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Dukang Distillers' 2Q2015 revenue slips 42.5% yoy to RMB231.6 million

- Revenue declined as a result of decreased revenue from both Luoyang Dukang and Siwu operations caused by China's continuous anti-luxury campaign
- The Group returned to profitability from a net loss for 1Q2015, registered profit attributable to shareholders of RMB3.7 million
- Group to focus in Henan market while cautiously expand grain alcohol production capacity

Financial Highlights

(RMB'Mil)	2Q2015	2Q2014	% Change
Sales	231.6	402.8	(42.5)
Gross Profit	65.9	141.9	(53.6)
Gross Profit Margin%	28.5	35.2	(19.0)pp
Profit Attributable to Shareholders	3.7	10.0	(63.0)
Net Profit Margin%	1.6%	2.5%	(36.0)pp
Earnings Per Share * (RMB'cent)	0.47	1.26	(62.7)

pp: percentage points

* Based on the weighted average number of 798,289,318 ordinary shares in 2Q2014 and 2Q2015

Singapore & Taiwan, 10 Feb 2015 –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 white liquor (“*baijiu*”) in Henan, China, registered a 42.5% year-on-year (“yoy”) decline in sales to RMB231.6 million and 63.0% yoy decrease in profit attributable to shareholders to RMB3.7 million for the 3 months ended 31 December 2014 (“2Q2015”).

Revenue of *Luoyang Dukang's* premium series declined 36.8% yoy to RMB48.1 million due to 25.0% and 15.7% yoy decline in sales volume and average selling price (“ASP”) respectively. Sales from *Luoyang Dukang's* regular series sales decreased 28.9% yoy to RMB183.5 million due to 30.8% yoy decline in sales volume, which was partially offset by a 2.4% yoy increase in ASP to RMB29.5/kg.

Due to a change in product mix to cater to the mass market, the Group's overall gross profit margin fell 19.8 percentage points yoy from 35.2% for 2Q2014 to 28.5% for 2Q2015.

During the period under review, the Group's selling and distribution expenses declined 60.2% yoy from RMB95.0 million to RMB37.8 million. Meanwhile, the Group has reduced the advertising and promotional (“A&P”) cost to RMB32.7 million by reducing its television commercials on China Central Television and reallocating the A&P to focus more in Henan Province.

The Group's grain alcohol production capacity and actual grain alcohol production output for 2Q2015 increased 295.1% and 358.2% yoy to 2,766 and 2,859 tonnes respectively, as the Group's 480 new fermentation pools came on line in 1Q2015.

Outlook

Mr Zhou Tao, Dukang's Chairman and Chief Executive Officer, commented, **"The baijiu industry remains challenging due to the impact of the continuous austerity measures in China. Despite a slight reversal in the sales trend for 2Q2015, which typically is our peak sales period, it is still too early to tell if the entire industry will pick up this year. Bear in mind that the baijiu industry is still in the adjustment phase, where the sector will continue to see volume and profit decline.**

Apart from streamlining the product mix to target the mid-end market, some industry players also resorted to protect selling price by not growing their volume. The consequence of these attempts is still unclear, we will need more time to assess the situation. In the mean time, the Group will continue to focus and protect our home market while expanding the grain alcohol production capacity cautiously."

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About Dukang Distillers Holdings Limited

Dukang Distillers Holdings Limited (previously Trump Dragon Distillers Holdings Limited) is a leading producer *baijiu* in Henan Province, the PRC. The Group carries a broad range of *baijiu* products and is the exclusive holder of 「Dukang」 (“杜康”) Brand.

Named after the forefather of *baijiu* and supported by a history of over two thousand years, 「Dukang」 (“杜康”) is a well-established national brand with a rich cultural heritage that focuses on the mid to high-end *baijiu* market in the PRC.

The Group’s products are sold through distributors to hospitality establishments, supermarkets and specialty stores selling tobacco and alcohol products in the PRC. With the acquisition of *Luoyang Dukang* complete in May 2010, the Group has significantly increased its production capacity, and is primed to strengthen its market position and competitive edge in *baijiu* industry within Henan Province as well as across the PRC.

The Group has been listed on the SGX Mainboard since September 2008 and on the Taiwan Stock Exchange via Taiwan Depository Receipts since March 2011.

Issued for and on behalf of Dukang Distillers Holdings Limited

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