

FOR IMMEDIATE RELEASE

Dukang Distillers' 1Q2017 sales increases 4.0% yoy to RMB170.5 million

- Gross profit was stable at RMB53.4 million while gross profit margin declined 1.2 percentage points due to change in product mix
- The Group will reassess its marketing strategy and focus on online sales channels to capture younger market

Financial Highlights

(RMB'Mil)	1Q2017	1Q2016	% Change
Sales	170.5	164.0	4.0
Gross Profit	53.4	53.2	0.3
Gross Profit Margin (%)	31.3%	32.5%	(1.2) pp
(Loss) / Profit Attributable to Shareholders	(3.6)	(0.8)	N.M.
Net Profit Margin (%)	N.M.	N.M.	N.M.
(Loss) / Earnings Per Share* (RMB)	(0.05)	(0.01)	N.M.

pp: percentage points

N.M.: Not meaningful

* Based on the weighted average number of 79,828,927 ordinary shares in 1Q2016 and 1Q2017

Singapore & Taiwan, 14 November 2016 – SGX Mainboard-listed Dukang Distillers Holdings Limited (“Dukang Distillers” or “杜康控股有限公司”, and together with its subsidiaries, the “Group”), a leading producer of *baijiu* (“白酒”) in Henan, China, announced that its overall sales increased by 4.0% from RMB164.0 million a year ago to RMB170.5 million for the 3 months ended 30 September 2016 (“1Q2017”).

The increase in the Group’s overall revenue year-on-year (“yoy”) was mainly due to an increase of 11.3% in overall sales volume which was partially offset by a drop of 6.6% in overall average selling price (“ASP”). Revenue of *Luoyang Dukang’s* premium series declined 42.1% yoy to RMB22.6 million on the back of a 42.7% decrease in sales volume and a 1.1% increase in ASP. Sales from *Luoyang Dukang’s* regular series sales increased 18.3% yoy to RMB147.9 million due to a 15.0% increase in sales volume and a 2.9% increase in ASP.

The Group has been focusing on promoting the mid-to-low end baijiu products to capture the mass end market due to the shift in consumer preference. As a result of the change in product mix, the Group’s gross profit increased marginally by 0.3% yoy to RMB53.4 million while gross profit margin decreased 1.2 percentage points to 31.3%.

Financial Year End: End June 1Q2017: July – September 2016 1Q2016: July – September 2015

Outlook

Mr Zhou Tao, Dukang's Chairman and Chief Executive Officer, commented, **"The situation remains challenging for second- and third-tier baijiu players. Nonetheless, the Group will continue to focus its marketing activities in Henan Province to target the mid-to-low end market. As we enter the winter months, which are typically our peak sales season, the Group will reassess its advertising and promotional strategy. In particular, the Group will focus on penetrating the online sales channel as educated and internet savvy young consumers are leading the market growth."**

-End-

About Dukang Distillers Holdings Limited

As the first PRC baijiu enterprise listed overseas, the Company has its primary listing on the Mainboard of Singapore Exchange Securities Trading Limited since September 2008 and the listing of its Taiwan Depository Receipts on the Taiwan Stock Exchange since March 2011.

The Group's popular product series under 「Dukang」 brand include Jiuzu Dukang (“酒祖杜康”) Series, Guohua Dukang (“国花杜康”) Series, Zhonghua Dukang (“中华杜康”) Series and Lao Dukang (“老杜康”) Series. The Group's products are sold mainly to supermarkets, flagship stores, specialty stores and restaurants via distributors.

The Group currently has an annual grain alcohol production capacity of 4,684 tonnes from 2,428 fermentation pools for the 「Dukang」 brand.

With its distinctive taste and brewed using traditional methods, the 「Dukang」 brand has clinched national awards including China Intangible Cultural Heritage (2008), Henan Well-known Trademark (2008), China Well-known Trademark (2005), China Time-honoured Brand (2005), Top 10 Chinese Wine Brands (2001) and Star Enterprise of The National Wine Industry (1994).

In early 2013, the Group's 「Dukang」 brand was officially endorsed by the PRC government as one of the appointed baijiu to serve foreign dignitaries.

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