

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.

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 second quarter ended 31 December 2019 (“**2QFY2020**”) decreased by RMB4.2 million or 20.9% to RMB15.8 million, mainly due to customer attrition for the intensified liquor market competition in the Henan province during the period.

For more details on the results and financial position of the Group, please refer to the unaudited financial statements announcement for 2QFY2020 released to the SGX-ST on 13 February 2020.

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

Despite the easing in trade tensions between the United States of America and China with the signing of the first phase of a trade agreement that is supposed to take effect in mid-February, the unfortunate outbreak of the COVID-19 since December 2019 has dampened the typical peak sales season of the Group’s baijiu products. The repercussions of the outbreak could further setback China’s slowing economy as well as weaken consumer spending on discretionary consumer goods like baijiu.

The COVID-19 outbreak is but the latest in a series of challenges faced by the Group. It is currently difficult to ascertain the impact it has on the financial performance of the Group.

The proposed transactions to enter into the kiwifruit cultivation and processing industry, as announced in the Company’s previous quarterly results announcement dated 13 November 2019, is still under review by Singapore Exchange.

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
13 February 2020