

## DUKANG DISTILLERS HOLDINGS LIMITED

(Incorporated in Bermuda)

(Company Registration Number: 41457)

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### QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

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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.

The Company was also placed on the watch-list under the financial entry criteria pursuant to Listing Rule 1311(1) of 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 2020 (“**3QFY2020**”) decreased by RMB1.6 million or 4.9% to RMB30.6 million. The sales of baijiu were mainly concentrated in January 2020 before and during the Lunar New Year, while the nationwide lockdown was imposed only in February 2020 when China was being hit worst by the COVID-19. As a result, the Group’s turnover for 3QFY2020 experienced a marginal decrease.

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

Since the last results announcement, the World Health Organisation has declared the COVID-19 as a pandemic on 11 March 2020. The Group’s baijiu sales were disrupted in February 2020 due to the nationwide lockdown in China. During the lockdown, there was a drastic change in consumers’ consumption habit, which could not be restored in a short period of time.

As such, the Group expects to receive a lukewarm response from its distributors at the annual promotional event which will be held in the second half of May 2020. The Group will continue to monitor the market condition and adjust its strategy in response to the situation.

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**”). The Proposed Transactions is still under review by the SGX-ST. 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  
15 May 2020