

FOR IMMEDIATE RELEASE

Dukang Distillers' 1Q2016 narrows losses, but sales drops 21% yoy to RMB164 million

- Challenging environment continues to hamper sales growth
- Gross profit expanded 39.6% while gross profit margin increased 14.1 percentage points due to higher average selling price
- The Group will further streamline distributors, rationalize product mix and adopt new sales channels

Financial Highlights

(RMB'Mil)	1Q2016	1Q2015	% Change
Sales	164.0	207.4	(21.0)
Gross Profit	53.2	38.1	39.6
Gross Profit Margin (%)	32.5%	18.4%	14.1 pp
(Loss) / Profit Attributable to Shareholders	(0.8)	(29.4)	N.M.
Net Profit Margin (%)	-	-	N.M.
(Loss) / Earnings Per Share* (RMB 'cent)	(0.10)	(3.68)	N.M.

pp: percentage points

N.M.: Not meaningful

* Based on the weighted average number of 798,289,318 ordinary shares in 1Q2015 and 1Q2016

Singapore & Taiwan, 14 November 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 *baijiu* (“白酒”) in Henan, China, is pleased to announce that its net loss attributable to shareholders has narrowed significantly from RMB29.4 million a year ago to RMB0.8 million for the 3 months ended 30 September 2015 (“1Q2016”).

Overall revenue of the Group in 1Q2016 declined 21.0% to RMB164.0 million year-on-year (yoy) due to the prevailing challenging environment stemming from the Chinese government’s continuous curb on extravagance. Revenue of *Luoyang Dukang’s* premium series declined 8.2% yoy to RMB39.0 million on the back of a 14.3% drop in sales volume, which was partially offset by a 7.2% increase in average selling price (ASP). Sales from *Luoyang Dukang’s* regular series sales decreased 24.1% yoy to RMB125.0 million due to 38.4% decrease in sales volume, which was partially offset by a 23.5% increase in ASP.

In tandem with the increase in overall ASP, the Group’s gross profit increased 39.6% yoy to RMB53.2 million while gross profit margin surged 14.1 percentage points to 32.5%.

Financial Year End: End June 1Q2016: July – September 2015 1Q2015: July – September 2014



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Dukang Distillers Holdings Limited

During the period under review, advertising and promotional activities were concentrated in Henan Province. As a result, the Group's selling and distribution expenses declined 31.4% yoy to RMB29.1 million.

Mr Zhou Tao, Dukang's Chairman and Chief Executive Officer, commented, **"After a long period of adjustment, the baijiu market is entering into initial phase of recovery. In view of this, we have rolled out new products, such as Dukang No.1 and Dukang No.2, to target the younger baijiu drinkers. We have adopted a contemporary new design for the packaging of these products, where our latest blend will come in glass bottles instead of the traditional cloisonné or ceramic bottles.**

On branding, we will consolidate all our resources to promote and market the 「Dukang」 brand of products. In order to further elevate the quality of our baijiu products, the Group has decided to adjust the fermentation period from 60 days to 90 days."

Following the relocation of the Yichuan facility and the adjustment of the fermentation period, the number of fermentation pools has reduced from 3,449 to 2,428 and the annual grain alcohol production capacity will be adjusted from 7,203 tonnes to 4,684 tonnes.

-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.

Originated from the brand 「Siwu」 (“四五”), the Group acquired Luoyang Dukang Holdings Limited (“洛阳杜康控股有限公司”) in May 2010 and currently sells its products under the 「Dukang」 brand name.

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.

Issued for and on behalf of Dukang Distillers Holdings Limited

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