

DUKANG DISTILLERS HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 41457)

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- (1) **PROPOSED RELOCATION OF THE GROUP'S FACTORY IN YICHUAN, HENAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA**
- (2) **SALE OF RESIDUAL ASSETS IN HENAN DUKANG DISTILLERS COMPANY LIMITED 河南杜康酒业股份有限公司**
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The Board of Directors of Dukang Distillers Holdings Limited (the "**Company**") and together with its subsidiaries (the "**Group**") wishes to announce the following:

On 19 November 2014, the Group announced that due to the urban planning and redevelopment undertaken by the local authority of the People's Republic of China ("PRC") in Yichuan, Henan Province, the Group is required to relocate its factory and operations in Yichuan 伊川县城 (the "**Relocation**").

(1) **PROPOSED RELOCATION OF THE GROUP'S FACTORY IN YICHUAN, HENAN PROVINCE, PRC**

The new land allocated by the PRC government ("**New Land**") is located at Pingdengxiang 平等乡 in Yichuan, which is 8 kilometres from the Group's existing factory in Yichuan 伊川县城. The New Land comprised an aggregate land area of 1,038 mu, which is 6 times bigger than the Group's existing land. As such, the new site would increase the operation and logistics efficiencies for the Group's sales and production.

Taking into consideration the current economic situation in the PRC, the weak *baijiu* industry and the funds required for development, the New Land was proposed to be developed in 3 phases with Phase 1 comprising a land area of 310 mu and phases 2 and 3 to be developed later, details of which are shown below:

	Old Yichuan Factory	New Yichuan Factory
Land size	173mu	(i) Phase 1 at 310 mu; and (ii) Aggregate of 1,038 mu for Phases 1 to 3.
Production capacity of grain alcohol per year	2,000 tonnes	Phase 1: 3,500 tonnes

Phase 1 would include the relocation of the Group's existing production facilities for alcohol bottles and the fermentation pools. The development timeline for Phase 1 is targeted for March to December 2015.

Financial Effects

The Relocation Exercise is not expected to have any significant material impact on the consolidated net tangible assets per share and/or the earnings per share of the Group for the current financial year.

Interests of Directors, Substantial Shareholders or Controlling Shareholders

None of the Directors, substantial shareholders or controlling shareholders of the Company have any interest, direct or indirect (other than through their shareholdings in the Company), in the Relocation Exercise.

(2) SALE OF RESIDUAL ASSETS IN WHOLLY OWNED SUBSIDIARY - HENAN DUKANG DISTILLERS COMPANY LIMITED 河南杜康酒业股份有限公司

Introduction

Following the Relocation Exercise undertaken by the Group, the existing production facilities in Yichuan 伊川县城 will be relocated to the new site. The land, building and some plant and machinery, which are incapable of being relocated will be sold off in order to realise their value ("**Residual Assets**").

The Disposal

Accordingly, Henan Dukang Distillers Company Limited 河南杜康酒业股份有限公司 ("**HDD**"), a wholly-owned subsidiary of the Company (the "**Vendor**"), has on 13 February 2015 entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with a third party, 河南雅豪商业管理有限公司 (the "**Purchaser**") for the sale of the Residual Assets (the "**Disposal**").

Purchase Consideration

The purchase consideration for the Disposal is the sum of RMB80,000,000 (the "**Purchase Consideration**").

The Purchase Consideration was based on arms' length negotiations and arrived at on a willing-buyer willing-seller basis, taking into account the valuation carried out by an independent firm of valuers, 河南鑫盈资产评估事务所 (the "**Valuers**") appointed by the Group. The assets under valuation are the Residual Assets comprising principally the land use rights to the production premises in Yichuan 伊川县城, the building thereon building and some plant and machinery, which are incapable of being relocated, all of which are held by **HDD**.

The valuation of the Residual Assets arrived at by the Valuers was the sum of approximately RMB59,372,000.

Pursuant to the Sale and Purchase Agreement, the Purchase Consideration would be satisfied in the following manner by the Purchaser to **HDD**:-

- (i) 50% of the Purchase Consideration, being RMB40,000,000 in cash via electronic transfer in full within 60 business days after the signing of the Sale and Purchase Agreement; and
- (ii) the balance 50% of the Purchase Consideration in cash via electronic transfer in full before 30 September 2015.

Terms and Conditions of the Sale and Purchase Agreement

The salient terms and conditions of the Sales and Purchase Agreement are as follows:

- a. the Purchaser in developing the aforementioned land in Yichuan should reflect and retain the Dukang" cultural element in the subsequent construction process and include certain "Dukang" cultural facilities in order for the "Dukang" brand to play a positive advocacy role;
- b. to facilitate the Purchaser in carrying out land commercial development projects reflecting "Dukang" elements and image, the Vendor has authorised the Purchaser to use the "Dukang" name and will assist the Purchaser in registering a property company using the "Dukang" name.
- c. in the construction or in post-operation phase, the Purchaser shall act responsibly in the use of the "Dukang" name or trademark, comply with the relevant laws and regulations and maintain positive "Dukang" brand image. If the Purchaser acts on the "Dukang" goodwill and causes any negative impact on the image and reputation of the "Dukang" brand, the Vendor reserves the right to compensation for all losses.

Rationale of the Disposal

Following the Relocation Exercise undertaken by the Company, production facilities owned by **HDD** will be relocated to the new site. The land, building and some plant and machinery which are incapable of being relocated will be sold off in order to realise their value ("**Residual Assets**")

The Company intends to utilise the cash sale proceeds from the Disposal to fund the working capital requirements of the Group

The Board of the Company is of the view that the terms of the Disposal are fair and reasonable and in the interests of the Group.

Relative Figures computed on the Bases set out in Rule 1006 of SGX-ST Listing Manual

Rule 1002(3)(c) of the SGX-ST Listing Manual states, *inter alia*, that for the purpose of comparison under Rule 1006, the net asset and net profit figures used for comparison with the transaction under consideration will be taken from the latest announced consolidated accounts.

Accordingly, for the purposes of computing the relative figures of Rule 1006 of the SGX-ST Listing Manual, the latest announced unaudited consolidated Group accounts as at 31 December 2014 would serve as a base for the various relative figures computation as required under Rule 1006 of the SGX-ST Listing Manual.

On the bases set out above, for illustrative purposes only, the relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual with the latest announced unaudited consolidated accounts of the Group for FY2014 are as follows:

Rule 1006	Bases	Relative Figures
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	3% ¹
Rule 1006(b)	The net profit attributable to the assets disposed of, compared with the Group's net profits.	Not Applicable
Rule 1006(c)	The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	18% ²
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable

Notes:

1. The consolidated net asset value of the Group as at 31 December 2014 was RMB1,972 million.
2. Market capitalisation is computed based on the closing price of the Company's shares on SGX-ST on 12 February 2015 of S\$0.126 per share and an exchange rate of S\$1 : RMB4.519.

Based on the computation of the relative figures set out above, the Disposal requires immediate announcement but does not require Shareholders' approval at a general meeting of the Company under Chapter 10 of the SGX-ST Listing Manual.

Financial Effects of the Disposal

The Disposal is not expected to have any significant material impact on the consolidated net tangible assets per share and/or the earnings per share of the Company and its subsidiaries for the financial year ending 30 June 2015.

3. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS OR CONTROLLING SHAREHOLDERS

None of the Directors, substantial shareholders or controlling shareholders of the Company have any interest, direct or indirect (other than through their shareholdings in the Company), in the Restructuring Exercise and/or the Disposal.

None of the Directors, substantial shareholders or controlling shareholders of the Company have any interest, direct or indirect in, or are related to the Purchaser.

4. RESPONSIBILITY STATEMENT

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) have collectively and individually accepted full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are fair and accurate in all material aspects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 during normal office hours for three months from the date of this announcement:-

- (i) Sale and Purchase Agreement dated 13 February 2015; and
- (ii) Valuation Report dated 20 January 2015 prepared by 河南鑫盈资产评估事务所, an independent firm of valuers.

BY ORDER OF THE BOARD

Zhou Tao
CEO and Executive Chairman
13 February 2015