

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 watch-list under the financial entry criteria pursuant to Listing Rule 1311(1) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual on 4 December 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's revenue for the third quarter ended 31 March 2021 (“**3QFY2021**”) decreased by RMB1.5 million or 4.7% to RMB29.1 million. During the national lockdown in 3QFY2020 as a result of the outbreak of the COVID-19 pandemic, there was a drastic change in consumers' consumption habit and spending pattern on discretionary consumer goods. Such changes had further disrupted the Group's baijiu sales.

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

As announced by the Company on 6 May 2021, the Company has convened a special general meeting (“**SGM**”) to obtain shareholders' approval for, *inter alia*, the proposed acquisition of Great Resolute Limited as a very substantial acquisition and an interested person transaction (“**Xingnong Acquisition**”), and the proposed disposal of Sea Will International Limited as a major transaction and an interested person transaction (“**Dukang Disposal**”, together with the Xingnong Acquisition, the “**Proposed Transactions**”), and during which 11 out of 13 resolutions were passed, including the Key Resolutions (as defined in the circular dated 31 March 2021 in relation to, *inter alia*, the Proposed Transactions (the “**Circular**”). The Board highlights that the Proposed Transactions are subject to the fulfilment of conditions precedent under the Agreement (as defined in the Circular). There is no certainty or assurance that the Proposed Transactions will be completed or that no changes will be made to the terms thereof.

As the special resolution in respect of the Proposed Listing Transfer (as defined in the Circular) was not passed at the SGM, the Company will not be able to proceed with the proposed transfer of its listing status to the Catalist following Completion (as defined in the Circular). The Company will continue to remain on the watch-list pursuant to Rule 1311 of the Main Board Rules. In accordance with the conditions set out in the SGX-ST's approval-in-principle (the “**AIP**”) dated 31 March 2021, the Company will appoint ZICO Capital Pte. Ltd. as its compliance adviser for a period of three (3) years following Completion. Please note that the AIP is not to be taken as an indication of the merits of the Xingnong Acquisition, the Company and/or its subsidiaries.

Pursuant to Rule 1314 of the Main Board Rules, the Company will be assessed by the SGX-ST for removal from the watch-list if it records a consolidated pre-tax profit for the most recently completed financial year (based on the audited full year consolidated accounts) and an

average daily market capitalisation of S\$40 million or more over the last six (6) months, within 36 months from 4 December 2019, failing which the SGX-ST would either delist the Company or suspend trading of the Company's shares with a view to delisting the Company.

The Company and the Board intend to take active steps to satisfy the abovementioned requirements. However, the Board wishes to highlight that there is no assurance that the Company will be successful in exiting the watch-list of the SGX-ST within the prescribed time period.

For further information, please refer to Section 3.6 entitled "Rule 1015(2) of the Main Board Rules" and Section 14.2(a) entitled "Watch-List Requirements" of the Circular.

By Order of the Board

Zhou Tao
CEO and Executive Chairman
14 May 2021