

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

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

The Board of Directors (the “**Board**”) of Dukang Distillers Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the minimum trading price (“**MTP**”) entry criteria pursuant to Listing Rule 1311(2) of the SGX-ST Listing Manual on 6 June 2019 and the watch-list under the financial entry criteria pursuant to Listing Rule 1311(1) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual on 4 December 2019.

Following the amendments to the listing rules with effect from 1 June 2020, the financial entry criteria under Listing Rule 1311(1) has been amended to Listing Rule 1311 while the MTP entry criteria has been removed.

Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST, the Company must, for the period in which it remains on the watch-list, provide the market with a quarterly update on its efforts and the progress made in meeting the exit criteria of the watch-list.

Update on Unaudited Financial Performance and Financial Position

The Group’s revenue for the financial year ended 30 June 2020 (“**FY2020**”) decreased by RMB26.3 million or 18.8% to RMB113.3 million as a result of the outbreak of the COVID-19 pandemic, there was a drastic change in consumers' consumption habit and spending pattern on discretionary consumer goods. The Group’s baijiu sales were therefore disrupted since February 2020.

Update on Future Direction, other material development and efforts for satisfying MTP and Financial exit criterion

Since the COVID-19 outbreak, there was a drastic change in consumers' consumption habit and spending pattern on discretionary consumer goods, which could not be restored in a short period of time. This has dampened the typical peak sales season of the Group’s baijiu products. In addition, the Group received a lukewarm response from its distributors at the annual promotional event held in May 2020, which is an indication of further downbeat trend going forward.

The Group is unable to quantify the financial impact as it will depend on economic sentiment and consumer confidence beyond our sphere of influence. The Group will control its advertising and promotion expenses closely and monitor its trade receivables and cash flows tightly over this period in line with lower sales. The Group will continue to monitor the market condition and adjust its strategy in response to the situation.

In view of the Group’s trend of declining profitability and losses in recent years, the Board undertook a strategic review in FY2018 and has proposed to dispose the loss-making baijiu business and enter into the kiwifruit cultivation and processing industry (the “**Proposed Transactions**”).

For more information on the Proposed Transactions, please refer to the Company's announcements dated 17 November 2018, 15 November 2019, 8 June 2020, and 30 June 2020.

By Order of the Board

Zhou Tao
CEO and Executive Chairman
29 August 2020