

FOR IMMEDIATE RELEASE

Dukang Distillers registers revenue of RMB865.0 million for FY2016

- Revenue remained flat due to stiff competition from the first-tier baijiu brand
- Intensified advertising and promotional activities to promote new products led to higher selling and distribution expenses
- The Group will further streamline distributors, strengthen internal cost control and reassess its A&P strategy

Financial Highlights

(RMB'Mil)	FY2016	FY2015	% Change
Sales	865.0	863.4	0.2
Gross Profit	301.0	213.4	41.1
Gross Profit Margin (%)	34.8%	24.7%	10.1 pp
(Loss) / Profit Attributable to Shareholders	(10.7)	(561.4)	N.M.
Net Profit Margin (%)	-	-	N.M.
(Loss) / Earnings Per Share* (RMB)	(0.13)	(7.03)	N.M. [#]

pp: percentage points

N.M.: Not meaningful

* Based on the weighted average number of 798,289,318 ordinary shares for FY2015 and 79,828,931 ordinary shares for FY2016

Not a meaningful comparison as the Earnings Per Share (“EPS”) for FY2015 was prior to a 10:1 share consolidation, while the EPS for FY2016 was after the 10:1 share consolidation

Singapore & Taiwan, 26 August 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, registered a sales of RMB865.0 million for the financial year ended 30 June 2016 (“FY2016”).

As a second-tier baijiu brand, *Luoyang Dukang’s* sales for FY2016 were affected by stiff competition from the first-tier baijiu brand. The Group’s overall revenue increased marginally by 0.2% year-on-year (“yoy”) due to a 13.0% increase in average selling price (“ASP”) while overall sales volume dropped 11.3%. Revenue of *Luoyang Dukang’s* premium series increased by 4.9% yoy to RMB210.0 million due to 4.7% increase in sales volume and 0.2% increase in ASP. Sales from *Luoyang Dukang’s* regular series sales decreased 1.2% yoy to RMB655.0 million due to 12.5% increase in ASP, which was partially offset by 12.3% decrease in sales volume.

Financial Year End: End June FY2016: July 2015 – June 2016 FY2015: July 2014 – June 2015



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Dukang Distillers Holdings Limited

During the period under review, the Group's selling and distribution expenses increased 35.4% yoy to RMB216.7 million mainly due to higher advertising and promotional ("A&P") expenses to promote the Group's products in Henan province.

Outlook

Mr Zhou Tao, Dukang's Chairman and Chief Executive Officer, commented, **"The weak recovery in the baijiu industry witnessed in late 2015 and the first half of 2016 was largely due to the revival by the first-tier baijiu brands. Consumers tend to favour first-tier baijiu brands which were previously unreachable at the current low price point. We believe the outlook for second-tier and third-tier players remains challenging as they are being squeezed by brand value recognition and price rationalisation of first-tier players.**

Despite aggressive advertising and promotional activities and proactive participation in national level trade fair, the Group's marketing campaign has not been receiving the expected results as sales performance remained subdued.

Going forward, apart from further streamlining its distributors and strengthening internal cost control, the Group will reassess its A&P strategy for the baijiu market."

-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.

Contact Information

Dukang Distillers Holdings Limited

Ngo Yit Sung
Corporate & Investor Relations Manager
Taiwan Representative
Email: ysngo@dukang.com