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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual on 6 June 2019.

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 revenue for the financial year ended 30 June 2019 ("**FY2019**") decreased by RMB8.9 million or 6.0% to RMB139.6 million, mainly due to customer attrition for the intensified liquor market competition in the Henan province during the year.

For more details on the results and financial position of the Group, please refer to the unaudited financial statements announcement for FY2019 released via SGX-ST on 29 August 2019.

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

The baijiu industry has become increasingly saturated with intensified market competition in Henan Province. Sales of the Group's baijiu products for the coming quarter will be lower as summer approaches.

In view of the Group's declining profitability and recent losses due to the challenging industry environment, the Board undertook a strategic review 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 announcement dated 17 November 2018.

The Board will update the shareholders on any material developments by way of further announcements as and when they arise.

By Order of the Board

Zhou Tao
CEO and Executive Chairman
29 August 2019