

**DUKANG DISTILLERS HOLDINGS LIMITED**  
(Incorporated in Bermuda)  
(Company Registration Number: 41457)

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**SEVERE AIR POLLUTION IN THE PEOPLE'S REPUBLIC OF CHINA**

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The Board of Directors (the “**Board**”) of Dukang Distillers Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Ruyang Environmental Protection Bureau had on 9 November 2017 posted a notice issued by Ruyang County People's Government with regard to the Environmental Pollution Prevention and Control 《洛阳市环境污染防治攻坚战领导小组办公室文件》.

The continuing, severe and intensified air pollution and smog caused by coal burning for fuel and heating has been affecting traffic conditions, daily operations and productions by enterprises in the central and northern regions of the People's Republic of China. The Group has been assisting the Chinese Government to manage the air pollution by implementing measures to reduce and control air pollution in winter 2016, which had significantly affected its productions and operations for the financial year ended 30 June 2017.

With the onset of the winter-heating season commencing 15 November 2017, to step up enforcement of environmental laws and regulations, Ruyang Environmental Protection Bureau had on 16 November 2017 further issued targeted orders to various industries, including the Group, to restrict production and cut emissions of industrial pollutants in accordance with the requirements of government departments. In view of this, the Group expects a significant decrease in its production by 60% to 70% for its second quarter ending 31 December 2017 (“**2QFY2018**”) and third quarter ending 31 March 2018 (“**3QFY2018**”). Its baijiu production is expected to gradually recover from 15 March 2018 with the improvement of air quality after the end of the winter-heating season.

In the meantime, Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

Zhou Tao  
CEO and Executive Chairman  
23 November 2017