

Dukang Distillers Holdings Limited

(Incorporated in Bermuda)

THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2017

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1. (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Three months ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	31 Mar 2017 Unaudited RMB'000	31 Mar 2016 Unaudited RMB'000		31 Mar 2017 Unaudited RMB'000	31 Mar 2016 Unaudited RMB'000	
Revenue	49,416	278,887	(82.3)	410,151	701,588	(41.5)
Cost of sales	(29,415)	(185,075)	(84.1)	(276,984)	(463,233)	(40.2)
Gross profit	20,001	93,812	(78.7)	133,167	238,355	(44.1)
Other income	352	741	(52.5)	1,543	1,992	(22.5)
Selling and distribution expenses	(22,376)	(70,035)	(68.1)	(94,464)	(163,741)	(42.3)
Administrative expenses	(22,085)	(26,889)	(17.9)	(67,647)	(77,087)	(12.2)
Operating loss	(24,108)	(2,371)	916.8	(27,401)	(481)	5,596.7
Finance costs	(1,244)	(2,326)	(46.5)	(4,351)	(6,895)	(36.9)
Share of profit of an associate	355	1,652	(78.5)	2,129	3,848	(44.7)
(Loss)/profit before income tax	(24,997)	(3,045)	720.9	(29,623)	(3,528)	739.7
Income tax (expense)/credit	(120)	357	(133.6)	(4,426)	1,072	(512.9)
Loss for the period, attributable to the owners of the Company	(25,117)	(2,688)	834.4	(34,049)	(2,456)	1,286.4
Other comprehensive income for the period						
Items that may be reclassified subsequently to profit or loss:						
Exchange loss on translation of financial statements of foreign operations	(3,603)	(11)	32,654.5	(3,588)	(26)	13,700.0
Total comprehensive income for the period, attributable to the owners of the Company	(28,720)	(2,699)	964.1	(37,637)	(2,482)	1,416.4

Notes:

i. Loss before income tax is arrived at after crediting / (charging):

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	Three months ended 31 Mar 2017 Unaudited RMB'000	31 Mar 2016 Unaudited RMB'000		Nine months ended 31 Mar 2017 Unaudited RMB'000	31 Mar 2016 Unaudited RMB'000	
Interest income	239	495	(51.7)	1,096	1,352	(18.9)
Interest expenses	(1,244)	(2,326)	(46.5)	(4,351)	(6,895)	(36.9)
Depreciation of property, plant and equipment	(5,750)	(6,366)	(9.7)	(16,780)	(19,116)	(12.2)
Amortisation of prepaid land lease payments	(730)	(696)	4.9	(2,143)	(2,088)	2.6

1. (b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	Unaudited As at 31 Mar 2017 RMB'000	Audited As at 30 Jun 2016 RMB'000	Unaudited As at 31 Mar 2017 RMB'000	Audited As at 30 Jun 2016 RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Interests in subsidiaries	-	-	288,534	288,534
Interest in an associate	111,101	123,672	-	-
Property, plant and equipment	381,197	374,408	-	-
Prepaid land lease payments	142,841	115,961	-	-
Intangible assets	1,280	1,280	-	-
	636,419	615,321	288,534	288,534
Current assets				
Inventories	754,614	644,082	-	-
Amounts due from subsidiaries	-	-	559,309	546,949
Prepayments, deposits and other receivables	23,332	23,656	-	-
Cash and cash equivalents	198,052	595,627	21	19
	975,998	1,263,365	559,330	546,968
Non-current assets held for sale	-	52,592	-	-
	975,998	1,315,957	559,330	546,968
Current liabilities				
Trade payables	3,359	116,727	-	-
Amount due to an associate	1,587	29,502	-	-
Accrued liabilities and other payables	96,253	210,553	4,165	4,416
Bank and other loans, secured	113,000	135,000	-	-
Provision for income tax	478	3,048	-	-
	214,677	494,830	4,165	4,416
Net current assets	761,321	821,127	555,165	542,552
Total assets less current liabilities	1,397,740	1,436,448	843,699	831,086
Non-current liabilities				
Deferred tax liabilities	11,090	12,161	-	-
	11,090	12,161	-	-
Net assets	1,386,650	1,424,287	843,699	831,086
EQUITY				
Equity attributable to owners of the Company				
Share capital	279,499	279,499	279,499	279,499
Reserves	1,107,151	1,144,788	564,200	551,587
Total equity	1,386,650	1,424,287	843,699	831,086

1. (b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand:**

As at 31 March 2017	As at 30 June 2016
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
113,000	-	135,000	-

Amount repayable after one year:

As at 31 March 2017	As at 30 June 2016
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral:

As at 31 March 2017, the Group's bank and other loans amounting to RMB 113.0 million were secured by charges over the Group's existing land use rights and leasehold buildings.

1. (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	31 Mar 2017 Unaudited RMB'000	31 Mar 2016 Unaudited RMB'000	31 Mar 2017 Unaudited RMB'000	31 Mar 2016 Unaudited RMB'000
Cash flows from operating activities				
loss before income tax	(24,997)	(3,045)	(29,623)	(3,528)
Adjustments for:				
Interest income on financial assets stated at amortised cost	(239)	(495)	(1,096)	(1,352)
Interest expenses	1,244	2,326	4,351	6,895
Depreciation of property, plant and equipment	5,750	6,366	16,780	19,116
Amortisation of prepaid land lease payments	730	696	2,143	2,088
Loss on disposal of property, plant and equipment	-	-	-	-
Share of profit of an associate	(355)	(1,652)	(2,129)	(3,848)
Operating (loss)/profit before working capital changes	(17,867)	4,196	(9,574)	19,371
Decrease/(increase) in inventories	5,355	24,772	(110,532)	69,095
(Increase)/decrease in prepayments, deposits and other receivables	(66)	4,060	324	56,388
Decrease in trade payables	(209,277)	(7,646)	(113,368)	(8,935)
(Decrease)/increase in accrued liabilities and other payables	(19,155)	(2,526)	(114,300)	47,703
(Decrease)/increase in amount due to an associate	(4,324)	5,617	(27,915)	11,711
Cash generated from operations	(245,334)	28,473	(375,365)	195,333
Income taxes paid	(1,870)	(36)	(8,067)	(2,779)
Net cash (used in)/generated from operating activities	(247,204)	28,437	(383,432)	192,554
Cash flows from investing activities				
Purchases of property, plant and equipment	-	-	-	(2,312)
Dividend from an associate	-	-	14,700	-
Interest received	239	495	1,096	1,352
Net cash generated from/(used in) investing activities	239	495	15,796	(960)
Cash flows from financing activities				
Proceeds from bank loans	-	-	113,000	20,000
Repayment of bank loans	-	-	(135,000)	(19,750)
Interest paid	(1,244)	(2,326)	(4,351)	(6,895)
Net cash used in financing activities	(1,244)	(2,326)	(26,351)	(6,645)
Net (decrease)/increase in cash and cash equivalents	(248,209)	26,606	(393,987)	184,949
Cash and cash equivalents at beginning of period	449,864	561,337	595,627	403,009
Effect of foreign exchange rate changes	(3,603)	(11)	(3,588)	(26)
Cash and cash equivalents at end of period	198,052	587,932	198,052	587,932
Analysis of balances of cash and cash equivalents				
Cash at banks and in hand	198,052	587,932	198,052	587,932

1. (d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance as at 1 January 2016	279,499	656,811	(150,101)	152,773	3,819	494,670	1,437,471
Loss for the period	-	-	-	-	-	(2,688)	(2,688)
Other comprehensive income							
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(11)	-	(11)
Total comprehensive income for the period	-	-	-	-	(11)	(2,688)	(2,699)
Balance as at 31 March 2016	279,499	656,811	(150,101)	152,773	3,808	491,982	1,434,772
Balance as at 1 July 2015	279,499	656,811	(150,101)	152,773	3,834	494,438	1,437,254
Loss for the period	-	-	-	-	-	(2,456)	(2,456)
Other comprehensive income							
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(26)	-	(26)
Total comprehensive income for the period	-	-	-	-	(26)	(2,456)	(2,482)
Balance as at 31 March 2016	279,499	656,811	(150,101)	152,773	3,808	491,982	1,434,772
Balance as at 1 January 2017	279,499	656,811	(150,101)	162,848	1,544	464,769	1,415,370
Loss for the period	-	-	-	-	-	(25,117)	(25,117)
Other comprehensive income							
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(3,603)	-	(3,603)
Total comprehensive income for the period	-	-	-	-	(3,603)	(25,117)	(28,720)
Balance as at 31 March 2017	279,499	656,811	(150,101)	162,848	(2,059)	439,652	1,386,650
Balance as at 1 July 2016	279,499	656,811	(150,101)	162,848	1,529	473,701	1,424,287
Loss for the period	-	-	-	-	-	(34,049)	(34,049)
Other comprehensive income							
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(3,588)	-	(3,588)
Total comprehensive income for the period	-	-	-	-	(3,588)	(34,049)	(37,637)
Balance as at 31 March 2017	279,499	656,811	(150,101)	162,848	(2,059)	439,652	1,386,650

COMPANY	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at 1 January 2016	279,499	656,811	120,523	(58,916)	(211,205)	786,712
Loss for the period	-	-	-	-	(2,690)	(2,690)
Other comprehensive income						
Exchange loss on translation of financial statements	-	-	-	(5)	-	(5)
Total comprehensive income for the period	-	-	-	(5)	(2,690)	(2,695)
Balance as at 31 March 2016	279,499	656,811	120,523	(58,921)	(213,895)	784,017
Balance as at 1 July 2015	279,499	656,811	120,523	(58,904)	(206,723)	791,206
Loss for the period	-	-	-	-	(7,172)	(7,172)
Other comprehensive income						
Exchange loss on translation of financial statements	-	-	-	(17)	-	(17)
Total comprehensive income for the period	-	-	-	(17)	(7,172)	(7,189)
Balance as at 31 March 2016	279,499	656,811	120,523	(58,921)	(213,895)	784,017
Balance as at 1 January 2017	279,499	656,811	120,523	10,889	(216,455)	851,267
Loss for the period	-	-	-	-	(2,184)	(2,184)
Other comprehensive income						
Exchange loss on translation of financial statements	-	-	-	(5,384)	-	(5,384)
Total comprehensive income for the period	-	-	-	(5,384)	(2,184)	(7,568)
Balance as at 31 March 2017	279,499	656,811	120,523	5,505	(218,639)	843,699
Balance as at 1 July 2016	279,499	656,811	120,523	(13,181)	(212,566)	831,086
Loss for the period	-	-	-	-	(6,073)	(6,073)
Other comprehensive income						
Exchange gain on translation of financial statements	-	-	-	18,686	-	18,686
Total comprehensive income for the period	-	-	-	18,686	(6,073)	12,613
Balance as at 31 March 2017	279,499	656,811	120,523	5,505	(218,639)	843,699

1. (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the current financial period reported on. The Company had no outstanding convertibles and there were no treasury shares and subsidiary holdings as at 31 March 2017.

1. (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at	
	31 Mar 2017	30 Jun 2016
Total number of issued shares (excluding treasury shares)	79,828,927	79,828,927

1. (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1. (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of the applicable new/revised International Financial Reporting Standards (IFRSs) which became effective for the financial period beginning on or after 1 July 2016, the Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 30 June 2016. The adoption of these revised IFRSs for the current reporting period ended 31 March 2017 did not result in material changes to the Group's results.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Three months ended	
	31 Mar 2017	31 Mar 2016
	Unaudited	Unaudited
	RMB	RMB
Basic	(0.31)	(0.03)
Diluted	N/A	N/A

Basic loss per share for the period ended 31 March 2017 ("3QFY2017") was calculated based on the Group's loss for the period of approximately RMB 25,117,000 (Period ended 31 March 2016 ("3QFY2016"): loss of approximately RMB 2,688,000) divided by the weighted average number of 79,828,927 ordinary shares of HK\$4.0 each ("Shares") (3QFY2016: 79,828,927 Shares) in issue during 3QFY2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- a) current financial period reported on; and**
- b) immediately preceding financial year.**

	Group		Company	
	As at 31 Mar 2017 RMB	As at 30 Jun 2016 RMB	As at 31 Mar 2017 RMB	As at 30 Jun 2016 RMB
Net asset value per ordinary share	17.37	17.84	10.57	10.41
Number of ordinary shares	79,828,927	79,828,927	79,828,927	79,828,927

Net asset value per ordinary share of the Group as at 31 March 2017 was calculated based on the Group's net assets of approximately RMB 1,386,650,000 as at 31 March 2017 (30 June 2016: approximately RMB 1,424,287,000) divided by 79,828,927 Shares (30 June 2016: 79,828,927 Shares).

Net asset value per ordinary share of the Company as at 31 March 2017 was calculated based on the net assets of approximately RMB 843,699,000 as at 31 March 2017 (30 June 2016: approximately RMB 831,086,000) divided by 79,828,927 Shares (30 June 2016: 79,828,927 Shares)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following;

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal and cyclical factors; and**
- b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

Review of Group's Performance**3QFY2017 VS 3QFY2016****Revenue**Luoyang Dukang

<u>3Q FY2017</u>				<u>3Q FY2016</u>			
	Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg		Revenue RMB'million	Volume Tonnes	Average selling price RMB/Kg
Premium series	29.8	213	139.9	Premium series	56.4	383	147.3
Regular series	19.6	705	27.8	Regular series	222.5	6,486	34.3
Total	49.4	918	53.8	Total	278.9	6,869	40.6

The Group's revenue for 3QFY2017 decreased significantly by RMB 229.5 million or 82.3% to RMB 49.4 million as its operations in respect of the production of finished goods were significantly affected due to continuing severe air pollution and poor weather conditions, and stricter inspections and enforcements imposed by the Chinese Government to fight air pollution violations.

Gross profit and margin

Gross profit for premium and regular series decreased from RMB 29.6 million and RMB 64.2 million to RMB 14.9 million and RMB 5.1 million respectively. GPM for premium series decreased from 52.5% to 49.9%, and GPM for regular series decreased from 28.8% to 26.1%. Overall gross profit margin for 「Dukang」 products increased from 33.6% to 40.5%. The increase in gross profit margin was mainly due to the change in product mix during 3QFY2017.

Other income

Other income decreased from RMB 0.7 million to RMB 0.4 million mainly due to the decrease in interest income, and proceeds from the sale of distilled grain mixture as animal feed, which is a by-product resulting from baijiu production process.

Administrative expenses

Administrative expenses decreased by RMB 4.8 million to RMB 22.1 million as a result of the Group's cost-saving efforts during this challenging time.

Selling and distribution expenses

Selling and distribution expenses decreased by 68.1% or RMB 47.7 million to RMB 22.4 million, mainly due to a decrease in TV and radio commercial broadcast on channels in Henan Province by [RMB 20.2 million], and a decrease in bus and rooftop advertising in major Henan Province cities by [RMB 22.1 million].

Finance costs

Finance costs decreased by RMB 1.1 million mainly due to a decrease in the average balance of bank loans during the period compared to 3QFY2016.

Share of profit of an associate

Share of profit of an associate decreased as a result of the decrease in license fee income of the Group's associate arising from the decrease in sales of the products under the "Dukang" brand.

Income tax (expense)/credit

The provision for PRC enterprise income tax is calculated based on the statutory income tax rate as determined in accordance with the relevant PRC income tax rules and regulations for the financial periods presented. The applicable rate for all PRC subsidiaries was 25% for 3QFY2017.

The income tax credit for 3QFY2016 represents the effect of reversal of deferred tax liabilities for RMB 0.4m.

Loss for the period

Taking into account of the above mentioned factors, the loss attributable to the owners of the Company amounted to RMB 25.1 million for 3QFY2017 (3QFY2016: profit of RMB 2.7 million).

Review of Group's Financial Position**31 March 2017 VS 30 June 2016****Interest in an associate**

Interest in an associate decreased by RMB 12.6 million due to the dividend received from the associate amounting to RMB 14.7 million, which was offset by the share of its result for RMB 2.1 million during the nine months ended 3QFY2017.

Property, plant and equipment, Prepaid land lease payments, Non-current assets held for sale and Accrued liabilities and other payables

Pursuant to the Relocation Exercise as mentioned in the announcement released on 13 February 2015, the existing production facilities in Yichuan will be relocated to a new site. The land, buildings and some plant and machinery (the "Residual Assets") which are incapable of being relocated will be sold at a consideration of RMB 80 million (the "Purchase Consideration").

Subsequently, as announced on 9 December 2016, the sale of the Residual Assets was terminated and therefore the balance under Non-current assets held for sale, which represents the net book value of the Residual Assets was reclassified to property, plant and equipment as well as prepaid land lease payments amounting to RMB 23.6 million and RMB 29.0 million respectively during the period. In addition, accrued liabilities and other payables decreased by RMB 114.3 million, mainly due to the refund of the Purchase Consideration during 2QFY2017.

Inventories

Inventories increased by RMB 110.5 million, mainly due to a significantly larger amount of raw materials and packaging materials purchased in 2QFY2017 to mitigate the potential risk of shortage in the supply of the materials affected by the severe air pollution and smog in Henan.

Trade payables

Trade payables decreased by RMB 113.4 million due to a low amount of raw materials purchased during the period.

Bank and other loans, secured

Bank and other loans decreased by RMB 22.0 million to RMB 113.0 million mainly due to repayment of the bank borrowings during 2QFY2017.

Cash and cash equivalents

Cash and cash equivalents decreased by RMB 397.5 million from RMB 595.6 million as at 30 June 2016 to RMB 198.1 million as at 31 March 2017. This was mainly due to net cash of RMB 383.4 million used in operating activities, net cash of RMB 15.8 million generated from investing activities and net cash of RMB 26.4 million used in financing activities during the nine months ended 3QFY2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Although there was no deviation from the information disclosed in Paragraph 10 of the previous results announcement, the Company had released a profit guidance announcement to the Singapore Exchange Securities Trading Limited on 5 May 2017 in view of its significantly lower overall revenue and earnings in 3QFY2017 compared to 3QFY2016.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The baijiu market is still in the adjustment phase currently and the industry has become more polarised. First-tier baijiu producers are more resilient and will be able to grow as the market gravitates towards the first-tier brands. On the other hand, the market remains challenging for the second- and third-tier baijiu producers as they face low profit growth rate and rising competition from first-tier baijiu producers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

17. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs.

18. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**BY ORDER OF THE BOARD
DUKANG DISTILLERS HOLDINGS LIMITED**

**ZHOU TAO
CHAIRMAN
15 MAY 2017**

**CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING
MANUAL OF SGX-ST**

On behalf of the Board of Directors, we, Zhou Tao and Huo Lei, confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Dukang Distillers Holdings Limited, which may render the financial statements for the third quarter ended 31 March 2017 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors of
Dukang Distillers Holdings Limited**

**Zhou Tao
Director**

**Huo Lei
Director**

15 MAY 2017