

Dukang Distillers Holdings Limited

(Incorporated in Bermuda)

FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1. (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Year ended		Increase/ (Decrease) %
	30 Jun 2018 Unaudited RMB'000	30 Jun 2017 Audited RMB'000	
Revenue	148,524	464,530	(68.0)
Cost of sales	(106,831)	(343,435)	(68.9)
Gross profit	41,693	121,095	(65.6)
Other income	734	1,800	(59.2)
Selling and distribution expenses	(31,080)	(86,135)	(63.9)
Administrative expenses	(65,221)	(76,643)	(14.9)
Other expenses	(35,201)	(23,011)	53.0
Impairment loss on interest in an associate	(67,340)	(31,000)	117.2
Impairment loss on property, plant and equipment	(54,757)	-	N.M.
Impairment loss on intangible assets	(1,000)	-	N.M.
Operating loss	(212,172)	(93,894)	126.0
Finance costs	(7,042)	(6,674)	5.5
Share of profit of an associate	786	2,302	(65.9)
Loss before income tax	(218,428)	(98,266)	122.3
Income tax expense	(3,606)	(14,175)	(74.6)
Loss for the year, attributable to owners of the Company	(222,034)	(112,441)	97.5
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	574	(1,336)	(143.0)
Total comprehensive income for the year, attributable to owners of the Company	(221,460)	(113,777)	94.6

N.M. Not meaningful

Notes:

i. Loss before income tax is arrived at after crediting / (charging):

	Group		Increase/ (Decrease) %
	Year ended 30 Jun 2018 Unaudited RMB'000	30 Jun 2017 Audited RMB'000	
Interest income	502	1,244	(59.6)
Interest expenses	(7,042)	(6,674)	5.5
Depreciation of property, plant and equipment	(26,176)	(25,594)	2.3
Amortisation of prepaid land lease payments	(3,975)	(3,015)	31.8
Loss on remeasurement of non-current assets ceased to be classified as held for sale	-	(4,875)	(100.0)
Temporary production suspension costs	(15,200)	(6,774)	124.4
Compensation to suppliers on purchases returns	(3,246)	(8,807)	(63.1)
Impairment loss on interest in an associate	(67,340)	(31,000)	117.2
Impairment loss on property, plant and equipment	(54,757)	-	N.M.
Impairment loss on intangible assets	(1,000)	-	N.M.
Loss on disposal of property, plant and equipment	(20)	(198)	(89.9)

N.M. Not meaningful

1. (b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Interests in subsidiaries	-	-	793,606	292,518
Interest in an associate	13,720	80,274	-	-
Property, plant and equipment	294,659	374,339	-	-
Prepaid land lease payments	136,564	140,539	-	-
Intangible assets	280	1,280	-	-
	445,223	596,432	793,606	292,518
Current assets				
Inventories	715,000	770,177	-	-
Amounts due from subsidiaries	-	-	18,000	548,094
Prepayments, deposits and other receivables	44,699	91,388	-	-
Cash and cash equivalents	175,039	190,213	13	16
	934,738	1,051,778	18,013	548,110
Current liabilities				
Trade payables	60,914	124,535	-	-
Amount due to an associate	5,106	2,962	-	-
Accrued liabilities and other payables	97,640	84,106	6,070	5,241
Bank and other loans, secured	115,000	113,000	-	-
Provision for income tax	660	1,221	-	-
	279,320	325,824	6,070	5,241
Net current assets	655,418	725,954	11,943	542,869
Total assets less current liabilities	1,100,641	1,322,386	805,549	835,387
Non-current liabilities				
Deferred tax liabilities	11,591	11,876	-	-
	11,591	11,876	-	-
Net assets	1,089,050	1,310,510	805,549	835,387
EQUITY				
Equity attributable to owners of the Company				
Share capital	279,499	279,499	279,499	279,499
Reserves	809,551	1,031,011	526,050	555,888
Total equity	1,089,050	1,310,510	805,549	835,387

1. (b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand:**

As at 30 June 2018	As at 30 June 2017
--------------------	--------------------

Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
115,000	-	113,000	-

Details of any collateral:

As at 30 June 2018, the Group's bank and other loans amounting to RMB115.0 million were secured by charges over the Group's existing land use rights and leasehold buildings.

1. (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Year ended	
	30 Jun 2018	30 Jun 2017
	Unaudited	Audited
	RMB'000	RMB'000
Cash flows from operating activities		
Loss before income tax	(218,428)	(98,266)
Adjustments for:		
Interest income on financial assets stated at amortised cost	(502)	(1,244)
Interest expenses	7,042	6,674
Depreciation of property, plant and equipment	26,176	25,594
Amortisation of prepaid land lease payments	3,975	3,015
Loss on disposal of property, plant and equipment	20	198
Impairment loss on interest in an associate	67,340	31,000
Impairment loss on property, plant and equipment	54,757	-
Impairment loss on intangible assets	1,000	-
Loss on remeasurement of non-current assets ceased to be classified as held for sale	-	4,875
Compensation to suppliers on purchases returns	3,246	8,807
Share of profit of an associate	(786)	(2,302)
Operating loss before working capital changes	(56,160)	(21,649)
Decrease/(increase) in inventories	55,177	(126,095)
Decrease/(increase) in prepayments, deposits and other receivables	46,689	(67,508)
(Decrease)/increase in trade payables	(63,621)	7,808
Increase/(decrease) in accrued liabilities and other payables	5,125	(107,227)
Increase/(decrease) in amount due to an associate	2,144	(26,540)
Cash used in operations	(10,646)	(341,211)
Income taxes paid	(4,452)	(16,287)
Net cash used in operating activities	(15,098)	(357,498)
Cash flows from investing activities		
Dividend from an associate	-	14,700
Purchases of properties, plant and equipment	(1,278)	(5,627)
Proceeds from disposals of property, plant and equipment	5	28
Interest received	502	1,244
Net cash (used in)/generated from investing activities	(771)	10,345
Cash flows from financing activities		
Proceeds from bank and other loans	115,000	113,000
Repayments of bank and other loans	(113,000)	(135,000)
Interest paid	(7,042)	(6,674)
Advance from/(Repayment to) a director	5,922	(28,742)
Net cash generated from/(used in) financing activities	880	(57,416)
Net decrease in cash and cash equivalents	(14,989)	(404,569)
Cash and cash equivalents at beginning of year	190,213	595,627
Effect of foreign exchange rate changes	(185)	(845)
Cash and cash equivalents at end of year	175,039	190,213

1. (d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance as at 1 July 2016	279,499	656,811	(150,101)	162,848	1,529	473,701	1,424,287
Loss for the year	-	-	-	-	-	(112,441)	(112,441)
Other comprehensive income	-	-	-	-	-	-	-
Exchange loss on translation of foreign operations	-	-	-	-	(1,336)	-	(1,336)
Total comprehensive income for the year	-	-	-	-	(1,336)	(112,441)	(113,777)
Transfer to statutory reserves	-	-	-	5,998	-	(5,998)	-
Balance as at 30 June 2017 and 1 July 2017	279,499	656,811	(150,101)	168,846	193	355,262	1,310,510
Loss for the year	-	-	-	-	-	(222,034)	(222,034)
Other comprehensive income	-	-	-	-	-	-	-
Exchange gain on translation of statements of foreign operations	-	-	-	-	574	-	574
Total comprehensive income for the year	-	-	-	-	574	(222,034)	(221,460)
Transfer to statutory reserves	-	-	-	721	-	(721)	-
Balance as at 30 June 2018	279,499	656,811	(150,101)	169,567	767	132,507	1,089,050

Company	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 July 2016	279,499	656,811	120,523	(13,181)	(212,566)	831,086
Loss for the year	-	-	-	-	(7,347)	(7,347)
Other comprehensive income	-	-	-	-	-	-
Exchange gain on translation of financial statements	-	-	-	11,648	-	11,648
Total comprehensive income for the year	-	-	-	11,648	(7,347)	4,301
Balance as at 30 June 2017 and 1 July 2017	279,499	656,811	120,523	(1,533)	(219,913)	835,387
Loss for the year	-	-	-	-	(5,864)	(5,864)
Other comprehensive income	-	-	-	-	-	-
Exchange loss on translation of financial statements	-	-	-	(23,974)	-	(23,974)
Total comprehensive income for the year	-	-	-	(23,974)	(5,864)	(29,838)
Balance as at 30 June 2018	279,499	656,811	120,523	(25,507)	(225,777)	805,549

1. (d)(ii) Details of any changes in the company's share capital arising from rights

issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the current financial period reported on. The Company had no outstanding convertibles and there were no treasury shares and subsidiary holdings as at 30 June 2018.

1. (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	30 Jun 2018	30 Jun 2017
Total number of issued shares (excluding treasury shares)	79,828,927	79,828,927

1. (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1. (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 30 June 2017. The adoption of these revised IFRSs for the current reporting year ended 30 June 2018 did not result in material changes to the Group's results.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Year ended	
	30 Jun 2018	30 Jun 2017
	Unaudited	Audited
	RMB	RMB
Basic	(2.78)	(1.41)
Diluted	N/A	N/A

Basic loss per share for the year ended 30 June 2018 (“FY2018”) was calculated based on the Group’s loss for the year of approximately RMB222,034,000 (Year ended 30 June 2017 (“FY2017”): approximately RMB112,441,000) divided by the weighted average number of 79,828,927 ordinary shares of HK\$4.0 each (“Shares”) (FY2017: 79,828,927 Shares) in issue during FY2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- a) current financial period reported on; and**
- b) immediately preceding financial year.**

	Group		Company	
	As at	As at	As at	As at
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RMB	RMB	RMB	RMB
Net asset value per ordinary share	13.64	16.42	10.09	10.46
Number of ordinary shares	79,828,927	79,828,927	79,828,927	79,828,927

Net asset value per ordinary share of the Group as at 30 June 2018 was calculated based on the Group’s net assets of approximately RMB1,089,050,000 as at 30 June 2018 (30 June 2017: approximately RMB1,310,510,000) divided by 79,828,927 Shares (30 June 2017: 79,828,927 shares).

Net asset value per ordinary share of the Company as at 30 June 2018 was calculated based on the net assets of approximately RMB805,549,000 as at 30 June 2018 (30 June 2017: approximately RMB835,387,000) divided by 79,828,927 Shares (30 June 2017: 79,828,927 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following;

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal and cyclical factors; and
- b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

Review of Group's Performance

FY2018 vs FY2017

Revenue

Luoyang Dukang

<u>FY2018</u>	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg	<u>FY2017</u>	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg
Premium series	96.5	734	131.5	Premium series	101.7	717	141.8
Regular series	52.0	2,185	23.8	Regular series	362.8	11,748	30.9
Total	148.5	2,919	50.9	Total	464.5	12,465	37.3

Group revenue for FY2018 decreased significantly by RMB316.0 million or 68.0% to RMB148.5 million, mainly due to the following factors:

- (i) Prolonged severe air pollution and poor weather conditions, and stricter inspections and enforcements imposed by the Chinese Government to fight against air pollution violations have significantly affected the Group's production and operations. As a result, the Group could not fulfill the sales demand from distributors and led to a large scale of customer churn; and
- (ii) Intensified liquor market competition in the Henan province, new products entering into the Henan market and downward adjustment of first-tier high-end liquor prices further decreased the Group's market share.

Gross profit and margin

The Group's gross profit decreased by RMB79.4 million or 65.6% to RMB41.7 million.

Gross profit for premium series increased from RMB33.5 million to RMB34.5 million, while gross profit for regular series decreased from RMB87.6 million to RMB7.2 million. GPM for premium series increased from 32.9% to 35.7% and GPM for regular series decreased from 24.2% to 13.9%. Overall gross profit margin for "Dukang" products increased from 26.1% to 28.1%. The increase in gross profit margin was mainly due to the change in product mix between the two years.

Other income

Other income decreased from RMB1.8 million to RMB0.7 million mainly due to the decrease in interest income and proceeds from the sale of distilled grain mixture as animal feed, which is a by-product resulting from baijiu production process.

Selling and distribution expenses

Selling and distribution expenses decreased by 63.9% or RMB55.1 million to RMB31.1 million, mainly due to a decrease in TV and radio commercial broadcast on channels in Henan Province by RMB35.5 million, a decrease in bus and rooftop advertising in major Henan Province cities by RMB8.9 million and a decrease in license fee payable to the Group's associate for RMB4.6 million.

Administrative expenses

Administrative expenses decreased by RMB11.4 million to RMB65.2 million as a result of the Group's cost-saving efforts during this challenging time.

Other expenses

Other expenses mainly include:

- Provision for compensation to suppliers (for details, please refer to the paragraph inventories on P. 13) amounting to RMB3.2 million, decreased by RMB5.6 million from RMB 8.8 million;
- Fixed production overheads incurred during the suspension of production for 11 months (FY2017: 6 months) due to severe air pollution amounting to RMB 15.2 million, increased by RMB 8.4 million from RMB6.8 million ; and
- Provision for losses on litigations amounting to RMB16.8 million, increased by

RMB14.2 million from RMB2.6 million. As disclosed on P. 80 of the Company's FY2017 annual report, the Group had a dispute with an independent third party (the "Plaintiff"), who is the assignee of alleged original creditor's right in respect of loans of RMB14.3 million, over certain borrowing arrangements entered into between Mr. Gao Feng, our ex-Chairman (the "defendant"). Legal action was taken by the Plaintiff against the defendant, the Group's subsidiary and former subsidiary in FY2016 for the claim of the borrowed amount. In second half of FY2018, we received the civil judgement from the People's Court of Huiji District of Zhengzhou City which ruled against the Group's subsidiary and ordered both the subsidiary and the former subsidiary to repay the loan amount and accrued interest. Accordingly, provision for RMB16.3 million has been made. The Group had filed an appeal to Zhengzhou Intermediate People's Court against the judgement and the legal case has no further conclusion yet.

Loss on remeasurement of assets that ceased to be classified as held for sale had been incurred for RMB 4.9 million in FY2017, but there was no such loss recorded for FY2018.

Impairment losses

In view of the weak demand of the Group's products as mentioned above and the deteriorating operating results during the current financial year, the management has performed a review on the recoverable amount of the non-current assets, including prepaid land lease payments, property, plant and equipment, intangible assets and interest in an associate. As the recoverable amount of the assets assessed by an independent and professionally qualified valuer were lower than its carrying value, impairment losses for a total of approximately RMB123.1 million on property, plant and equipment, intangibles assets and interest in an associate were recognised in this financial year.

Finance costs

Finance costs increased by RMB0.4 million due mainly to the increase in the average balance of bank loans during the year compared to FY2017.

Share of profit of an associate

Share of profit of an associate decreased as a result of decrease in license fee income of the Group's associate arising from the decrease in sale of the products under the "Dukang" brand.

Loss for the year

Taking into account of the above mentioned, the loss attributable to the owners of the Company amounted to RMB222.0 million for FY2018 (FY2017: loss of RMB112.4 million).

Review of Group's Financial Position as at 30 June 2018

Interest in an associate

Interest in an associate decreased by RMB66.6 million due to the impairment loss made for RMB67.3m, which was offset by the share of result of an associate for RMB0.8 million.

Property, plant and equipment

Property, plant and equipment decreased by RMB79.7 million mainly due to the impairment loss made for RMB54.8 million and depreciation charges for RMB26.2 million.

Intangible assets

Intangible assets decreased by RMB1.0 million due to the impairment loss made as mentioned above.

Inventories

Inventories decreased by RMB55.2 million mainly due to the return of grain alcohol for around RMB45.1 million back to a supplier and the alcohol used for production during the year. As a compensation for the return arrangement, approximately 10% of the value of the inventory items returned will be given to the supplier in the form of baijiu products in the next financial year.

Prepayments, deposits and other receivables

Prepayment, deposits and other receivables decreased by RMB46.7 million. Due to the weak demand of our products, large amount of purchased packaging materials and alcohol remained unused. To maintain flexibility of different types of inventory items for future consumption, the Group managed to return approximately RMB119.2 million of these inventory items back to suppliers in 4Q FY2017 and the remaining unused balance of approximately RMB65.7 million as at 30 June 2017 was classified as prepayment. The unused balance reduced by RMB27.8 million was offset by the purchase of packaging materials during FY2018. In addition, the balance of value-added tax recoverable decreased by RMB16.5 million, mainly due to the

significant decrease of purchases of grain alcohol and packaging materials during the year when compared to FY2017.

Trade payables

Trade payables decreased by RMB63.6 million mainly due to a much lower amount of grain alcohol and packaging materials purchased in 4QFY2018 compared to 4QFY2017.

Amount due to an associate

Amount due to an associate increased by RMB2.1 million mainly due to the unpaid accruals of license fee payable to the associate during the year.

Accrued liabilities and other payables

Accrued liabilities increased by RMB13.5 million to RMB97.6 million mainly due to provision for losses on litigations as mentioned above.

Statement of Cash Flows for the year ended 30 June 2018

RMB15.1 million used in operating activities for FY2018 was mainly the result of:

- (1) decrease in inventories of RMB55.2 million
- (2) decrease in prepayments, other receivables and deposits of RMB46.7 million
- (3) decrease in trade payables of RMB63.6 million
- (4) increase in accrued liabilities and other payables of RMB5.1 million
- (5) increase in amount due to an associate of RMB2.1 million; and
- (6) operating loss before changes in working capital of RMB56.2 million.

RMB0.8 million was used in investing activities during the year ended 30 June 2018 was mainly due to purchase of properties, plant and equipment amounting to RMB1.3 million, offset by RMB0.5 million of interest received during the year.

RMB0.9 million was generated from financing activities during the year ended 30 June 2018 mainly due to a net increase of approximately RMB7.9 million from bank borrowings and advances from a director, offset by RMB7.0 million of interest paid during the year.

As a result of the above and taking into the effect of changes in exchange rate, cash and cash equivalents decreased by RMB15.2 million to RMB175.0 million, down from RMB190.2 million a year ago.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Although there was no deviation from the information disclosed in paragraph 10 of the previous results announcement, the Company had released a profit guidance announcement to the Singapore Exchange Securities Trading Limited on 20 August 2018 in view of its significantly lower overall revenue and earnings in FY2018 compared to FY2017.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group continues to face challenges from multiple fronts. Besides competition from the first-tier baijiu brands, the Group is also facing stiff competition from other second-tier baijiu brands. In addition, there has been a significant shift away from the traditional baijiu towards wine and beer among the young consumers in China.

Going forward, the baijiu market in China will continue to be challenging for second- and third-tier baijiu producers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales

	Year ended 30 June 2018 RMB'000	Year ended 30 June 2017 RMB'000
Revenue reported for the 1st half year	43,945	360,735
Net loss reported for the 1st half year	(40,675)	(8,932)
Revenue reported for the 2nd half year	104,579	103,795
Net loss reported for the 2nd half year	(181,359)	(103,509)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

17. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs.

18. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or Chief Executive Officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD
DUKANG DISTILLERS HOLDINGS LIMITED**

**ZHOU TAO
CHAIRMAN
29 August 2018**