comprehensive income	-	-	-	-	-	-
Exchange gain on translation of financial statements	-	-	-	11,648	-	11,648
<b>Total comprehensive income for the year</b>	-	-	-	11,648	(7,347)	4,301
<b>Balance as at 30 June 2017</b>	279,499	656,811	120,523	(1,533)	(219,913)	835,387

**1. (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital during the current financial period reported on. The Company had no outstanding convertibles and there were no treasury shares and subsidiary holdings as at 30 June 2017.

**1. (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at	
	30 Jun 2017	30 Jun 2016
Total number of issued shares (excluding treasury shares)	79,828,927	79,828,927

**1. (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**1. (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

**2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 30 June 2016. The adoption of these revised IFRSs for the current reporting year ended 30 June 2017 did not result in material changes to the Group's results.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to Item 4 above.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>Year ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RMB</b>	<b>RMB</b>
<b>Basic</b>	(1.41)	(0.13)
<b>Diluted</b>	N/A	N/A

Basic loss per share for the year ended 30 June 2017 ("FY2017") was calculated based



on the Group's loss for the year of approximately RMB112,441,000 (Year ended 30 June 2016 ("FY2016"): approximately RMB10,662,000) divided by the weighted average number of 79,828,927 ordinary shares of HK\$4.0 each ("Shares") (FY2016: 79,828,927 Shares) in issue during FY2016.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- a) current financial period reported on; and**
- b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 2017 RMB</b>	<b>As at 30 Jun 2016 RMB</b>	<b>As at 30 Jun 2017 RMB</b>	<b>As at 30 Jun 2016 RMB</b>
Net asset value per ordinary share	16.42	17.84	10.46	10.41
Number of ordinary shares	79,828,927	79,828,927	79,828,927	79,828,927

Net asset value per ordinary share of the Group as at 30 June 2017 was calculated based on the Group's net assets of approximately RMB1,310,510,000 as at 30 June 2017 (30 June 2016: approximately RMB1,424,287,000) divided by 79,828,927 Shares (30 June 2016: 79,828,927 shares).

Net asset value per ordinary share of the Company as at 30 June 2017 was calculated based on the net assets of approximately RMB835,387,000 as at 30 June 2017 (30 June 2016: approximately RMB831,086,000) divided by 79,828,927 Shares (30 June 2016: 79,828,927 shares).

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following;**

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal and cyclical factors; and**
- b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

**Review of Group's Performance****FY2017 vs FY2016****Revenue**Luoyang Dukung

<u>FY2017</u>	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg	<u>FY2016</u>	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg
Premium series	101.7	717	141.8	Premium series	210.0	1,462	143.6
Regular series	362.8	11,748	30.9	Regular series	655.0	20,224	32.4
Total	464.5	12,465	37.3	Total	865.0	21,686	39.9

Group revenue for FY2017 decreased significantly by RMB400.5 million or 46.3% to RMB464.5 million, mainly due to the following factors:

- (i) Prolonged severe air pollution and poor weather conditions, and stricter inspections and enforcements imposed by the Chinese Government to fight against air pollution violations have significantly affected the Group's production and operations. As a result, the Group could not fulfill the sales demand from distributors and led to a large scale of customer churn in the second half of FY2017;
- (ii) Austerity measures and restrictions in the PRC which further suppressed the sales of high-end alcohol market;
- (iii) The negative impact on the baijiu market due to a change in consumers' drinking trend and habits to red wine and beer and a large influx of imported beers and red wine in the domestic market; and
- (iv) intensified liquor market competition in the Henan province, new products entering into the Henan market and downward adjustment of first-tier high-end liquor prices further decreased the Group's market share in Zhengzhou and Luoyang.

**Gross profit and margin**

The Group's gross profit decreased by RMB179.9 million or 59.8% to RMB121.1 million.

Gross profit for premium and regular series decreased from RMB102.5 million and

RMB198.5 million to RMB33.5 million and RMB87.6 million respectively. GPM for premium series decreased from 48.8% to 32.9% and GPM for regular series decreased from 30.3% to 24.2%. Overall gross profit margin for “Dukang” products decreased from 34.8% to 26.1%. The decrease in gross profit margin was mainly due to the change in product mix between the two years. The launch of sales promotion during second half of FY2017 in the form of giving finished goods to distributors who placed orders also contributed to the lower gross profit margin.

#### Other income

Other income decreased from RMB2.6 million to RMB1.8 million mainly due to the decrease in interest income, and proceeds from the sale of distilled grain mixture as animal feed, which is a by-product resulting from baijiu production process.

#### Selling and distribution expenses

Selling and distribution expenses decreased by 60.2% or RMB130.5 million to RMB86.1 million, mainly due to a decrease in TV and radio commercial broadcast on channels in Henan Province by RMB61.0 million, and a decrease in bus and rooftop advertising in major Henan Province cities by RMB65.3 million.

#### Other expenses

Other expenses mainly include:

- Provision for compensation to suppliers (for details, please refer to the paragraph prepayment, deposits and other receivables on P. 12-13) amounting to RMB8.8 million;
- Fixed production overheads incurred during the suspension of production due to severe air pollution amounting to RMB6.8 million; and
- Loss on remeasurement of assets that ceased to be classified as held for sale amounting to RMB 4.9 million (for details, please refer to the paragraph Property, plant and equipment, Prepaid land lease payments, Non-current assets held for sale and Accrued liabilities and other payables on P.13).

#### Impairment loss on interest in an associate

In view of the weak demand of the Group’s products as mentioned above and the deteriorating operating results during the current financial year, the management has therefore performed a review on the recoverable amount of the non-current assets, including prepaid land lease payments, property, plant and equipment, intangible assets and interest in an associate. As the recoverable amount of the interests in an associate assessed by an independent and professionally qualified valuer was lower

than its carrying value, impairment loss was recognised in this financial year. The recoverable amount of other non-current assets are higher than its carrying values, so no impairment loss was recognised on these assets in this financial year.

#### Finance costs

Finance costs decreased by RMB2.2 million due mainly to the decrease in the average balance of bank loans during the year compared to FY2016.

#### Share of profit of an associate

Share of profit of an associate decreased as a result of decrease in license fee income of the Group's associate arising from the decrease in sale of the products under the "Dukang" brand.

#### Loss for the year

Taking into account of the above mentioned, the loss attributable to the owners of the Company amounted to RMB112.4 million for FY2017 (FY2016: loss of RMB10.7 million).

### **Review of Group's Financial Position**

#### **As at 30 June 2017**

#### Interest in an associate

Interest in an associate decreased by RMB43.4 million due to the impairment loss made for RMB31.0m and dividend received for RMB14.7 million, which was offset by the share of result of an associate for RMB2.3 million.

#### Inventories

Inventories increased by RMB126.1 million mainly due to the weak demand of our baijiu products, which resulted in low consumption rate of the inventories, and a bulk purchase of good quality grain alcohol at a competitive price near financial year end. This would ensure a consistent supply of good quality grain alcohol as well as to lower the average cost of production.

#### Prepayments, deposits and other receivables

Prepayment, deposits and other receivables increased by RMB67.7 million. Due to the weak demand of our products, large amount of purchased packaging materials and alcohol remained unused. To maintain flexibility of different types of inventory items for future consumption, the Group managed to return approximately

RMB119.2 million of these inventory items back to suppliers in 4Q FY2017 and the remaining unused balance of approximately RMB65.7 million as at 30 June 2017 is classified as prepayment. However, as a compensation for the arrangement, approximately 10% of the value of the inventory items returned will be given to the suppliers in the form of baijiu products in next financial year.

Property, plant and equipment, Prepaid land lease payments, Non-current assets held for sale and Accrued liabilities and other payables

Pursuant to the Relocation Exercise as mentioned in the announcement released on 13 February 2015, the existing production facilities in Yichuan will be relocated to a new site. The land, buildings and some plant and machinery (the “Residual Assets”) which are incapable of being relocated will be sold at a consideration of RMB80 million (the “Purchase Consideration”).

Subsequently, as announced on 9 December 2016, the sale of the Residual Assets was terminated and therefore the Residual Assets are ceased to be classified as held for sale on the same date, and remeasured at their carrying amount before the Residual Assets were classified as held for sale, adjusted for depreciation or amortisation that would have been recognised had the Residual Assets not been classified as held for sale, and were reclassified to property, plant and equipment as well as prepaid land lease payments at an amount of RMB20.1 million and RMB27.6 million respectively. The loss on such remeasurement of RMB4.9 million has been recognised in profit or loss during the year. In addition, accrued liabilities and other payables decreased by RMB126.4 million, mainly due to the refund of the Purchase Consideration during 2QFY2017, and decrease in value-added tax payable, consumption tax payable and other taxes and levies resulting from the decrease in sales during 4QFY2017.

Trade payables

Trade payables increased by RMB7.8 million mainly due to a larger amount of grain alcohol purchased in 4QFY2017 compared to 4QFY2016.

Bank and other loans, secured

Bank and other loans decreased by RMB22.0 million to RMB113.0 million mainly due to repayment of other loans during 2QFY2017.

Cash and cash equivalents

RMB357.5 million used in operating activities for FY2017 was mainly the result of:

- (1) increase in inventories of RMB126.1 million
- (2) decrease in accrued liabilities and other payables of RMB107.2 million
- (3) increase in prepayments, deposits and other receivables of RMB67.5 million
- (4) decrease in amount due to an associate of RMB26.5 million; and
- (5) operating loss before changes in working capital of RMB21.6 million.

RMB10.3 million was generated from investing activities during the year ended 30 June 2017 was mainly contributed by the RMB14.7 million dividend from associate, offset by purchase of plant and property amounting to RMB5.6 million.

RMB57.4 million was used in financing activities during the year ended 30 June 2017 mainly due to a net decrease of RMB22m in new loans and repayment to director RMB28.3 million.

As a result of the above, cash and cash equivalents decreased by RMB405.4 million to RMB190.2 million, down from RMB595.6 million a year ago.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Although there was no deviation from the information disclosed in paragraph 10 of the previous results announcement, the Company had released a profit guidance announcement to the Singapore Exchange Securities Trading Limited on 18 August 2017 in view of its significantly lower overall revenue and earnings in FY2017 compared to FY2016.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The baijiu industry has entered into a vicious competition era and the Group currently faces challenges from multiple fronts. Apart from the competition from the first-tier baijiu brands, the Group is also facing intensified competition from

second-tier baijiu brands from other provincials who are aggressively taking up market share in Henan Province. In addition, there has been a significant shift away from the traditional baijiu towards wine and beer among the young consumers in China.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No.

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

### **(c) Date Payable**

Not applicable.

### **(d) Books Closure Date**

Not applicable.

## **12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared.

## **PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

## **13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

## **14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

## **15. A breakdown of sales**

	Year ended 30 June 2017 RMB'000	Year ended 30 June 2016 RMB'000
Revenue reported for the 1st half year	360,735	422,701
Net (loss)/profit reported for the 1st half year	(8,932)	232
Revenue reported for the 2nd half year	103,795	442,337
Net loss reported for the 2nd half year	(103,509)	(10,894)

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

**17. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPTs.

**18. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or Chief Executive Officer or substantial shareholder of the Company.



**BY ORDER OF THE BOARD  
DUKANG DISTILLERS HOLDINGS LIMITED**

**ZHOU TAO  
CHAIRMAN  
29 August 2017**