杜康控股

Dukang Distillers Holdings Limited

美酒之源　聚力前行

Origin of Baijiu • Moving Forward in Cohesion

ANNUAL REPORT 2015

CONTENTS

Based in Henan Province, the People's Republic of China (the "PRC"), Dukang Distillers Holdings Limited ("Dukang"or the "Group"), formerly known as Trump Dragon Distillers Holdings Limited, is a producer and seller of baijiu ("**白酒**") products. The Group is the top-tier baijiu producer in Henan Province, and its「**Dukang**」("**杜康**") brand baijiu is emerging as a top-tier brand in the PRC.

CORPORATE PROFILE

As the first PRC baijiu enterprise listed overseas, the Company has its primary listing on the Mainboard of Singapore Exchange Securities Trading Limited since September 2008 and the listing of its Taiwan Depository Receipts on the Taiwan Stock Exchange since March 2011.

Originated from the brand「Siwu」(“四五”), the Group acquired Luoyang Dukang Holdings Limited (“洛陽杜康控股有限公司”) in May 2010 and currently sells its products under the「Dukang」brand name.

The Group’s popular product series under「Dukang」brand include “Jiuzu Dukang (“酒祖杜康”) Series”, “Guohua Dukang (“國花杜康”) Series”, “Zhonghua Dukang (“中華杜康”) Series” and “Lao Dukang (“老杜康”) Series”.

Named after the forefather of baijiu and drawing upon a long history and rich cultural heritage of over five thousand years, the「Dukang」brand is poised to target the mid-to-high end baijiu market in the PRC.

The Group’s products are sold mainly to supermarkets, flagship stores, specialty stores and restaurants via distributors.

The Group currently has an annual grain alcohol production capacity of 7,203 tonnes from 2,428 fermentation pools for the「Dukang」brand.

With its distinctive taste and brewed using traditional methods, the「Dukang」brand has clinched national awards including China Intangible Cultural Heritage (2008), Henan Well-known Trademark (2008), China Well-known Trademark (2005), China Time-honoured Brand (2005), Top 10 Chinese Wine Brands (2001) and Star Enterprise of The National Wine Industry (1994).

In early 2013, the Group’s「Dukang」brand was officially endorsed by the PRC government as one of the appointed baijiu to serve foreign dignitaries.

BRAND RECOGNITION

杜康控股

With more than 2000 years of history,
「Dukang」(“杜康”) is a well-known baijiu brand in and beyond Henan Province. Named after the forefather of baijiu - 杜康 (「Dukang」), the renowned「Dukang」brand name has a stronghold in Luoyang City. We are committed to enhance the「Dukang」brand name via extensive marketing and branding activities. With its rich history and heritage, we believe「Dukang」will fully realise its brand potential and emerge as one of the top national baijiu brand names in the PRC.

「Dukang」products are positioned to target the mid-to-high end market.

BRAND RECOGNITION

Zone 12 Cellar -
Jiuzu Dukang Series
12窖區–
酒祖杜康系列

5 Star -
Mianrou Dukang Series
五星–
綿柔杜康系列

20 Years -
Guohua Dukang Series
20年–
國花杜康系列

FINANCIAL HIGHLIGHTS

(RMB' million)

	FY15	FY14	FY13	FY12	FY11
Revenue	863.4	1450.9	2,406.2	1,826.6	1,425.7
Gross Profit	213.4	523.3	984.3	684.4	512.5
Gross Profit Margin	24.7%	36.1%	40.9%	37.5%	36.0%
Net (Loss)/Profit	(561.4)	44.1	389.7	218.1	168.0
(Loss)/Earnings Per Share* (RMB' cents)	(70.32)	5.52	48.81	27.32	23.12
Net Asset Value Per Share** (RMB' cents)	180.04	250.37	244.89	196.07	168.72

* Based on:

(Loss)/Earnings Per Share

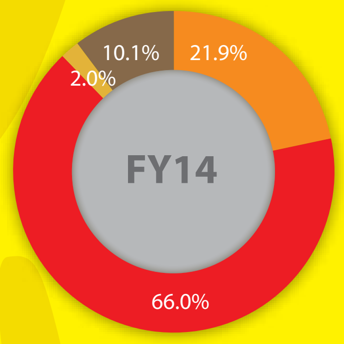
a) Weighted average number of 726,736,461 ordinary shares in issue during the financial years ended 30 June 2011, and weighted average number of 798,289,318 ordinary shares in issue during the financial years ended 30 June 2012, 2013, 2014 and 2015.

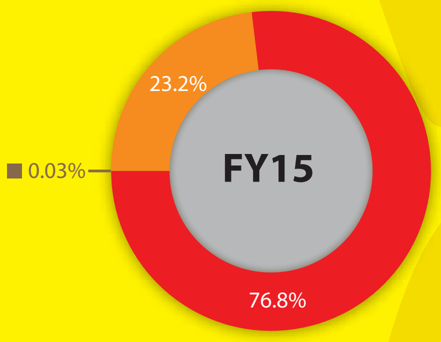
** Based on:

Net Asset Value

a) Share capital of 798,289,318 ordinary shares in issue as at 30 June 2011, 2012, 2013, 2014 and 2015.

Enlarged sales contribution from 「Dukang」 brand





Luoyang Dukang Premium | Luoyang Dukang Regular | Siwu Premium | Siwu Regular

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the board of directors, management and staff of Dukang Distiller Holdings Limited ("Dukang Distillers" or the "Group"), I would like to express my deepest gratitude to all of our stakeholders for their support and trust in our Company's business in which is imperative for us to tide through the challenging business environment. I am pleased to present you the annual report for the financial year ended 30 June 2015 ("FY2015").

THE YEAR IN REVIEW

The financial year ended 30 June 2015 ("FY2015") continues to be a challenging year for the Group. The decelerating economy in China, the austerity measures implemented by the Chinese's government, the shift in market consumption of baijiu and competitive landscape in baijiu industry have dampened the growth of the baijiu industry and further eroded our profit margin.

In light of uncertainties in the macro economy and clampdown on extravagance by the Chinese's government, the Group registered a 40.5% decline in revenue from RMB1,450.9 million for the financial year ended 30 June 2014 ("FY2014") to RMB863.4 million for the financial year ended 30 June 2015 ("FY2015"). Gross profit decreased 59.2% from RMB523.3 million for FY2014 to RMB213.4 million for FY2015 primarily due to a decrease in the overall gross profit margin for Dukang products.

The impact of austerity measures of the government has been greatly felt in the form of declining sales of the Group's products which translated to losses. Our Luoyang Dukang Premium series registered a 37.1% yoy decline in revenue from RMB318.3 million for FY2014 to RMB200.1 million for FY2015 as a result of 18.6% and 22.7% decline in average selling price ("ASP") and sales volume respectively. Luoyang Dukang Regular series witnessed a 30.7% yoy drop in revenue to RMB663.0 million consequent to a drop of 7.1% and 25.2% yoy in ASP and sales volume respectively. As a result of a 99.9% yoy fall in sales volume of Siwu Regular Series, the sales of Siwu Regular Series fell 99.8% to RMB0.3 million for FY2015. Meanwhile, there was no recognition of revenue for Siwu Premium Series.

In light of challenging business environment in the People's Republic of China ("PRC"), the Group registered a net loss of RMB561.4 million for FY2015.

CHAIRMAN'S STATEMENT

EXPANDING QUALITY DISTRIBUTION CHANNELS AND PLANT RELOCATION

Presently, the Group has 78 distributors in Henan Province and 98 distributors in other provinces across China for the "Dukang" brand. The Group continues to streamline and solidify the quality of its distributors network in Henan Province while making headway to expand its footprint across China.

Due to urban planning and redevelopment undertaken by the local authority of the PRC in Yichuan, Henan Province, the Group is required to relocate its factory and operations in Yichuan. The new land allocated by the PRC government is located at Pingdengxiang, which is 6 times larger than the Group's existing land and it is expected to increase the operation and logistics efficiencies for the Group's sales and production. The new land was proposed to be developed in 3 phases with Phase 1 targeted to be completed in December 2015, which has a greater grain alcohol production capacity of 3,500 tonnes per year compared to 2,000 tonnes per year at the old factory.

As at 30 June 2015, the Group has an annual grain alcohol production capacity of 7,203 tonnes from 2,428 fermentation pools.

TESTAMENT TO QUALITY

In September 2014, the Group's Guohua Dukang series was designated as the official baijiu for a celebrity charity football gala dinner. In addition, the Group's flagship baijiu product series, Jiuzu Dukang was appointed as the official baijiu for the 2014 China (Zhengzhou) World Tourism Mayors Forum. The global forum was well attended by 63 tourism city mayors from 25 countries. This represented a strong testament to the Group's commitment in delivering products of highest quality. We are glad to have this golden opportunity to introduce the Chinese culture and heritage to China's foreign counterparts with our brand of baijiu. It was also an honour and privilege to the Group to be recognised nationally.

In March 2015, we participated in the China National Sugar and Alcoholic Commodities Fair in Chengdu as usual. It is one of the distinguished annual events in the baijiu industry which was held over four days. This time, the Group did something extraordinary by allowing visitors to sample the fragrance and taste of grain alcohol fresh from the fermentation pool. The stroke of genius went well with the visitors and at the end of the event, Jiuzu Dukang was awarded "The Most Valuable Liquor Brand in 2015".

INDUSTRY OUTLOOK

The crackdown by the Chinese's government on luxury gifting, lavish banquets and receptions has continued to weigh on China's baijiu industry. This has been significantly reflected in sharp decrease in the demand for premium baijiu. As a result, many baijiu manufacturers underwent product reshuffling to cater to the mass market. Lower demand for baijiu coupled with a shift in product mix has eroded profit margin. In view of this, the Group will not proceed with the plan to set up an office in Taiwan so as to focus on Henan province and other key markets in the PRC.

Over the preceding year, we observed that some of the leading baijiu brands attempted to seize a larger share of the mass market with lower retail prices and better product mix in response to the Chinese government's austerity measures. Consequently, future growth of the baijiu industry will likely be driven by expanding mass consumption in the mid-to-long term. In order to ride on the increasing demand in mass markets, we are placing emphasis on launching new regular product series as well as promoting existing mass-end products such as the Mianrou Dukang series.

In view of the decelerating economy and intense competition in the baijiu industry, we will continue to streamline our distributors by replacing those non-performing distributors with efficient distributors who share the same ideology with us in promoting the "Dukang" brand. Apart from that, we remain committed in improving our operational efficiency and implementing cost reduction measures. We will also allocate more budgets in advertising and promotional activities in Henan Province to further enhance the Group's foothold in the Central Plain of China.

Furthermore, the new baijiu production and access rules have been revised and is expected to be implemented in the second half of 2015 according to China Association of Wine in May 2015. Stringent standards will be imposed on baijiu producers to ensure the quality of baijiu and barriers of entry in the baijiu industry will be raised significantly[1]. This is expected to resolve the stiff competition issue within the baijiu industry.

Baijiu has been the mainstay in the Chinese daily lifestyle as it is being consumed during meals, other than being used in celebration or official events. The consumer base of baijiu in China is largely intact. Despite the challenging industry environment and tepid economy, we remain optimistic about the industry's outlook. We hope that with these endeavours, we are able to steer though the challenging business environment.

APPRECIATION AND ACKNOWLEDGMENT

First and foremost, I would like to thank our customers for their unwavering supports in our products for the past one year.

Next, I would like to express my heartfelt gratitude to Mr Zhang Dingjun, who has stepped down as Executive Director (Finance) due to health reasons, for his valuable contributions to the Group during his tenure and I wish him a quick recovery. I would also like to thank Mr Wan Baojian, for his previous tenure as General Manager of Production and Quality Control. I am pleased to welcome Mr Shi Dongkai, who will join us as General Manager (Finance) and assume the duties of Mr Zhang. He is responsible for overseeing the daily finance and accounting operations of the Group. With effect from 1 June 2015, Mr Tan Siok Sing (Calvin) is appointed as the Lead Independent Director. I believe Mr Tan is able to deliver great values to the Group with his wealth of experience.

Last but not least, I would like to extend my utmost appreciation to our management and staff, shareholders and business partners for their dedication and outstanding contribution. Without the relentless efforts and continued cooperation from them, the Group would not be able to achieve what it has done so far.

Thank you.

Zhou Tao
Executive Chairman & Chief Executive Officer

[1] 新《白酒生產準入細則》將落 http://business.sohu.com/20150520/n413388078.shtml

OPERATIONS REVIEW

FINANCIAL REVIEW

The Group reported a 40.5% year-on-year ("yoy") decline in revenue to RMB863.4 million for FY2015 from RMB1,450.9 million for FY2014. This is mainly attributable to a decrease from both Luoyang Dukang and Siwu operations, which resulted from the clamp down on luxury gifts and spending in China. The sales mix from Luoyang Dukang Premium Series and Regular Series changed from 21.9% and 66.0% for FY2014 to 23.2% and 76.8% for FY2015 respectively. The sales mix from Siwu Premium Series and Regular Series decreased from 2.0% and 10.1% for FY2014 to 0% and 0.03% for FY2015 respectively.

LUOYANG DUKANG

The products sold under Luoyang Dukang Premium Series witnessed a 37.1% drop in its sales from RMB318.3 million for FY2014 to RMB200.1 million for FY2015, as a result of China's current austerity measures on luxury gifts and spending.

The average selling price ("ASP") for Luoyang Dukang Premium Series slipped 18.6% yoy from RMB176.1 per kilogram for FY2014 to RMB143.3 per kilogram for FY2015.

Sales volume of Luoyang Dukang Premium Series decreased 22.7% yoy from 1,807 tonnes for FY2014 to 1,396 tonnes for FY2015.

Gross profit margin ("GPM") for Luoyang Dukang Premium Series fell from 51.1% for FY2014 to 40.7% for FY2015.

The impact of China's austerity measures have been reflected on Luoyang Dukang Regular Series as well. The sales declined 30.7% yoy from RMB957.0 million for FY2014 to RMB663.0 million for FY2015.

ASP for Luoyang Dukang Regular Series dipped 7.1% yoy from RMB31.0 per kilogram for FY2014 to RMB28.8 per kilogram for FY2015, mainly attributable to the downward ASP trend for baijiu in China as demand continues to fall.

Sales volume of Luoyang Dukang Regular Series declined 25.2% yoy from 30,827 tonnes for FY2014 to 23,058 tonnes for FY2015.

GPM for Luoyang Dukang Regular Series decreased from 32.2% for FY2014 to 19.9% for FY2015.

Overall GPM for Dukang products fell from 36.9% to 24.7%, resulting from the change in product mix during FY2015.

SIWU

There was no recognition of revenue for Siwu Premium Series.

Meanwhile, sales of products under Siwu Regular Series fell 99.8% from RMB146.9 million for FY2014 to RMB0.3 million for FY2015 due to lower sales volume.

Sales volume of Siwu Regular Series dropped 99.9% yoy from 8,266 tonnes for FY2014 to 10 tonnes for FY2015.

However, ASP of Siwu Regular Series increased 68.5% yoy from RMB17.8 per kilogram for FY2014 to RMB30.0 per kilogram for FY2015.

GPM for Siwu Regular Series decreased from 26.2% for FY2014 to 25.3% for FY2015.

Overall GPM for Siwu brand products declined from 29.8% for FY2014 to 25.3% for FY2015 as a result of the change in product mix.

The Group's overall gross profit margin declined by 11.4 percentage points from 36.1% for FY2014 to 24.7% for FY2015 primarily due to a decrease in the overall GPM for Dukang products.

As a result of reducing television commercials on China Central Television and reallocating advertising and promotion budget to focus more in Henan province, the Group's selling and distribution expenses declined 53.3% yoy from RMB342.9 million to RMB160.0 million for FY2015.

Due to increase in proceeds from the sale of distilled grain mixture as animal feed, which is a by-product from baijiu production process, other income increased from RMB4.8 million to RMB5.8 million for FY2015.

In addition, the Group recognised a total impairment loss of RMB547.4 million on property, plant and equipment, intangible assets and interest in associate for FY2015, largely due to significant changes in the economic and political environment in PRC which adversely affected the demand for the Group's baijiu products.

As a result of lower sales and recognition of impairment losses, the Group registered a net loss of RMB561.4 million for FY2015.

CASH FLOW MANAGEMENT

Cash and cash equivalents increased by RMB11.3 million from RMB391.8 million for FY2014 to RMB403.0 million for FY2015. This was mainly due to net cash of RMB149.7 million generated from operating activities, net cash of RMB60.9 million used in investing activities and net cash of RMB77.6 million used in financing activities for FY2015.

FINANCIAL POSITION

For the period under review, the Group's total equity decreased from RMB1,998.7 million for FY2014 to RMB1,437.3 million for FY2015.

In addition, the Group's total assets declined RMB695.6 million to RMB1,838.4 million mainly due to the recognition of impairment losses of RMB547.4 million on property, plant and equipment ("PPE"), intangible assets and interest in an associate, decrease in prepayments, deposits and other receivables ("PDO") of RMB132.9 million. The decrease in PDO was because of the Group ceased to place deposits with selected suppliers of raw materials in a bid to secure a stable supply at attractive prices for FY2015.

Total liabilities decreased from RMB535.4 million for FY2014 to RMB401.2 million for FY2015, resulting from the decrease of bank loans due to repayment of the bank borrowings and decrease of trade payables primarily attributable to a significantly lower amount of raw materials and packaging materials purchased in fourth quarter of FY2015 compared to fourth quarter to FY2014.

BOARD OF DIRECTORS

ZHOU TAO (周濤)

Mr Zhou Tao is the Executive Chairman and Chief Executive Officer of the Company. He was appointed to the Board on 28 February 2008 and was last re-elected on 28 October 2014 as his current position. He is responsible for the overall business direction and development as well as supervising the overall sales, marketing and branding activities of the Group. Mr Zhou has over 16 years of sales and marketing experience in food and beverage companies, which included a stint as the Henan branch manager in 安徽口子窖酒業集團 (Anhui Kouzijiao Spirit Group), a well-known baijiu producer and seller in the PRC. In June 2005, Mr Zhou joined the Group's former subsidiary, Henan Trump Dragon Siwu Wine Co., Ltd. ("Siwu Spirits"), as a Director and Deputy Managing Director and was responsible for its sales and marketing operations. In May 2007, Mr Zhou also became the Director of the Group's subsidiary, Henan Siwu Wine Sales Company Limited. Mr Zhou graduated from 鄭州大學 (Zhengzhou University) with a Bachelor's Degree in Finance in July 1992. In December 1998, Mr Zhou graduated from 中國社會科學院研究生院 (the Graduate School of the Chinese Academy of Social Science) with a Certificate in Economics.

HUO LEI (霍雷)

Mr Huo Lei was appointed as the Executive Director of the company on 1 September 2014 and was last re-elected on 28 October 2014. He is responsible for the overall general administration and personnel management of the Group. Mr Huo has been with the Group since he joined the Group's former subsidiary, Siwu Spirits, in September 2005. From March 2000 to September 2003, Mr Huo was a Manager in 河南省農業綜合開發廣泰科技有限公司 (Henan Province Agriculture Development Guangtai Technology Co., Ltd.). From September 2003 to September 2005, he was a manager in the corporate management department of 河南省新世家置業有限公司 (Henan Province Xinshijia Property Development Co., Ltd.). Mr Huo graduated from 鄭州工業大學 (Zhengzhou University of Technology) with a Diploma in Electric System Automation in July 2000. In June 2013, Mr Huo graduated from the North West Agriculture and Forestry University, Shaanxi Province, with a Masters in Business Administration.

TAN SIOK SING (CALVIN) (陳續臣)

Mr Tan Siok Sing (Calvin) was appointed as an Independent Director of the Company on 26 June 2008. He was re-designated as a Non-Executive and Non-Independent Director on 1 April 2011. He was subsequently appointed as an Independent Director on 30 October 2012 and the Lead Independent Director on 1 June 2015. Mr Tan is a member of the Audit Committee, Nominating and Remuneration Committees. He is currently the Managing Director of Ironman Minerals & Ores Pte Ltd, an energy resource and minerals trading company. Prior to his current appointment at Ironman Minerals & Ores, Mr Tan has more than 22 years of experience in the financial industry as the Executive Director in Millennium Securities Pte Ltd. He graduated from The University of Tennessee with a Masters in Business Administration in 1984. Mr Tan's present directorships in other listed companies include Changtian Plastic & Chemical Limited, Li Heng Chemical Fibre Technologies Limited, Qingmei Group Holdings Limited and EuroSports Global Limited.

HO TECK CHEONG (何德昌)

Mr Ho Teck Cheong was appointed as an Independent Director of the Company on 1 April 2011 and was last re-elected on 28 October 2014. Mr Ho is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Ho graduated from McGill University, Montreal, Canada in 1982. Mr Ho spent over 20 years in the banking industry where his last held position was with Santander Group as the Group Managing Director of its Asia Pacific region, responsible for Investment, Corporate and Private Banking. Mr Ho also sits on the board of Li Heng Chemical Fibre Technologies Ltd, a company listed on the SGX-ST.

CHIA SENG HEE, JACK (杰克謝)

Mr Chia Seng Hee, Jack was appointed as an Independent Director of the Company on 26 June 2008 and was last re-elected on 30 October 2012. He is the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. Currently, he runs his own investment advisory firm Jack Capital Solutions, which he set up in June 2005. Prior to that, he was Senior Director, International Enterprise Singapore (the former Trade Development Board), and was based in Shanghai from June 2002. Mr Chia was also with Singapore Technologies, Government of Singapore Investment Corporation as well as Arthur Andersen in marketing, asset management and consulting capacities, respectively. He graduated from the National University of Singapore with a degree in Accountancy in 1984 and from the International University of Japan with a Masters of Arts degree in International Relations in 1989. He is qualified as a Certified Public Accountant. He also completed the General Manager Program at Harvard Business School in 2001. Mr Chia's present directorships in other listed companies are China Hongcheng Holdings Limited, Combine Will International Holdings Limited, Debao Property Development Limited, mm2 Asia Ltd and Shanghai Turbo Enterprises Limited.

JIA GUOBIAO (賈國飈)

Mr Jia Guobiao was appointed as a Non-Executive and Non-Independent Director on 14 February 2014 and was last re-elected on 28 October 2014. He was the Chief Operating Officer of Synear Food Holdings Limited since June 2010. Mr Jia joined Synear Frozen as Marketing Manager in 1999 and was subsequently appointed as the Assistant to Chariman of Henan Synear in December 2001. In 2006, he was appointed as Vice President (Operations) of Synear Food Holdings Limited. Mr Jia graduated from 武漢大學 (Wuhan University) in 1990 with a degree in law and obtained a PhD in literature in 2004 from 中國人民大學 (Renmin University of China).

SENIOR MANAGEMENT

SHI DONGKAI (史東凱)

Mr Shi is the General Manager (Finance) of the Group. He is responsible for overseeing the daily finance and accounting operations of the Group. Mr Shi is currently the Securities Investment Manager of ZhengZhou Synear Food Products Company which involves in the development, production and sale of quick freeze food products since 2005. He was the Department Manager for Henan Synear Food Products Holdings Company from July 2001 to June 2005. Prior to that, he joined ZhengZhou Kangfuda Rental Company in March 1993 as well. Mr Shi graduated from 河南商業專科學校 (Henan Business College) in June 1990. In 2014, Mr Shi has successfully become the Chinese Institute of Certified Public Accountants and graduated from 西安交通大學 (Xi'an Jiaotong University) with a Masters in Business Administration.

HO HIN YIP (何衍業)

Mr Ho is the Financial Controller of the Group and Joint Company Secretary of the Company. He joined the Group in April 2012 and is responsible for the financial reporting and company secretarial matters of the Group. He also has over 18 years of experience in audit and accounting. He graduated from The Chinese University of Hong Kong with a Bachelor's Degree in Professional Accountancy. He is a practicing member of the Hong Kong Institute of Certified Public Accountants and a fellow associate member of the Association of Chartered Certified Accountants in the United Kingdom.

The Board of Directors (the “Board”) of Dukang Distillers Holdings Limited (the “Company”) is committed to setting and maintaining high standards of corporate governance within the Company and its subsidiaries (the “Group”) by adopting and complying, where possible, with the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) with the aim to preserve and enhance the interests of all stakeholders.

The Company recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the corporate governance framework and practices of the Company that were in place throughout the financial year under review, with reference to the Code. The Board confirms that the Company has, generally, adhered to the principles and guidelines of the Code where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Group or areas of non-compliance have been explained accordingly.

(A) Board Matters

Principle 1: The Board’s Conduct of its Affairs

The Board, in addition to its statutory responsibilities, is primarily and collectively responsible for overseeing and supervising the management of the business and corporate affairs to ensure proper conduct of the business, affairs and the overall performance of the Group and long-term success of the Company to protect and enhance long-term shareholders’ value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.

The functions of the Board include:

1. providing effective leadership, guiding and setting the strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;

2. advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial targets of the Company;

3. approving the Group’s annual budgets, key operational matters, investment and divestment proposals, major funding proposals, corporate or financial restructuring, material acquisitions and disposal of assets, interested person transactions of a material nature and convening of shareholders’ meetings;

4. reviewing the adequacy and effectiveness of the risk management systems and internal controls, including information technology controls, financial, operational and compliance controls, and to ensure that the areas of concern are addressed and recommendations of the Internal Auditors/Audit Committee (“AC”) are implemented and monitor the progress of implementation;

5. approving all Board appointments or re-appointments and appointments of key management personnel as well as evaluating their performance and reviewing their compensation packages;

6. overseeing the proper conduct of the Company’s business, setting the Group’s values and standards (including ethical standards) to ensure that obligations to shareholders and other stakeholders are understood and met and reviewing the corporate governance processes; and

7. reviewing the performance of the Group towards achieving adequate shareholders’ value including, but not limited to, the declaration of interim and final dividends (if applicable), approval of financial results of the Group and the audited financial statements, and timely announcements of material transactions.

8. identifying key stakeholder groups and recognize that their perceptions affect the Company's reputation

9. considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Certain functions have been delegated by the Board to various Board Committees, namely the AC, the Nominating Committee ("NC") and the Remuneration Committee ("RC"), which operate under clearly defined terms of reference. All Board Committees are chaired by an Independent Director and a majority of the members are independent Directors.

The Board accepts that while these Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board.

The Board and Board Committees meetings are scheduled in advance to coincide with the announcement of the Group's quarterly results. Additional Board meetings will be convened when they are deemed necessary to address any significant issues that may arise in between the scheduled meetings. The Company's Bye-laws and Board Committees Terms of Reference provide for Board and Board Committees meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The Board and Board Committees also circulate written resolutions, when necessary, for approval by the relevant members of the Board and Board Committees.

Directors may request further explanations, briefing or discussion from Management on any aspect of the Group's operations or business. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

The approval of the Board is required for any matters which are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business.

The number of meetings held by the Board and Board committees and their attendance in respect of the financial year ended 30 June 2015 ("FY2015") are disclosed in the table below:

Meeting of	**Board**	**AC**	**NC**	**RC**
Total meetings held for FY2015	4	4	1	1
Zhou Tao	4/4	–	–	–
Zhang Dingjun*	1/3	–	–	–
Jia Guobiao	4/4	–	–	–
Huo Lei	4/4	–	–	–
Tan Siok Sing (Calvin)	4/4	4/4	1/1	1/1
Chia Seng Hee, Jack	4/4	4/4	1/1	1/1
Ho Teck Cheong	4/4	4/4	1/1	1/1

Note:

* Mr Zhang Dingjun resigned as an Executive Director (Finance) of the Company with effect from 1 June 2015.

Principle 2: Board Composition and Balance

As at the date of this report, the Board comprises six members holding the following offices:

Name	AC	RC	NC
Zhou Tao (Executive Chairman and Chief Executive Officer)	–	–	–
Huo Lei (Executive Director)	–	–	–
Ho Teck Cheong (Independent Director)	C	M	M
Chia Seng Hee, Jack (Independent Director)	M	C	C
Tan Siok Sing (Calvin) (Lead Independent Director)+	M	M	M
Jia Guobiao (Non-Executive and Non-Independent Director)	–	–	–

Notes:
C – Chairman
M – Member
\+ Mr Tan Siok Sing (Calvin) was appointed as the Lead Independent Director of the Company with effect from 1 June 2015.

Presently, the Board comprises two Executive Directors and four Non-Executive Directors, three of whom are independent. The Code recommends that independent directors make up at least one-third of the Board and where the Chairman is, inter alia, part of the management team or not an independent director, the independent directors should make up at least half of the Board ("50% Independent Board"). The composition of the current Board is in compliance with the Code recommendation of 50% Independent Board.

The size and composition of the Board are reviewed by the NC annually to ensure that it is appropriate so as to facilitate effective decision-making. When reviewing the composition of the Board, the NC will also take into consideration that there is an appropriate mix of expertise and experience and the Board members collectively possess the relevant skills which the Group may tap on for assistance in furthering its business objectives.

The NC, with the concurrence of the Board, is of the opinion that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations, and the requirements of the business. As a group, the members of the Board bring with them an appropriate balance and diversity of skills, experience and knowledge of the Group. Their core competencies include accounting, finance, business, industry and management experience, strategic planning and familiarity with regulatory requirements. The diversity of the Directors' experience allows for the useful exchange of ideas and views.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Independent Directors met up periodically without the presence of the other Directors, or communicate via emails or telephone discussions on issues concerning the Company and will provide feedback to the Chairman, where necessary, after such meetings or communications.

The profiles of Board members is set out in the section entitled "Board of Directors" on pages 10 and 11 of the Annual Report.

Principle 3: Executive Chairman and Chief Executive Officer

Mr Zhou Tao is the Executive Chairman and Chief Executive Officer ("CEO") of the Company. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. He is also responsible for the Group's overall business strategies and policies, including, but not limited to, day-to-day running of the Group's operations.

As Chairman of the Board, Mr Zhou Tao is responsible for the effectiveness of the Board. He ensures that Board meetings are held when necessary, assists in ensuring compliance with the Group's corporate governance guidelines, acts as facilitator at Board meetings, and monitors the translation of Board decisions into executive actions. He also ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction and informal meetings with Management.

Although the roles and responsibilities of the Executive Chairman and the CEO are vested in Mr Zhou Tao, which is a deviation from the recommendation of the Code, the Board believes that vesting the roles of both Executive Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and thus allows for more effective planning and execution of long-term business strategies. As the Group's business and operations are based in the PRC, Mr Zhou's dual role as Executive Chairman and CEO will enable the Group to conduct its business more efficiently and ensure that the decision-making process of the Group would not be unnecessarily hindered.

All major decisions made by Mr Zhou Tao are reviewed by the Board. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision without any individual exercising any considerable concentration of power of influence. As such, there is a balance of power and authority and, therefore, no one individual can control or dominate the decision-making process of the Company. The Board is not considering separating the roles of the Executive Chairman and CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendations when necessary.

Taking cognisance that the Chairman and CEO are the same person, the Board has appointed Mr Tan Siok Sing (Calvin) as Lead Independent Director ("LID") on 1 June 2015. This is also in line with the recommendations of the Code. Mr Tan is available to shareholders and any other persons where they have concerns and for which contact through the normal channels of the Chairman and CEO or the Financial Controller has failed to resolve or is inappropriate. He will also facilitate periodic meetings with the other Independent Directors in board matters, when necessary and provides feedback to the Executive Chairman after such meetings.

His other specific roles as LID are as follows:

a) act as liaison between the Independent Directors and the Executive Chairman and CEO and lead the Independent Directors to provide non-executive perspectives in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board;

b) advise the Executive Chairman of the Board as to the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties; and

c) assist the Board and Company officers in better ensuring compliance with and implementation of corporate governance.

Principle 4: Board Membership

The NC comprises three members, all of whom are Independent Directors as set out below:

Chia Seng Hee, Jack	(Independent Director)	- NC Chairman
Tan Siok Sing (Calvin)	(Independent Director)	- NC Member
Ho Teck Cheong	(Independent Director)	- NC Member

The NC is responsible for the following under its terms of reference:

1. reviewing the Board structure, size and composition and making recommendations to the Board, where appropriate;

2. determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he is independent;

3. reviewing and recommending to the Board the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to each Director's competencies, commitment, contribution and performance;

4. reviewing and determining, on an annual basis, the independence of Directors bearing in mind the circumstances set forth in the Code and any other salient factors;

5. ensuring all Directors submit themselves for re-election at regular intervals;

6. reviewing and evaluating whether or not directors who have multiple board representations are able to and has been adequately carrying out their duties as Directors of the Company, having regard to the competing time commitments that they face when serving on multiple boards of listed companies and other principal commitments and to recommend to the Board guidelines to address competing time commitments faced by such Directors, if necessary;

7. evaluating the performance and effectiveness of the Board as a whole; and

8. reviewing succession plans for the Executive Directors, in particular, the Chairman and the CEO, and progressive renewal of the Board by considering each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour).

The NC had adopted a revised Terms of Reference in November 2013 to be in line with the Code.

The NC has adopted a process for selection and appointment of new Directors which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability. The curriculum vitae and other particulars/ documents of the nominee or candidate will be reviewed by the NC based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process, such qualities and attributes that may be required by the Board, before making its recommendation to the Board. The Board believes that contributions from each Director go beyond his/her attendance at Board and Board Committees' meetings.

Newly appointed Executive Directors will be provided with Service Agreements setting out their term of office and terms of appointment. The Service Agreement, subject to the RC's recommendations, can be renewed for another three years after the expiry of the first term. For Non-Executive Directors, formal letters of appointment setting out their terms of appointment will be issued to new appointees to the Board.

All Directors, including newly appointed Directors, will receive an orientation that includes briefings by Management on the Group's structure, history, business, operations, visions, values and policies. Directors also have the opportunity to visit the Group's operational facilities and to meet with Management so as to gain a better understanding of the Group's business operations. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training.

On an ongoing basis, the Board is updated on any amendments and requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time, or during Board meetings by the Company Secretary or at separate seminars on the amendments and requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company from time to time.

The NC has adopted the Code's definition of an independent director and guidelines as to relationships in determining the independence of a director. In addition the NC requires each Non-Executive Director to state whether he considers himself to be independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

For FY2015, the NC had reviewed the independence of the independent directors and determined, Mr Tan Siok Sing (Calvin), Mr Ho Teck Cheong and Mr Chia Seng Hee, Jack to be independent and free from any of the relationships outlined in the Code. The Directors had confirmed their own independence. The Board concurred with the NC's views.

Mr Jia Guobiao is considered a Non-Executive and Non-Independent Director as he is deemed to be directly associated with a 10% shareholder, Treasure Winner Holdings Limited.

Save as disclosed, none of the Directors on the Board are related and do not have any relationship with the Company or its related companies or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgements. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

In accordance with Bye-law 86(1) of the Company's Bye-laws, every Director is required to retire at least once every three years and, shall be eligible for re-election.

Accordingly, Mr Chia Seng Hee, Jack and Mr Tan Siok Sing (Calvin) will be retiring pursuant to Bye-law 86(1) of the Company's Bye-laws.

The NC, having considered the attendance and participation of Mr Chia Seng Hee, Jack and Mr Tan Siok Sing (Calvin) at the Board and Board Committees' meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, has recommended their nomination for re-election pursuant to the Company's Bye-laws at the forthcoming AGM of the Company.

The Board has accepted the NC's recommendation and Mr Chia Seng Hee, Jack and Mr Tan Siok Sing (Calvin), being eligible, will be offering themselves for re-election at the forthcoming AGM. Both Mr Mr Chia Seng Hee, Jack and Mr Tan Siok Sing (Calvin) have abstained from deliberation and voting in respect of their own re-election at the respective NC and Board meeitngs.

The NC had also reviewed the multiple-board seats held by the Non-Executive Directors in listed companies to determine if they had been adequately carrying out their duties as a Director of the Company. The NC, having considered the confirmations received by the Non-Executive Directors is of the view that such multiple board representations do not hinder each Non-Executive Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

To allow for flexibility, there will not be a fixed maximum number of listed company board representations which Directors may hold. The NC and the Board are of the view that the number of directorships a Director can hold and his principal commitments should not be prescriptive as the time commitment for each company will vary. The NC and the Board will review the number of listed company board representations of the Directors from time to time.

Currently, no alternate Directors have been appointed in respect of any of the Directors.

Principle 5: Board Performance

The Group has in place a system to assess the performance of the Board as a whole.

Currently, the Board does not assess the performance of each Director or at the Board Committee level. The Board is of the view that given the Board's size, cohesiveness of Board members and attendance of Directors at Board Committees' meetings, there is no value-add in having assessments of Board Committees and individual Board members. To-date, no external facilitator has been used.

The evaluation of the Board's performance is conducted annually. Each Director is required to complete a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability as well as matters concerning CEO/Key Management Personnel and standard of conduct of its Board members.

The Board has taken the view that the financial indicators recommended under the Code to be included as part of the performance criteria for Board evaluation are not be appropriate as these are more of a measurement of Management's performance and, therefore, less applicable to the whole Board.

The Board, with the recommendation of the NC, has adopted a new board evaluation performance form ("BPE") in August 2015, which has been updated to take into consideration the recommendations of the 2012 Code, foster proactive board development, raise the performance bar relative to corporate best practices and ensuring relevance in today's dynamic business environment.

The questionnaires in the BEP were expanded to include remuneration matters, risk management and internal controls and shareholders' rights and responsibilities, which cover communications with shareholders and conduct of shareholders' meetings. An evaluation of the Board's performance for FY2015 was conducted. The evaluation exercise provided feedback from each Director, his views of the Board, its structure, procedures, processes, behaviors and effectiveness of the Board as a whole. The results of the Board performance evaluation were collated and the findings were presented to the NC for discussion with comparatives from the previous year's results.

The NC is generally satisfied with the results of the Board performance for FY2015, which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

Principle 6: Access to Information

Board members are provided with adequate and timely information on Board affairs and issues that require the Board's decision. To assist the Directors in discharging their duties, Management provides reports and financial statements to the Board on a regular basis. Board and Board committees' papers are sent to Directors at least three working days before each meeting so that the Directors may better understand the matters prior to the meetings and discussions may be focused on questions that the Directors may have on these matters.

Financial highlights of the Group's performance and development are presented on a quarterly basis at Board meetings. The Group's CEO, Senior Management, and the Financial Controller are present at these presentations to address any queries which the Board may have. Directors are entitled to request from Management and be provided with additional information as required in order for them to make informed decisions.

All Directors have independent access to the Group's Senior Management and the Company Secretaries. All Directors are provided with complete and adequate information prior to Board meetings and on an on-going basis. The Company Secretaries provides secretarial support to the Board, ensure adherence to Board procedures and relevant rules and regulations which are applicable to the Company. At least one of the Company Secretaries attends all Board and Board Committees meetings.

The appointment and the removal of the Company Secretaries is a matter reserved for the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, either as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

(B) Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three members, all of whom are Independent Directors as set out below:

Chia Seng Hee, Jack	(Independent Director)	- RC Chairman
Tan Siok Sing (Calvin)	(Independent Director)	- RC Member
Ho Teck Cheong	(Independent Director)	- RC Member

The RC is responsible for the following under its written terms of reference:

1. reviewing and recommending to the Board a general framework of remuneration for the Directors of the Company and Key Management Personnel of the Group;

2. considering what compensation commitments in the Directors' service agreements, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;

3. recommending to the Board any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith;

4. recommending the appropriate remuneration of the Non-Executive Directors to the level of their contribution, taking into account factors such as their effort, time spent and their responsibilities and that they should not be overly compensated;

5. administering the Dukang Employee Share Option Scheme ("the Scheme"), and shall have all the powers set out in the Scheme; and

6. carrying out other duties as may be agreed by the RC and the Board.

The RC had adopted a revised Terms of Reference In November 2013 to be in line with the Code.

The scope of the RC's review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors are aligned with that of the shareholders. The recommendation of the RC for the Directors' remuneration would be submitted to the Board for endorsement. No Director or member of the RC is involved in deciding his own remuneration.

If required, the RC will seek expert advice inside and/or outside of the Company on remuneration of all Directors and Key Management Personnel. The Company did not engage any remuneration consultant for FY2015.

Principle 8: Level and Mix of Remuneration

In reviewing and determining the remuneration packages of the Executive Directors and Key Management Personnel, the RC takes into consideration the prevailing economic situation, skills, expertise and contribution to the individual and Company's performance, the pay and employment conditions within the industry and in comparable companies. The remuneration packages are set such that the Directors are adequately but not excessively remunerated.

The Executive Chairman and CEO, Mr Zhou Tao had entered into a Service Agreement with the Company for an initial term of 3 years commencing 5 September 2008 which was subject to review and renewal upon expiry unless terminated by either party giving not less than three months' notice to the other. His Service Agreement had been subsequently renewed on 4 September 2011 for a period of 3 years with no changes in the terms and conditions, save for his remuneration when he was re-designated as Executive Chairman cum CEO on 28 March 2013 in place of Mr Gao Feng who had stepped down as Executive Chairman. Mr Zhou's Service Agreement has been extended for another 3 years commencing from 4 September 2014.

Mr Huo Lei, an Executive Director of the Company had entered into a Service Agreement with the Company for an initial term of 3 years commencing 1 September 2014 which will be subject to review and renewal upon expiry on 30 August 2017 unless terminated by either party giving not less than three months' notice to the other.

The Non-Executive Directors are paid Directors' fees which takes into account their contribution and responsibilities on the Board and Board Committees as well as attendance at meetings. These fees are subject to shareholders' approval at every AGM.

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company. The RC had recommended to the Board an amount of S$270,000 as Directors' fees for the year ending 30 June 2016 ("FY2016"), payable half-yearly in arrears. This recommendation had been endorsed by the Board.

The RC had also carried out an annual review of the Chairman and Key Management Personnel's remuneration packages to ensure that their remuneration commensurate with their performance, giving due regard to the financial health and business needs of the Group. For FY2015, the RC reviewed the remuneration packages of Key Management Personnel's and had recommended the same for Board approval. The Board concurred with the RC's recommendations accordingly.

No Director is involved in deciding his or her own remuneration.

Principle 9: Disclosure on Remuneration

The annual remuneration band of each individual Director and Key Management Personnel for FY2015 are set out below:

Name	Fees %	Salaries %	Variable/ Performance-related income/ bonus %	Benefits in kind %	Other long-term incentives %	Total %
Below S$250,000						
Executive Directors:						
Zhou Tao	–	–	–	–	–	100
Zhang Dingjun[1]	–	–	–	–	–	100
Huo Lei	–	–	–	–	–	100
Non-Executive Directors:						
Tan Siok Sing (Calvin)	100	–	–	–	–	100
Chia Seng Hee, Jack	100	–	–	–	–	100
Ho Teck Cheong	100	–	–	–	–	100
Jia Guobiao	100	–	–	–	–	100
Key Management Personnel:						
Ho Hin Yip	–	100	–	–	–	100
Wan Baojian[2]	–	100	–	–	–	100
Shi Dong Kai[3]	–	100	–	–	–	100

Notes:

1 Mr Zhang Dingjun resigned as an Executive Director (Finance) of the Company with effect from 1 June 2015.
2 Mr Wan Baojian retired on 17 November 2014.
3 Mr Shi Dong was appointed as General Manager (Finance) of the Company with effect from 1 June 2015.

Notwithstanding Guideline 9.1 of the Code, as there were only 2 Key Management Personnel during FY2015. In view thereof, disclosure is only made in respect of the remuneration of these 3 Key Management Personnel of the Group.

For confidentiality reasons, the Company is not disclosing the remuneration of each individual Director to the nearest thousand dollars. However, disclosure had been provided in bands of S$250,000 instead, with a breakdown in percentage of the remuneration earned through fees, salary, fixed component, variable component, benefits in kind, and/or other long term incentives.

For confidentiality reasons and given the competitive hiring pressures and disadvantages that this might bring, the Company is not disclosing the aggregate total remuneration and each individual Key Management Personnel's remuneration. However, disclosure had been provided in bands of S$250,000, with a breakdown in percentage of the remuneration earned through salary, fixed component, variable component, benefits in kind, and/or other long term incentives.

The remuneration packages of the Executive Directors and the Key Management Personnel of the Company and its subsidiaries comprise base salaries. The Company has an employee share option scheme in place known as the Dukang Employee Share Option Scheme (formerly known as Trump Dragon Employee Share Option Scheme). However, no option of shares has been granted since its inception.

There were no employees of the Group who are immediate family members of a Director or the CEO for FY2015.

(C) Accountability and Audit

Principle 10: Accountability

The Board aims to provide a balanced and understandable assessment of the Group's financial performance to shareholders. Financial results are released on a quarterly basis to the shareholders within the timeline stipulated in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual"). All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and approved by the Board before being released through SGXNET.

In line with the SGX-ST Listing Manual, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to their attention which would render the Company's quarterly results to be false or misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

Management provides the Board with information on the Group's performance, position and prospects on quarterly basis to ensure that they effectively discharge their duties. This is supplemented by updates on matters affecting the financial performance and business of the Group, if such event occurs.

Principle 12: Audit Committee

The AC comprises three members, all of whom are Independent Directors as set out below:

Ho Teck Cheong	(Independent Director)	- AC Chairman
Tan Siok Sing (Calvin)	(Independent Director)	- AC Member
Chia Seng Hee, Jack	(Independent Director)	- AC Member

The AC meets at least four times a year and, as and when deemed appropriate, to carry out its function.

The AC has the authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and also full discretion to invite any Director or Executive Officer to attend its meetings and give adequate resources to enable it to discharge its functions properly.

The Board is of the view that the AC members are appropriately qualified and have the necessary recent and relevant accounting or related financial management expertise as the Board interprets such qualification in its business judgement, to discharge their duties and responsibilities. The AC members are not former partners or directors of or have any financial interest in the Company's existing audit firm or corporation.

The AC is responsible for the following under its terms of reference:

1. reviewing with the internal and external auditors their audit plans, evaluating the systems of internal controls, audit reports, their letters to Management and Management's response respectively;

2. reviewing the internal controls and procedures to ensure co-ordination between internal and external auditors, co-operation from Management and assistance given to facilitate their respective audits and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

3. the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management systems;

4. reviewing the quarterly and full year financial results of the Group before submission to the Board for approval so as to ensure the integrity of the Company's financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and other relevant statutory or regulatory requirements;

5. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have material impact on the Group's operating results or financial position, and Management's response;

6. reviewing annually the scope and results of the audit and its cost effectiveness, independence, objectivity and performance of the internal and external auditors;

7. reviewing arrangements by which staff of the Group and any other persons may in confidence, raise concerns about possible improprieties in financial reporting or, other matters;

8. nominating and reviewing the appointment or re-appointment of the internal and external auditors and matters relating to the resignation on dismissal of the auditors, if any;

9. reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX- ST Listing Manual;

10. reviewing potential conflicts of interest, if any;

11. undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising which require the attention of the AC; and

12. generally undertaking such other functions and duties as may be required by the statutes or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

The AC meets with the Group's internal and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained.

The AC had adopted a revised Terms of Reference In November 2013 to be in line with the Code.

In performing its functions for FY2015, the AC has:

(i) held four meetings with Management.

(ii) reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits.

(iii) met up with the Group's internal and external auditors during the year under review without the presence of Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full cooperation and assistance from Management and no restrictions were placed on the scope of audits.

(iv) reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated cash flows and auditors' reports.

(v) conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to RMB1,400,000 were approved:

Audit fees	RMB1,356,000
Non-Audit fees	RMB44,000

The external auditors had also confirmed their independence in this respect.

(vi) recommended the re-appointment of Messrs BDO Limited, Certified Public Accountants, Hong Kong ("BDO-HK") and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore ("BDO-SG") to act jointly and severally as the Company's Auditors.

BDO-HK is a member of BDO International Limited in Hong Kong and BDO-SG, which is registered with the Accounting and Corporate Regulatory Authority, is a member firm of BDO International Limited in Singapore.

The Board, with the concurrence of the AC, is of the view that the re-appointment of BDO-HK and BDO-SG to act jointly and severally as the Auditors has enabled the Company to comply with and meet the objective and spirit of Rule 712 of the Listing Manual of SGX-ST.

(vii) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit its accounts, foreign-incorporated subsidiaries and associated companies. The Group's subsidiaries and associated companies are disclosed under Notes 12 and 13 of the Notes to the Financial Statements on pages 59 to 62 of this Annual Report respectively.

The External Auditors and/or the Group Financial Controller will keep the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on the financial statements through updates and/or reports from time to time, where applicable or relevant. In addition, the AC is entitled to seek clarification from Management, the External Auditors or seek independent professional advice, or attend relevant seminars at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

The Group has put in place a whistle-blowing programme ("Whistle-Blowing Policy") which provides well-defined and accessible channels in the Group through which employees may raise concern about fraudulent activities, malpractices or improper conduct within the Group, in a responsible and effective manner. An updated Whistle-Blowing Policy to extend the policy to "any other persons" in addition to all employees of the Group, in line with the Code, has been adopted in August 2013. There were no whistle blowing reports received for FY2015.

Principles 11: Risk Management and Internal Controls
Principles 13: Internal Audit

The Board acknowledges that it is responsible for the overall internal control framework and the maintenance of a sound system of internal controls and an effective risk management system to safeguard shareholders' interests and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organization and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The effectiveness of the internal control system and procedures at present are monitored by Management. The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Directors. The Group's financial risk management is disclosed under Note 29 of the Notes to the Financial Statements on pages 71 to 75 of the Annual Report.

The Group's internal audit department ("internal auditors") carried out the internal audit functions. The internal auditors report directly to the AC Chairman. The role of the internal auditors is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures. The AC will assess the adequacy of the internal audit function on an annual basis. For FY2015, the AC is satisfied that the resources and experience of the internal auditors, headed by Mr Chen Wei and his team assigned to the internal audit of the Group are adequate to meet their obligations.

The AC, with the assistance of the internal and external auditors, reviews on an annual basis the adequacy of the Company's internal controls addressing financial, operational, compliance and informational technology risks, and risk management policies established by Management.

The internal and external auditors have, during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope of their audit. Any material non-compliance or weaknesses in internal controls noted during the respective audits and their recommendations are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect and ensures that there are adequate internal controls in the Group and recommendations are implemented.

In line with the Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("Management Assurance Statement") confirming that the financial records of the Company have been properly maintained, the Company's financial statements give a true and fair view of the Company's operations and finances and an effective risk management and internal control systems have been put in place. The Management Assurance Statement would be signed by the Executive Chairman and CEO and the Executive Director and tabled at each quarterly and full year meeting. Going forward, with the appointment of the General Manager (Finance) who has joined the Company with effect from 1 June 2015, the Management Assurance Statement would be signed by the Executive Chairman and CEO and the General Manager (Finance). Consequent to the above, the Board noted that the AC had received the duly signed Management Assurance Statement for FY2015.

The Board recognises that no internal control system will preclude all errors and irregularities as a system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure to achieve the Group's objectives. The review of the Group's internal control system is a concerted and continuing process.

As recommended by the SGX-ST, an opinion of the Board with the concurrence of the AC on the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems is set out in the Directors' Report under pages 31 of the Annual Report.

(D) Communication with Shareholders

Principles 14: Communication with Shareholders
Principles 15: Greater Shareholder Participation

The Group continues to keep all stakeholders informed of its corporate activities on a timely and consistent basis. In line with continuous disclosure obligations, the Company is mindful of the need for regular and proactive communication with its shareholders. Communication with shareholders is done via announcements and/or press releases on a timely basis through:

(i) major developments of the Group;

(ii) financial statements containing a summary of the financial information and affairs of the Group for the quarterly and full year via SGXNET;

(iii) annual reports and circulars that are sent to all shareholders; and

(iv) notices of and explanatory notes for general meetings.

Shareholders are invited and encouraged to attend general meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend these meetings, he is allowed to appoint up to 2 proxies to vote on his behalf at the meetings. The duly completed and original proxy form is required to be submitted not less than 48 hours before the general meeting and deposited at the Company Share Transfer Agent's office.

The notices of the general meetings are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper.

At general meetings, each distinct issue is proposed as a separate resolution.

The Company welcomes shareholders to voice their views and seek clarification on issues relating to the Group's business as outlined in the agenda of the AGM notice and encourages shareholders' participation at AGMs.

The Chairmen of the AC, NC and RC or their representatives will be available at the forthcoming AGM to attend to queries raised by the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

The Board noted that the SGX-ST had introduced new listing rules to promote greater transparency in general meetings and support listed companies in enhancing their shareholders' engagement. The Company would be required to conduct its voting at general meetings by poll effect from 1 August 2015 where shareholders are accorded rights proportionate to the shareholding and all votes are counted. The Board believes that the new rule will enhance transparency of the voting process and encourage greater shareholder participation. The voting at the forthcoming annual general meeting will be conducted by poll to comply with the new listing rules.

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

Due to the slowdown of the economic growth in the People's Republic of China ("PRC"), the on-going anti-corruption campaign and the PRC government's clampdown on luxury gifting, lavish banquets and receptions, the demand for premium baijiu had decreased tremendously. As a result, many baijiu manufacturers change their target customers from the premium market to the grass-roots market. Lower demand for baijiu coupled with a product shift had caused a decrease in average selling prices across the industry, resulting in lower profit margins. In view thereof, no dividend will be declared for FY2015 as the Group has to be prudent with its cash flow requirements for its business operations and future developments.

Dealings in Securities

The Group had adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees regarding dealings in the Company's securities and implications of Insider Trading (the "Securities Code") in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

In line with the Group's internal compliance code, Directors, key officers and employees of the Group are prohibited from dealing in securities of the Company during the periods commencing two weeks before the release of the quarterly results and at least one month before the release of full year results and ending one day after the date of announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. The Company confirms that it had adhered to its Securities Code for FY2015 .

Directors and key officers are also encouraged not to deal in the Company's securities on short-term considerations.

Interested Person Transactions

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC at its quarterly meetings to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The AC with the concurrence of the Board confirmed that there were no IPTs for FY2015 pursuant to the disclosure under Rule 920 of the SGX-ST Listing Manual as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000)
Nil	Nil	Nil

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

Material Contracts

Since the end of the previous financial year, the Group did not enter into any material contracts involving the interests of the CEO, Directors, Controlling Shareholders and no such material contracts subsist at the end of the financial year, save for the Service Agreements entered into by the Executive Directors with the Company.

Use of Proceeds

Taiwan Depository Receipts

The Company has fully utilized the proceeds as at 31 December 2014.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of Dukang Distillers Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the financial year ended 30 June 2015 ("FY2015").

Directors
The Directors of the Company in office at the date of this report are:

Executive Directors:
Zhou Tao *(Executive Chairman and Chief Executive Officer)*
Huo Lei

Independent Directors:
Tan Siok Sing (Calvin) *(re-designated as Lead Independent Director on 1 June 2015)*
Chia Seng Hee, Jack
Ho Teck Cheong

Non-Executive and Non-Independent Director:
Jia Guobiao

In accordance with Bye-laws 86(1) of the Company's Bye-laws, the following Directors will retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting ("AGM"):

Mr Chia Seng Hee, Jack
Mr Tan Siok Sing (Calvin)

Share Option Scheme
The Company implemented the Dukang Employee Share Option Scheme, formerly known as Trump Dragon Employer Share Option Scheme, (the "Scheme") on 10 July 2008. The Scheme is administrated by the Remuneration Committee of the Company.

No option to take up the unissued shares of the Company was granted during the financial year. As at the date of this report, no option to take up unissued shares of the Company was granted under the Scheme.

There were no shares Issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company during the financial year. There were no unissued shares of the Company under option at the end of the financial year.

Arrangements to enable Directors to acquire Shares or Debentures
During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interests in Shares or Debentures
According to the Register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company.

Directors' Service Contracts
Mr Zhou Tao had entered into a Service Agreement as Deputy Chairman and Chief Executive Officer ("CEO") with the Company for an initial term of 3 years commencing from 5 September 2008 which was subject to review and renewal upon expiry or unless terminated by either party giving not less than three months' notice to the other. His Service Agreement had been subsequently renewed on 4 September 2011 for a period of 3 years commencing from 4 September 2011 to 3 September 2014 with no changes in the terms and conditions, save for his remuneration when he was re-designated Executive Chairman cum CEO on 28 March 2013 in place of Mr Gao Feng who had resigned as Executive Chairman. Mr Zhou's Service Agreement has been extended for another 3 years commencing from 4 September 2014.

Mr Huo Lei, an Executive Director of the Company, had entered into a Service Agreement with the Company for an initial term of 3 years commencing from 1 September 2014 which is subject to review and renewal upon expiry on 31 August 2017 or unless terminated by either party giving not less than three months' notice to the other.

Directors' Contractual Benefits

Except for the Service Agreements detailed above and transactions disclosed in note 28 to the financial statements, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest since the end of the previous financial year.

Audit Committee, Nominating Committee and Remuneration Committee

Details of the Company's Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") are set out in the Corporate Governance Report on pages 13 to 29 of this Annual Report.

Compliance with Rule 1207(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual").

The AC has reviewed the overall scope of both internal and external audits and the representations given by Management to the internal and external auditors. The AC has also met with the Company's internal and external auditors for FY2015 to discuss the results of their respective findings within their scope of work, evaluation of the Company's system of internal controls, where applicable and separately without the presence of Management. Details on the duties and functions carried out by the AC, adequacy of the internal controls and internal audit during the financial year under review are set out in pages 23 to 27 of the Corporate Governance Report.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance and information technology risks, and risk management systems, were adequate as at 30 June 2015.

Auditors

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants, Singapore ("BDO LLP") to act jointly and severally as the auditors of the Company at the forthcoming AGM.

BDO Limited and BDO LLP have expressed their willingness to accept the re-appointment to act jointly and severally as auditors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

Zhou Tao Director	Huo Lei Director

30 September 2015

STATEMENT BY DIRECTORS

We, Zhou Tao and Huo Lei, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors:

(i) the accompanying consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity of the Group, and the statement of financial position and statement of changes in equity of the Company together with the notes thereto, set out on pages 35 to 76, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015 and the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 30 September 2015.

ON BEHALF OF THE BOARD OF DIRECTORS

Zhou Tao Director	Huo Lei Director

30 September 2015

To the shareholders of Dukang Distillers Holdings Limited
(incorporated in Bermuda with limited liability)

We have audited the financial statements of Dukang Distillers Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 76, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT JOINT AUDITORS' REPORT

Opinion

In our opinion, the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road
#05–01
Singapore 058267

30 September 2015

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

30 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	5	**863,413**	1,450,854
Cost of sales		**(650,047)**	(927,549)
Gross profit		**213,366**	523,305
Other income	6	**5,833**	4,759
Selling and distribution expenses		**(160,038)**	(342,893)
Administrative expenses		**(92,886)**	(96,144)
Impairment loss on interest in an associate	13	**(36,957)**	–
Impairment loss on property, plant and equipment	14	**(471,729)**	–
Impairment loss on intangible assets	16	**(38,720)**	–
Operating (loss)/profit	7	**(581,131)**	89,027
Finance costs	8	**(11,361)**	(10,463)
Share of profit of an associate		**4,238**	6,266
(Loss)/profit before income tax		**(588,254)**	84,830
Income tax credit/(expense)	10	**26,868**	(40,747)
(Loss)/profit for the year, attributable to owners of the Company		**(561,386)**	44,083
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(21)**	(341)
Total comprehensive income for the year, attributable to owners of the Company		**(561,407)**	43,742
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the year	11		
- Basic (RMB cents)		**(70.32)**	5.52
- Diluted (RMB cents)		**N/A**	N/A

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2015

	Notes	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries	12	**–**	–	**279,108**	279,108
Interest in an associate	13	**119,070**	151,789	**–**	–
Property, plant and equipment	14	**385,601**	911,746	**–**	–
Prepaid land lease payments	15	**118,777**	117,710	**–**	–
Intangible assets	16	**1,280**	40,000	**–**	–
Deposits	17	**6,537**	8,801	**–**	–
		631,265	1,230,046	**279,108**	279,108
Current assets					
Inventories	18	**663,700**	689,607	**–**	–
Trade receivables	19	**–**	1,838	**–**	–
Amounts due from subsidiaries	12	**–**	–	**515,526**	521,243
Prepayments, deposits and other receivables	17	**87,870**	220,793	**–**	–
Cash and cash equivalents	20	**403,009**	391,751	**22**	22
		1,154,579	1,303,989	**515,548**	521,265
Non-current assets held for sale	21	**52,592**	–	**–**	–
		1,207,171	1,303,989	**515,548**	521,265
Current liabilities					
Trade payables		**79,767**	132,831	**–**	–
Amount due to an associate	13	**20,097**	11,841	**–**	–
Accrued liabilities and other payables	22	**149,208**	130,890	**3,450**	3,190
Bank and other loans, secured	23	**119,750**	186,000	**–**	–
Provision for income tax		**4,914**	2,176	**–**	–
		373,736	463,738	**3,450**	3,190
Net current assets		**833,435**	840,251	**512,098**	518,075
Total assets less current liabilities		**1,464,700**	2,070,297	**791,206**	797,183
Non-current liabilities					
Bank and other loans, secured	23	**15,000**	15,000	**–**	–
Deferred tax liabilities	24	**12,446**	56,636	**–**	–
		27,446	71,636	**–**	–
Net assets		**1,437,254**	1,998,661	**791,206**	797,183
EQUITY					
Equity attributable to owners of the Company					
Share capital	25	**279,499**	279,499	**279,499**	279,499
Reserves	26	**1,157,755**	1,719,162	**511,707**	517,684
Total equity		**1,437,254**	1,998,661	**791,206**	797,183

Zhou Tao
Director

Huo Lei
Director

GROUP

	Share capital RMB'000	Share premium* (Note 26) RMB'000	Merger reserve* (Note 26) RMB'000	Statutory reserves* (Note 26) RMB'000	Translation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
Balance as at 1 July 2013	279,499	656,811	(150,101)	107,267	4,196	1,057,247	1,954,919
Profit for the year	–	–	–	–	–	44,083	44,083
Other comprehensive income							
- Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(341)	–	(341)
Total comprehensive income for the year	–	–	–	–	(341)	44,083	43,742
Transfer to statutory reserves	–	–	–	39,915	–	(39,915)	–
Balance as at 30 June 2014 and 1 July 2014	279,499	656,811	(150,101)	147,182	3,855	1,061,415	1,998,661
Loss for the year	–	–	–	–	–	(561,386)	(561,386)
Other comprehensive income							
- Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(21)	–	(21)
Total comprehensive income for the year	–	–	–	–	(21)	(561,386)	(561,407)
Transfer to statutory reserves	–	–	–	5,591	–	(5,591)	–
Balance as at 30 June 2015	**279,499**	**656,811**	**(150,101)**	**152,773**	**3,834**	**494,438**	**1,437,254**

* These reserve accounts comprise the consolidated reserves of approximately RMB1,157,755,000 (2014: RMB1,719,162,000) in the consolidated statement of financial position.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2015

COMPANY

	Share capital RMB'000	Share premium** (Note 26) RMB'000	Contributed surplus** (Note 26) RMB'000	Translation reserve** RMB'000	Accumulated losses** RMB'000	Total equity RMB'000
Balance as at 1 July 2013	279,499	656,811	120,523	(65,325)	(195,087)	796,421
Loss for the year	–	–	–	–	(5,674)	(5,674)
Other comprehensive income						
- Exchange differences on translation of financial statements	–	–	–	6,436	–	6,436
Total comprehensive income for the year	–	–	–	6,436	(5,674)	762
Balance as at 30 June 2014 and 1 July 2014	279,499	656,811	120,523	(58,889)	(200,761)	797,183
Loss for the year	–	–	–	–	(5,962)	(5,962)
Other comprehensive income						
- Exchange differences on translation of financial statements	–	–	–	(15)	–	(15)
Total comprehensive income for the year	–	–	–	(15)	(5,962)	(5,977)
Balance as at 30 June 2015	**279,499**	**656,811**	**120,523**	**(58,904)**	**(206,723)**	**791,206**

** These reserve accounts comprise the Company's reserves of approximately RMB511,707,000 (2014: RMB517,684,000) in the Company's statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Notes	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(588,254)**	84,830
Adjustments for:			
Bank interest income	6	**(1,323)**	(2,363)
Interest expenses	8	**11,361**	10,463
Depreciation	7	**48,893**	32,610
Amortisation of prepaid land lease payments	7	**2,784**	2,978
Loss on disposal of property, plant and equipment	7	**2,783**	–
Write-off of property, plant and equipment	7	**10,736**	5,520
Impairment loss on interest in an associate	13	**36,957**	–
Impairment loss on property, plant and equipment	14	**471,729**	–
Impairment loss on intangible assets	16	**38,720**	–
Share of profit of an associate		**(4,238)**	(6,266)
Operating profit before working capital changes		**30,148**	127,772
Decrease/(increase) in inventories		**25,907**	(346,596)
Decrease in trade receivables		**1,838**	31,644
Decrease/(increase) in prepayments, deposits and other receivables		**132,923**	(3,635)
Decrease in trade payables		**(53,064)**	(52,820)
Increase/(decrease) in accrued liabilities and other payables		**18,318**	(3,148)
Increase/(decrease) in amount due to an associate		**8,256**	(1,810)
Cash generated from/(used in) operations		**164,326**	(248,593)
Income taxes paid		**(14,584)**	(71,363)
Net cash generated from/(used in) operating activities		**149,742**	(319,956)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(24,396)**	(152,034)
Additions to prepaid land lease payments		**(29,347)**	–
Proceeds from disposals of property, plant and equipment		**1,039**	–
Deposits paid		**(9,471)**	(8,801)
Dividend received from an associate		**–**	6,392
Interest received		**1,323**	2,363
Net cash used in investing activities		**(60,852)**	(152,080)
Cash flows from financing activities			
Proceeds from bank and other loans		**143,750**	201,000
Repayments of bank loans		**(210,000)**	(84,000)
Interest paid		**(11,361)**	(10,463)
Net cash (used in)/generated from financing activities		**(77,611)**	106,537
Net increase/(decrease) in cash and cash equivalents		**11,279**	(365,499)
Cash and cash equivalents at beginning of year		**391,751**	757,591
Effect of foreign exchange rate changes		**(21)**	(341)
Cash and cash equivalents at end of year		**403,009**	391,751

1. GENERAL CORPORATE INFORMATION

Dukang Distillers Holdings Limited (the "Company") was incorporated in Bermuda on 12 February 2008 under the Bermuda Companies Act as an exempted company with limited liability. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business of the Company is located at 19/F, SUHE International Centre, East 62, Nongye Road, Jinshui District, Zhengzhou City, Henan Province, the People's Republic of China (the "PRC").

The Company's shares were listed on the mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 5 September 2008. In addition, 130,000,000 units of Taiwan Depositary Receipts, representing 130,000,000 shares of the Company, were issued and listed on the Taiwan Stock Exchange Corporation on 9 March 2011.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in Note 12 to the financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter.

The financial statements on pages 35 to 76 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST.

The financial statements for the year ended 30 June 2015 were approved for issue by the board of directors on 30 September 2015.

2. ADOPTION OF NEW OR AMENDED IFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new IFRSs") issued by the IASB and the IFRIC of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2014:

IFRSs (Amendments)	Annual Improvements to IFRSs 2010 - 2012 Cycle
IFRSs (Amendments)	Annual Improvements to IFRSs 2011 - 2013 Cycle
Amendments to IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
IFRIC - Interpretation 21	Levies

The adoption of these new IFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

New or amended IFRSs that have been issued but are not yet effective

The following new or amended IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

IFRSs (Amendments)	Annual Improvements to IFRSs 2012 - 2014 Cycle[1]
Amendments to IAS 1	Disclosure Initative[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 9 (2014)	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

Amendments to IAS 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

New or amended IFRSs that have been issued but are not yet effective (Continued)

IFRS 9 (2014) - Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group will apply the above new standards and amendments to standards when they become effective. The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all years presented.

The financial statements have been prepared in accordance with IFRSs and under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

3.2 Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represents a present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test as detailed in Note 3.8.

3.5 Property, plant and equipment

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (Continued)

Depreciation is provided to write off the cost of property, plant and equipment, less any estimated residual values, using the straight-line method, over the following estimated useful lives:

Leasehold buildings	20 - 50 years
Plant and machinery	2 - 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	3 - 5 years

CIP, which represents buildings under construction and plant and machinery pending installation, is stated at cost less accumulated impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Prepaid land lease payments

Prepaid land lease payments represent up-front payments to acquire long term interests in the usage of land held under an operating lease in the PRC. They are stated at cost less accumulated amortisation and impairment losses, if any. The up-front payments are amortised over the lease period on a straight-line basis except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets.

The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in Note 3.22.

3.7 Intangible assets

Acquired intangible assets are recognised initially at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful life, are tested for impairment as described below in Note 3.8.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Impairment of non-financial assets

Prepaid land lease payments, property, plant and equipment, intangible assets, interest in an associate, non-current deposits and the Company's interests in subsidiaries are subject to impairment testing.

Intangible assets with indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

3.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.10 Financial assets

The Group's and the Company's financial assets include trade receivables, deposits and other receivables, amounts due from subsidiaries and cash and cash equivalents. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial assets (Continued)

The Group's and the Company's financial assets are classified into the category of loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Derecognition of financial assets occurs when the contractual right to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group and the Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but are not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial liabilities

The Group's and the Company's financial liabilities include bank and other loans, trade payables, accrued liabilities and other payables and amount due to an associate.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Borrowings include bank and other loans and are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other financial liabilities

These include trade payables, accrued liabilities and other payables and amount due to an associate and are recognised initially at their fair values and subsequently measured at amortised costs, using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Non-current assets held for sale

Non-current assets are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets are not depreciated or amortised.

3.13 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, on the following bases:

(i) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. This is usually taken as the time when the goods are delivered and the buyer has accepted the goods; and

(ii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

3.15 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries and associate, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Accounting for income tax (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.16 Employee benefits

Retirement benefits

Pursuant to the relevant regulations of the government in the PRC, the subsidiaries operating in the PRC have participated in central pension schemes (the "Schemes") operated by local municipal governments, whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of their employees to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred. There are no provisions under the Schemes whereby forfeited contributions may be used to reduce future contributions.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.17 Foreign currency translation

The functional currency of the Company is Hong Kong dollars ("HK$"). The financial statements are presented in Renminbi ("RMB"), which is the functional currency of the principal subsidiaries of the Group whose operations are principally conducted in the PRC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Foreign currency translation (Continued)

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity. When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3.18 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.19 Cash and cash equivalents

Cash and cash equivalents include cash at banks (including financial institution) and in hand and short-term bank deposits with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3.22 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Leases (Continued)

Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

3.23 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

No separate analysis of segment information by business or geographical segments is presented as the Group's major business comprises manufacture and sales of baijiu products in the PRC. The Group's revenue, assets and capital expenditure are principally attributable to a single geographical region, which is the PRC.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation

The Group depreciates its property, plant and equipment in accordance with the accounting policy stated in Note 3.5. The estimated useful lives reflect the management's estimate of the periods that the Group intends to derive future economic benefits from the use of these assets. The carrying amount of the Group's property, plant and equipment as at the end of the financial year is disclosed in Note 14 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(ii) Net realisable value of inventories

These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at each reporting date. The carrying amount of the Group's inventories is disclosed in Note 18 to the financial statements.

(iii) Impairment and write off of receivables

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of the Group's debtors and the current market condition. When the Group's management determines that there are indicators of significant financial difficulties of the debtors such as default or delinquency in payments, allowance for impairment are estimated. The Group's management reassesses the impairment of receivables at each reporting date. Bad debts are written off as incurred. Where the actual outcome or expectation in the future is different from the original estimates, such differences will affect the carrying value of receivables and thus the impairment loss in the period in which such estimate is changed. The carrying amounts of the Group's trade and other receivables as at 30 June 2015 were RMB78,559,000 (2014: RMB15,387,000).

(iv) Provision for taxes

The Group is mainly subject to various taxes in the PRC including enterprise income tax ("EIT"), consumption tax, value-added tax ("VAT") and other surtaxes. Significant judgement is required in determining the amount of the provision for taxes, the timing of payment of related taxes and the interpretation of tax regulations. The Group carefully evaluates the tax implications of every material transaction and recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made. The carrying amounts of the Group's provision for income tax, other taxes recoverable and other taxes payables as at 30 June 2015 were RMB4,914,000 (2014: RMB2,176,000), RMB7,268,000 (2014: RMB34,596,000) and RMB26,165,000 (2014: RMB35,189,000) respectively, while the carrying amount of the Group's deferred tax liabilities is disclosed in Note 24 to the financial statements.

(v) Impairment of assets (other than financial assets)

The Group assesses whether there are any indicators of impairment of assets (other than financial assets and intangible assets with indefinite useful life) at each reporting date. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Intangible assets with indefinite useful life are tested for impairment annually and at other times when such an indicator exists. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's non-financial assets and details about impairment losses provided on interest in an associate, property, plant and equipment and intangible assets during the year are set out in Notes 13, 14 and 16 respectively.

5. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of the Group's revenue is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Sale of goods	**863,413**	1,450,854

6. OTHER INCOME

Analysis of the Group's other income recognised is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Bank interest income	**1,323**	2,363
Miscellaneous	**4,510**	2,396
	5,833	4,759

7. OPERATING (LOSS)/PROFIT

The Group's operating (loss)/profit is arrived at after charging/(crediting):

	Group	
	2015	2014
	RMB'000	RMB'000
Cost of sales (Note (a))	**650,047**	927,549
Depreciation on owned assets	**48,893**	32,610
Amortisation of prepaid land lease payments (Note (b))	**2,784**	2,978
Net foreign exchange loss/(gain)	**30**	(27)
Staff costs:		
- Directors' remuneration	**3,259**	3,440
- Salaries, wages and other benefits	**66,202**	77,726
- Retirement benefits scheme contributions	**10,531**	10,535
Impairment losses on:		
- Interest in an associate	**36,957**	–
- Property, plant and equipment	**471,729**	–
- Intangible assets	**38,720**	–
Loss on disposal of property, plant and equipment	**2,783**	–
Write-off of property, plant and equipment	**10,736**	5,520

7. **OPERATING (LOSS)/PROFIT (Continued)**

Notes :

(a) Cost of sales comprises cost of inventories recognised as expense and consumption tax. The consumption tax included in the Group's cost of sales amounted to approximately RMB157,310,000 (2014: RMB247,678,000). The consumption tax charged to the Group is in proportion to the revenue and volume of baijiu products sold by the Group. The Group's cost of inventories recognised as expense included in the Group's cost of sales amounted to approximately RMB492,737,000 (2014: RMB679,871,000).

(b) Amortisation of prepaid land lease payments has been charged to cost of sales.

(c) BDO Limited received non-audit fees of approximately RMB44,000 (2014: RMB40,000) in respect of agreed-upon procedure engagements during the year ended 30 June 2015. Save as disclosed above, no other non-audit fees were paid to the independent joint auditors by the Group or the Company during the years ended 30 June 2014 and 2015.

8. **FINANCE COSTS**

	Group	
	2015	2014
	RMB'000	RMB'000
Interest charges on bank and other loans stated at amortised cost	**11,361**	10,463

9. **DIRECTORS' REMUNERATION**

For the years ended 30 June 2014 and 2015, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with paragraph 1207(11) of Chapter 12 of the Listing Manual of SGX-ST:

	Executive directors	**Non-executive directors**	**Total**
For the year ended 30 June 2015			
Below S$250,000 (equivalent to approximately RMB1,180,000)	**4***	**4**	**8**
For the year ended 30 June 2014			
Below S$250,000 (equivalent to approximately RMB1,218,000)	3	4	7

* Other than the continuing directors, the number of directors also includes 2 resigned executive directors for the year ended 30 June 2015.

10. INCOME TAX (CREDIT)/EXPENSE

	Group	
	2015	2014
	RMB'000	RMB'000
Current tax - PRC		
- Charge for the year	**11,035**	29,190
- Underprovision in respect of prior years	**6,287**	13,000
	17,322	42,190
Deferred tax (Note 24)	**(44,190)**	(1,443)
	(26,868)	40,747

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under these jurisdictions during the years ended 30 June 2014 and 2015.

PRC EIT is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practice and interpretation thereof.

The applicable rate for all PRC subsidiaries was the statutory rate of 25% for the years ended 30 June 2014 and 2015.

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rate is as follows:

	2015	2014
	RMB'000	RMB'000
(Loss)/profit before income tax	**(588,254)**	84,830
Tax at the applicable tax rate of 25%	**(147,063)**	21,208
Effect of equivalent sales, non-taxable and non-deductible items, net	**93,397**	9,973
Temporary differences not recognised	**2,538**	(3,487)
Tax losses not recognised	**17,973**	53
Underprovision in respect of prior years	**6,287**	13,000
Income tax (credit)/expense	**(26,868)**	40,747

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated based on the Group's loss attributable to owners of the Company of approximately RMB561,386,000 (2014: profit of approximately RMB44,083,000) divided by the weighted average number of 798,289,318 (2014: 798,289,318) ordinary shares in issue during the year.

No diluted (loss)/earnings per share has been presented for the years ended 30 June 2014 and 2015 as the Group has no potentially dilutive ordinary shares in issue during the years.

12. INTERESTS IN SUBSIDIARIES

	Group 2015 RMB'000	Group 2014 RMB'000
Unlisted shares, at cost	**296,734**	296,734
Currency translation	**(17,626)**	(17,626)
	279,108	279,108

The directors of the Company had assessed for impairment in value of interests in subsidiaries. In the opinion of the directors, no allowance for impairment in value of interests in subsidiaries is required.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable by cash on demand.

Particulars of the subsidiaries at the reporting date are set out below:

Name	Date and place of incorporation/ establishment	Principal activities and place of business	Issued and paid-up share/ registered capital	Equity interest held 2015	Equity interest held 2014
Directly held:					
Sea Will International Limited	22 January 2007, BVI	Investment holdings, BVI	US$10,000	**100%**	100%
Indirectly held:					
Trump Dragon Investment Limited	5 December 2003, Hong Kong	Investment holdings, Hong Kong	HK$10,000	**100%**	100%
Henan Zhongxin Haifu Ltd. 河南中新海富商貿有限公司	8 May 2006, the PRC	Sale and marketing of baijiu products, the PRC	US$45,000,000	**100%**	100%
Hugefield Holdings Limited	21 January 2009, BVI	Investment holdings, BVI	US$50,000	**100%**	100%
Greater Fortune Investments Limited	5 March 2009, Hong Kong	Investment holdings, Hong Kong	HK$10,000	**100%**	100%
Henan Siwu Wine Sales Company Limited 河南四五酒业销售有限公司	29 September 2009, the PRC	Sale and marketing of baijiu products, the PRC	US$300,000	**100%**	100%
Luoyang Dukang Holdings Limited 洛阳杜康控股有限公司	24 November 2009, the PRC	Investment holdings, the PRC	RMB600,000,000	**100%**	100%
Ruyang Dukang Distillers Company Limited ("Ruyang Dukang") 汝阳杜康酿酒有限公司	16 November 2008, the PRC	Manufacture and sale of baijiu products, the PRC	RMB165,000,000 (Note (a))	**100%**	100%

12. INTERESTS IN SUBSIDIARIES (Continued)

Name	Date and place of incorporation/ establishment	Principal activities and place of business	Issued and paid-up share/ registered capital	Equity interest held	
				2015	2014
Indirectly held:					
Henan Dukang Distillers Company Limited ("Henan Dukang") 河南杜康酒业股份有限公司	20 November 2003, the PRC	Manufacture and sale of baijiu products, the PRC	RMB145,800,000 (Note (b))	**100%**	100%
Ruyang Siji Trading Company Limited 汝阳四季商贸有限公司	4 June 2009, the PRC	Trademarks management, the PRC	RMB100,000	**100%**	100%
Luoyang Dukang Sales Company Limited 洛阳杜康酒销售有限公司	22 April 2010, the PRC	Sale and marketing of baijiu products, the PRC	RMB1,000,000	**100%**	100%
Luoyang Dukang Baiyi Wine Sales Company Limited 洛阳杜康佰亿酒业销售有限公司 (Formerly known as Ruyang Baiyi Wine Sales Company Limited 汝阳佰亿酒业销售有限公司)	19 April 2013, the PRC	Sale and marketing of baijiu products, the PRC	RMB20,000,000	**100%**	100%
Yichuan Dukang Guohua Wine Sales Company Limited 伊川杜康国花酒销售有限公司	24 April 2013, the PRC	Sale and marketing of baijiu products, the PRC	RMB20,000,000	**100%**	100%

Notes:

(a) The Group entered into a credit facility arrangement (the "Facility") with an asset management company in the PRC (the "Lender") during the year ended 30 June 2014 for an amount up to RMB285 million for a period of three years. The Facility is secured by the 9.09% equity interests in Ruyang Dukang (the "Security") in the form that the Lender injects capital of RMB15 million (the "Injected Capital") to Ruyang Dukang with certain restrictions. As a result of this arrangement, the registered capital of Ruyang Dukang, pursuant to the PRC statutory approval on 21 February 2014, was increased from RMB150 million to RMB165 million. The incremental registered capital of RMB15 million has been fully paid up as of 30 June 2014. The Facility has not been utilised as at 30 June 2014 and 2015. Any amounts utilised under the Facility together with the Injected Capital will be repaid to the Lender upon maturity of the Facility and the Security will be released by then. In the opinion of the Company's directors, the Group, after considering the substance of the transaction, has full control of Ruyang Dukang and therefore has 100% equity interests in Ruyang Dukang. The Injected Capital is accounted for as other loan (Note 23) on the face of the consolidated statement of financial position.

(b) Pursuant to the PRC statutory approval on 25 October 2014, the registered capital of Henan Dukang was increased from RMB45,800,000 to RMB145,800,000. The incremental registered capital of RMB100 million has been fully paid up as of 30 June 2015.

The financial statements of the above subsidiaries were audited by BDO Limited for statutory purpose or Group consolidation purpose.

13. INTEREST IN AN ASSOCIATE

	Group	
	2015	2014
	RMB'000	RMB'000
Share of net assets	**156,027**	151,789
Accumulated impairment	**(36,957)**	–
	119,070	151,789

The following are the particulars of the associate, which is an unlisted corporate entity.

Name of associate	Form of business structure	Principal activities and place of establishment and business	Registered and paid up capital	Equity interest held	
				2015	2014
Yichuan Dukang Jiuzu Asset Management Limited ("Yichuan Jiuzu") 伊川杜康酒祖资产管理有限公司	Limited liability company	Trademarks management, the PRC	RMB100,000	**49%**	49%

The Group's associate is accounted for using the equity method in the consolidated financial statements. The financial statements of the associate are coterminous with those of the Group.

The following table illustrates the summarised financial information of the Group's associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2015	2014
	RMB'000	RMB'000
Current assets	**20,141**	12,222
Non-current asset	**300,000**	300,000
Current liabilities	**(1,719)**	(2,449)
Net assets	**318,422**	309,773
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of associate	**156,027**	151,789
Accumulated impairment	**(36,957)**	–
Carrying amount of the investment	**119,070**	151,789
Other disclosures		
Revenue	**11,486**	17,572
Profit and total comprehensive income for the year	**8,649**	12,787
Dividend received from an associate	**–**	6,392

13. INTEREST IN AN ASSOCIATE (Continued)

The Group has not incurred any contingent liabilities or other commitments relating to its interest in an associate.

The amount due to an associate is unsecured, interest-free and repayable by cash on demand.

The financial statements of the Group's associate were audited by BDO Limited for Group consolidation purpose.

Impairment testing

The non-current asset of Yichuan Jiuzu represents a trademark which is exclusively licensed to the Group for sale of trademarked products (the "Trademark"). The directors of the Company considered that the unfavourable market of the baijiu industry in the PRC has adversely impacted the demand for the Group's baijiu products, which contributed to the drop in the main income stream of Yichuan Jiuzu, i.e. license fee income from the Group, and hence an impairment review of the recoverable amount of interest in an associate has been conducted accordingly.

In determining the recoverable amount of the Group's interest in an associate, the directors of the Company are of the view that since the Trademark is a very significant asset of Yichuan Jiuzu, the recoverable amount of the Group's share of the Trademark essentially equals to that of interest in an associate. As at 30 June 2015, the recoverable amount of the Trademark has been determined by an independent and professionally qualified valuer using relief-from-royalty income approach based on the cash flow projection, royalty rate and discount rate adopted by the management (Level 3 hierarchy). The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarised below.

- A pre-tax discount rate of 21.0% was used which reflects the specific risks associated with the Trademark.
- Revenue was based on anticipated selling prices and was projected based on the historical operating results, the five year forecasts and royalty rates with reference to similar licensing agreements of comparable trademarks.
- The cash flows beyond the five-year period until the expiry of trademark is extrapolated using a growth rate of 3%, which is the long-term estimated average growth rate for the Group.

Since the recoverable amount of the interest in an associate is lower than its carrying amount, impairment loss of RMB36,957,000 (2014: Nil) has been recognised in profit or loss in current year to write down the carrying amount to its recoverable amount of RMB119,070,000 as at the end of reporting period.

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	CIP RMB'000	Total RMB'000
At 30 June 2013						
Cost	542,749	70,362	6,501	3,202	46,945	669,759
Accumulated depreciation	(34,055)	(10,470)	(963)	(2,291)	–	(47,779)
Net carrying amount	508,694	59,892	5,538	911	46,945	621,980
Year ended 30 June 2014						
Opening net carrying amount	508,694	59,892	5,538	911	46,945	621,980
Additions	193,696	30,428	1,200	884	101,688	327,896
Transfers	85,050	46,538	–	–	(131,588)	–
Write-off	(1,861)	(239)	(3,419)	(1)	–	(5,520)
Depreciation	(22,076)	(9,301)	(804)	(429)	–	(32,610)
Closing net carrying amount	763,503	127,318	2,515	1,365	17,045	911,746
At 30 June 2014						
Cost	819,225	146,780	4,205	4,171	17,045	991,426
Accumulated depreciation	(55,722)	(19,462)	(1,690)	(2,806)	–	(79,680)
Net carrying amount	763,503	127,318	2,515	1,365	17,045	911,746
Year ended 30 June 2015						
Opening net carrying amount	763,503	127,318	2,515	1,365	17,045	911,746
Additions	359	2,532	1,256	–	28,457	32,604
Transfers	20,110	7,000	2,000	–	(29,110)	–
Transferred to assets classified as held for sale (Note 21)	(23,569)	–	–	–	–	(23,569)
Disposals	(3,822)	–	–	–	–	(3,822)
Write-off	(7,461)	(181)	(3,094)	–	–	(10,736)
Depreciation	(33,051)	(14,679)	(770)	(393)	–	(48,893)
Impairment	(364,329)	(106,285)	(1,115)	–	–	(471,729)
Closing net carrying amount	**351,740**	**15,705**	**792**	**972**	**16,392**	**385,601**
At 30 June 2015						
Cost	802,081	155,484	4,713	4,303	16,392	982,973
Accumulated depreciation and impairment	(450,341)	(139,779)	(3,921)	(3,331)	–	(597,372)
Net carrying amount	**351,740**	**15,705**	**792**	**972**	**16,392**	**385,601**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, the Group continued to experience unfavourable market conditions as the curtailment of extravagant spending implemented by the government of the PRC has adversely impacted the demand for the Group's baijiu products, which contributed to the drop in the Group's revenue and operating results. In light of these considerations, the directors of the Company conducted a review of the recoverable amounts of property, plant and equipment, which were determined by an independent and professionally qualified valuer based on the fair value less costs of disposal calculation on an individual basis using direct comparison approach by making reference to the recent transactions of similar assets in similar locations (Level 3 hierarchy).

Since the recoverable amounts of the property, plant and equipment are lower than its carrying amounts, impairment losses of RMB364,329,000 (2014: Nil), RMB106,285,000 (2014: Nil) and RMB1,115,000 (2014: Nil), which are allocated to leasehold buildings, plant and machinery and furniture, fixtures and office equipment respectively, have been recognised in profit or loss during the year to write down the carrying amounts to the respective recoverable amounts of RMB351,740,000, RMB15,705,000 and RMB792,000 as at the end of reporting period.

All property, plant and equipment held by the Group are located in the PRC. As at 30 June 2015, the Group's leasehold buildings at the net carrying amount of approximately RMB36,719,000 (2014: RMB62,095,000) were pledged to secure bank loans (Note 23).

15. PREPAID LAND LEASE PAYMENTS

	Group		
	Land use rights	Long-term prepaid rentals	Total
	RMB'000	RMB'000	RMB'000
At 1 July 2013			
Cost	111,993	16,490	128,483
Accumulated amortisation	(7,245)	(550)	(7,795)
Net carrying amount	104,748	15,940	120,688
Year ended 30 June 2014			
Opening net carrying amount	104,748	15,940	120,688
Amortisation	(2,703)	(275)	(2,978)
Closing net carrying amount	102,045	15,665	117,710
At 30 June 2014 and 1 July 2014			
Cost	111,993	16,490	128,483
Accumulated amortisation	(9,948)	(825)	(10,773)
Net carrying amount	102,045	15,665	117,710

15. PREPAID LAND LEASE PAYMENTS (Continued)

	Group		
	Land use rights	**Long-term prepaid rentals**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Year ended 30 June 2015			
Opening net carrying amount	102,045	15,665	117,710
Addition	32,874	–	32,874
Transferred to assets classified as held for sale (Note 21)	(29,023)	–	(29,023)
Amortisation	(2,509)	(275)	(2,784)
Closing net carrying amount	**103,387**	**15,390**	**118,777**
At 30 June 2015			
Cost	112,220	16,490	128,710
Accumulated amortisation	(8,833)	(1,100)	(9,933)
Net carrying amount	**103,387**	**15,390**	**118,777**

(i) Land use rights and long-term prepaid rentals represented the Group's leasehold interests under operating leases in land located in the PRC. As at 30 June 2015, the Group's land use rights at the net carrying amount of approximately RMB63,837,000 (2014: RMB94,897,000) were pledged to secure bank loans (Note 23).

(ii) The Group was in the process of obtaining the land use right certificates for the Group's leasehold land with net carrying amounts of approximately RMB44,737,000 as at 30 June 2015 (2014: RMB15,665,000). In the opinion of the Company's directors and the Group's PRC legal advisors, the Group has obtained the right to use the land legally by way of such assignment and there will be no legal obstacle for the Group to obtain the relevant land use right certificates.

(iii) A review on the recoverable amounts of the land use rights has been conducted by the directors of the Company. The recoverable amounts have been determined by an independent and professionally qualified valuer based on the fair value less costs of disposal calculation on an individual basis using direct comparison approach by making reference to the recent transactions of similar assets in similar locations (Level 3 hierarchy). Since the recoverable amounts of these land use rights are higher than their carrying amounts, no impairment losses were recognised in profit or loss during the year.

16. INTANGIBLE ASSETS

	Group	
	2015	2014
	RMB'000	RMB'000
Trademark, at cost	**40,000**	40,000
Accumulated impairment	**(38,720)**	–
Net carrying amount	**1,280**	40,000

The trademark was regarded as having an indefinite useful life because the trademark legal right is capable of being renewed indefinitely at insignificant cost and the trademarked products are expected to generate net cash inflows indefinitely. The trademark has been allocated to the Dukang Baijiu CGU.

As at 30 June 2015, the recoverable amount of the trademark has been determined by an independent and professionally qualified valuer using relief-from-royalty income approach based on the cash flow projection, royalty rate and discount rate adopted by the management (Level 3 hierarchy). The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarised below.

- A pre-tax discount rate of 21.0% was used which reflects the specific risks associated with the trademark.
- Revenue was based on anticipated selling prices and projected based on the historical operating results, the five year forecasts and royalty rates with reference to similar licensing agreement of comparable trademark.
- The cash flows beyond the five-year period until the expiry of trademark is extrapolated using a growth rate of 3%, which is the long-term estimated average growth rate for the Dukang Baijiu CGU.

Since the recoverable amount of the trademark is lower than its carrying amount, impairment loss of RMB38,720,000 (2014: Nil) has been recognised in profit or loss in current year to write down the carrying amount of trademark to its recoverable amount of RMB1,280,000 as at the end of reporting period.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2015	2014
	RMB'000	RMB'000
Non-current assets		
Deposits paid for acquisition of property, plant and equipment and land use rights	**6,537**	8,801
Current assets		
Prepayments	**2,013**	2,718
VAT and other receivables	**85,827**	48,145
Deposits	**30**	169,930
	87,870	220,793

18. INVENTORIES

	Group	
	2015	2014
	RMB'000	RMB'000
Raw materials	**24,400**	30,091
Work in progress	**607,925**	623,109
Finished goods	**31,375**	36,407
	663,700	689,607

19. TRADE RECEIVABLES

The Group has a policy of allowing trade customers with credit up to 30 days (2014: 30 days). Overdue balances are reviewed regularly by the Group's management.

The Group has no trade receivables balances at the reporting date. As at 30 June 2014, the Group had no significant balances of trade receivables that were past due. The directors of the Company were of the opinion that no allowance for impairment of trade receivables was necessary as there had no recent history of default in respect of these trade debtors.

20. CASH AND CASH EQUIVALENTS

The Group had cash and bank balances denominated in RMB amounting to approximately RMB401,742,000 (2014: RMB390,971,000) which were deposited with banks in the PRC and held in hand. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business. The Company did not have cash and bank balances denominated in RMB at the reporting date.

Cash at banks earns interest at floating rates based on daily bank deposit rates for the years ended 30 June 2014 and 2015.

21. NON-CURRENT ASSETS HELD FOR SALE

On 13 February 2015, the Company announced the decision of its board of directors to dispose of certain of the Group's property, plant and equipment and land use rights (the "Residual Assets") due to the proposed relocation of one of the Group's manufacturing plants. On the same date, a sale and purchase agreement has been entered into between the Group and 河南雅豪商业管理有限公司 (the "Purchaser"), an independent third party. A deposit of RMB40,000,000 (Note 22) has been received as of 30 June 2015.

As at 30 June 2015, negotiation for the sale was still in progress and accordingly, the tranfers of the title of the Residual Assets were on hold. The completion date of the disposal is expected to be on or before 31 December 2015.

21. NON-CURRENT ASSETS HELD FOR SALE (Continued)

Details of non-current assets of the Group classified as held for sale are set out below:

	2015 **RMB'000**
Property, plant and equipment (Note 14)	23,569
Prepaid land lease payments (Note 15)	29,023
Total	52,592

22. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		**Company**	
	2015 **RMB'000**	2014 RMB'000	**2015** **RMB'000**	2014 RMB'000
Accrued liabilities	**22,315**	21,394	**3,450**	3,190
VAT and other payables	**76,983**	99,916	**–**	–
Deposits received	**9,910**	9,580	**–**	–
Deposit received from the Purchaser on disposal of the Residual Assets (Note 21)	**40,000**	–	**–**	–
	149,208	130,890	**3,450**	3,190

As at 30 June 2015, the Group's other payables include an amount of approximately RMB27,792,000 (2014: RMB20,193,000) due to a director of the Company. The amount, which mainly represented certain expenses paid on behalf of the Group by the director, is unsecured, interest-free and repayable on demand.

23. BANK AND OTHER LOANS, SECURED

	Group	
	2015 **RMB'000**	2014 RMB'000
Other loan, secured - non-current		
- Fixed interest rate at 8.78% per annum	**15,000**	15,000
Bank loans, secured – current		
- Fixed interest rate at 6.90% (2014: ranging from 6.00% to 6.60%) per annum	**119,750**	162,000
- Floating interest rate at 7.80% per annum	**–**	24,000
	119,750	186,000
Total bank and other loans	**134,750**	201,000

The Group's interest-bearing bank loans are secured by the Group's leasehold buildings and land use rights as disclosed in Notes 14 and 15 respectively and repayable within one year.

The Group's interest-bearing other loan is secured by the Security (Note 12) and repayable in the second year (2014: in the third year).

24. DEFERRED TAXATION

Deferred taxation attributable to temporary differences between the carrying amounts of the identifiable assets and liabilities recognised by the Group on the business combination during the year ended 30 June 2010 and their respective tax bases in the PRC is calculated in full on temporary differences under the liability method using the tax rate of 25%.

The movement of the deferred tax liabilities is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**56,636**	58,079
Credited to profit or loss (Note 10)	**(44,190)**	(1,443)
At end of the year	**12,446**	56,636

As at 30 June 2015, the Group has unrecognised tax losses of approximately RMB78,938,000 (2014: RMB7,047,000) arising from the Group's certain subsidiaries. These tax losses will expire in the next one to five financial years for offsetting against future taxable profits of the subsidiaries in which the losses arose.

As at 30 June 2015, temporary differences relating to the undistributed profits of subsidiaries and associate amounted to RMB689,694,000 (2014: RMB695,181,000). No deferred tax liabilities have been recognised as at 30 June 2014 and 2015 as the Group is in a position to control the dividend policies of these entities and it is probable that these profits will not be distributed to non-PRC entities in the foreseeable future.

25. SHARE CAPITAL

	Par value	Number of ordinary shares (in '000)	RMB'000
Authorised:			
At 1 July 2013, 30 June 2014 and 2015	HK$0.40	1,000,000	371,239
Issued:			
At 1 July 2013, 30 June 2014 and 2015	HK$0.40	798,289	279,499

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

26. RESERVES

Group

(a) Share premium

The share premium account arises on shares issued at a premium.

(b) Statutory reserves

Statutory reserves comprise statutory surplus reserve and enterprise expansion reserve of the subsidiaries established in the PRC. In accordance with the relevant laws and regulations of the PRC, the Group may be required to transfer 10% of its profit after tax to the statutory surplus reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital. In addition, the Group may be required to make an allocation from its profit after tax to the enterprise expansion reserve. The enterprise expansion reserve may be used for expansion of production facilities or increase in registered capital.

(c) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the issued capital of the Company and the nominal value of the issued capital and share premium of the subsidiaries acquired pursuant to the Company's group restructuring exercise on 10 July 2008 (the "Reorganisation").

Company

The contributed surplus of the Company arose as a result of the Reorganisation and represented the excess of the consolidated net assets of the subsidiaries then acquired over the nominal value of the Company's shares issued in exchange thereof.

27. COMMITMENTS - GROUP

(i) Capital commitments

The Group had the following outstanding capital commitments:

	Group	
	2015	2014
	RMB'000	RMB'000
Contracted, but not provided for, in respect of:		
- Property, plant and equipment, including CIP	**49,315**	6,857

(ii) Operating leases commitments

The Group leases a piece of leasehold land in which certain element of the entire rental calculation is determined by a future factor. The lease runs for initial period of 20 years, with an option to renew the lease at a date as mutually agreed between the Group and the lessor. The Group recognised contingent rentals of approximately RMB473,000 in respect of the lease during the year (2014: RMB709,000).

28. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with a related party:

	2015	2014
	RMB'000	RMB'000
Licence fees payable/paid to an associate	**11,486**	17,572

Note: The amount represented licence fees payable/paid to an associate, Yichuan Jiuzu. The licence fees were made according to the terms of the licence agreement.

(b) Compensation of key management personnel

Key management includes members of the board of directors and other members of senior management of the Group. The compensation paid or payable to key management personnel is shown below

	2015	2014
	RMB'000	RMB'000
- Short term employee benefits	**4,102**	4,224
- Retirement scheme contributions	**80**	106
	4,182	4,330

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group does not have written risk management policies and guidelines. However, the board of directors of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to market risk (including principally changes in interest rates and currency exchange rates), credit risk, business risk and liquidity risk. Generally, the Group employs conservative strategies regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivative or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

29.1 Summary of financial assets and liabilities by category

The carrying amounts of the Group's and Company's financial assets and liabilities as recognised at the reporting date, may also be categorised as follows. See Notes 3.10 and 3.11 for explanations about how the categorisation of financial instruments affects their subsequent measurement.

	Group		Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Loans and receivables				
- Trade receivables	**–**	1,838	**–**	–
- Deposits and other receivables	**78,589**	183,479	**–**	–
- Amounts due from subsidiaries	**–**	–	**515,526**	521,243
- Cash and cash equivalents	**403,009**	391,751	**22**	22
	481,598	577,068	**515,548**	521,265
Financial liabilities				
Financial liabilities measured at amortised cost				
- Trade payables	**79,767**	132,831	**–**	–
- Accrued liabilities and other payables	**83,043**	95,701	**3,450**	3,190
- Bank and other loans, secured	**134,750**	201,000	**–**	–
- Amount due to an associate	**20,097**	11,841	**–**	–
	317,657	441,373	**3,450**	3,190

29.2 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have significant exposure to foreign currency risk as the Group's businesses are principally located in the PRC and the Group's transactions are mainly conducted and denominated in RMB, which is the functional currency of majority of the Group's subsidiaries. The Group reviews its foreign currency exposures regularly and does not consider its foreign currency risk to be significant.

The Company does not have significant exposure to foreign currency risk as at 30 June 2014 and 2015.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

29.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

The Group's interest rate risk arises mainly from bank deposits and bank and other loans. Bank deposits and loans at floating interest rate expose the Group to cash flow interest rate risk. Loans at fixed interest rate expose the Group to fair value interest rate risk. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk. The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

Sensitive analysis - Group

The interest rates of the Group's bank deposits and bank and other loans are disclosed in Notes 20 and 23 respectively. At 30 June 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss for the year and increase/decrease the retained profits by approximately RMB3,022,000 (2014: increase/decrease the Group's profit for the year and retained profits by approximately RMB2,768,000). There is no impact on other components in equity in response to the general increase/decrease in interest rates.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

29.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers and other counterparties and deposits paid in the ordinary course of its operations and its investing activities.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's cash and bank balances as at 30 June 2014 and 2015 are mainly maintained with authorised banks in the PRC.

The Group has no significant concentration of credit risk due to its large customer base. Further details about the trade receivables are disclosed in Note 19 to the financial statements. In respect of deposits and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Company's credit risk is primarily attributable to its balances with subsidiaries.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

None of the Group's and Company's financial assets are secured by collateral or other credit enhancement.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

29.5 Business risk

The Group's primary businesses are the manufacturing and sales of baijiu products. The Group's financial results are influenced by the changes in prices of baijiu, as well as by the Group's ability to maintain or renew all requisite certificates and business licenses from relevant regulatory authorities in the PRC which the Group requires to operate in the manufacturing and sales of baijiu products.

29.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, accrued liabilities and other payables, bank and other loans and amount due to an associate, and also in respect of its cash flow management. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, trade financing and capital market financing. Liquidity risk is monitored on an on-going basis.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

The tables below analyse the Group's and Company's financial liabilities into relevant maturity grouping based on the remaining contractual maturities at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Group

	Carrying amount RMB'000	Within one year or on demand RMB'000	More than one year but less than five years RMB'000	Total undiscounted amount RMB'000
As at 30 June 2015				
Trade payables	**79,767**	**79,767**	**–**	**79,767**
Accrued liabilities and other payables	**83,043**	**83,043**	**–**	**83,043**
Bank and other loans, secured	**134,750**	**123,378**	**15,878**	**139,256**
Amount due to an associate	**20,097**	**20,097**	**–**	**20,097**
	317,657	**306,285**	**15,878**	**322,163**
As at 30 June 2014				
Trade and payables	132,831	132,831	–	132,831
Accrued liabilities and other payables	95,701	95,701	–	95,701
Bank and other loans, secured	201,000	191,154	17,217	208,371
Amount due to an associate	11,841	11,841	–	11,841
	441,373	431,527	17,217	448,744

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

29.6 Liquidity risk (Continued)

Company

	Carrying amount RMB'000	Within one year or on demand RMB'000	Total undiscounted amount RMB'000
As at 30 June 2015			
Accrued liabilities and other payables	**3,450**	**3,450**	**3,450**
As at 30 June 2014			
Accrued liabilities and other payables	3,190	3,190	3,190

29.7 Fair value measurements

The fair values of trade receivables, deposits and other receivables, amounts due from subsidiaries, cash and cash equivalents, trade payables, accrued liabilities and other payables, bank loans and amount due to an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of other loan has been calculated by discounting the expected future cash flows using the rates currently available for instruments on similar terms, credit risk and remaining maturities.

30. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods which commensurate with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group regards total equity presented on the face of the consolidated statement of financial position as capital, for capital management purpose. The amount of capital as at 30 June 2015 amounted to approximately RMB1,437,254,000 (2014: RMB1,998,661,000), which the management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

The Group is not subject to externally imposed capital requirements.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year ended 30 June 2015, additions to property, plant and equipment included deposits paid during the years ended 30 June 2014 and 2015 of approximately RMB5,274,000 (2014: RMB175,862,000) and RMB2,934,000 respectively. Additions to prepaid land lease payments included deposits paid during the year ended 30 June 2014 of approximately RMB3,527,000 (2014: nil).

32. EVENT AFTER THE REPORTING PERIOD

The Company proposes to implement a share consolidation on the basis that every ten ordinary shares with a par value of HK$0.40 each in the authorised and issued capital of the Company be consolidated into one consolidated share, which is subject to the approval of its shareholders and the SGX-ST. Details of the share consolidation were disclosed in the Company's announcement dated 4 September 2015.

Class of shares	:	Ordinary shares
Authorised share capital	:	HK$400,000,000.00
Issued and fully paid-up capital	:	HK$319,315,727.20
Number of Shares issued	:	798,289,318 shares of HK$0.40 each
Voting rights	:	One vote per share

The Company does not hold any Treasury Shares.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	2	0.14	14	0.00
100 - 1,000	38	2.75	36,606	0.00
1,001 - 10,000	388	28.04	2,868,600	0.36
10,001 - 1,000,000	929	67.12	64,903,917	8.13
1,000,001 and above	27	1.95	730,480,181	91.51
	1,384	100.00	798,289,318	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Bright Sing Group Limited[1]	114,484,489	14.34	–	–
Kaifeng Tian Feng Mills Co., Limited[1]	–	–	114,484,489	14.34
Dou Wu[1]	–	–	114,484,489	14.34
Zhengzhou Yingbao Enterprise Management Consulting Co., Ltd[1]	–	–	114,484,489	14.34
Yang Qingwei[1]	–	–	114,484,489	14.34
Wang Weiqing[1]	–	–	114,484,489	14.34
Treasure Winner Holdings Limited[2]	235,515,511	29.50	–	–
Wang Peng[2]	–	–	235,515,511	29.50
FIL Limited[3]	–	–	63,890,000	8.00
Pandanus Partners L.P.[3]	–	–	63,890,000	8.00

Notes:

(1) Bright Sing Group Limited is the nominee for Kaifeng Tian Feng Mills Co., Limited ("Kaifeng") and is directly interested in the 114,484,489 ordinary shares in the Company. Kaifeng is 20% owned by Dou Wu and 80% owned by Zhengzhou Yingbao Enterprise Management Consulting Co., Ltd ("Zhengzhou Yingbao"). Zhengzhou Yingbao is in turn 60% owned by Wang Weiqing and 40% owned by Yang Qingwei. Accordingly, each of Dou Wu, Zhengzhou Yingbao, Wang Weiqing and Yang Qingwei is deemed interested in the 114,484,489 ordinary shares in the Company.

(2) Treasure Winner Holdings Limited ("Treasure Winner") is wholly-owned by Mr Wang Peng and as such, Mr Wang Peng is deemed interested in 235,515,511 ordinary shares in the Company.

(3) FIL Limited ("FIL") is a privately-owned company incorporated under the laws of Bermuda. Pandanus Partners L.P. is deemed interested in the shares held by FIL.

STATISTICS OF SHAREHOLDINGS

As at 18 September 2015

SHAREHOLDERS' INFORMATION (CONT'D)

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	225,900,111	28.30
2.	TREASURE WINNER HOLDINGS LIMITED	175,000,000	21.92
3.	UOB KAY HIAN PRIVATE LIMITED	131,544,581	16.48
4.	RAFFLES NOMINEES (PTE) LIMITED	40,058,500	5.02
5.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	30,265,300	3.79
6.	DBSN SERVICES PTE. LTD.	27,977,700	3.50
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	21,365,400	2.68
8.	DBS NOMINEES (PRIVATE) LIMITED	13,234,000	1.66
9.	PHILLIP SECURITIES PTE LTD	9,781,700	1.23
10.	OCBC SECURITIES PRIVATE LIMITED	8,925,400	1.12
11.	LIM KIM HONG	7,500,000	0.94
12.	HENRY QUEK PENG HOCK	4,447,555	0.56
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,858,800	0.48
14.	HAH TIING SIU	3,677,700	0.46
15.	YEAP LAM HONG	3,280,000	0.41
16.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,161,064	0.40
17.	TAN PING	2,737,000	0.34
18.	ABN AMRO CLEARING BANK N.V.	2,646,500	0.33
19.	GOH BEE LAN	2,270,600	0.28
20.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,109,970	0.26
	TOTAL :	**719,741,881**	**90.16**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

48.16% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of DUKANG DISTILLERS HOLDINGS LIMITED (the "Company") will be held at Ocean 5, Level 2, Pan Pacific Singapore, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Wednesday, 28 October 2015 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Bye-laws 86(1) of the Company's Bye-laws:

Mr Chia Seng Hee, Jack	(Retiring under Bye-law 86(1))	**(Resolution 2)**
Mr Tan Siok Sing (Calvin)	(Retiring under Bye-law 86(1))	**(Resolution 3)**

   Mr Chia Seng Hee, Jack will, upon re-election as a Director of the Company, remain Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual").

   Mr Tan Siok Sing (Calvin) will, upon re-election as a Director of the Company, remain Lead Independent Director and a member of Audit, Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

3. To approve the payment of Directors' fees of S$270,000 for the financial year ending 30 June 2016, to be paid half-yearly in arrears. (2015: S$260,000) **(Resolution 4)**

4. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **SHARE ISSUE MANDATE**

   That pursuant to Bye-law 12(3) of the Company's Bye-laws and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to:

   (a) (i) issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;

(2) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)} **(Resolution 6)**

7. Authority to allot and issue shares under the Dukang Employee Share Option Scheme (formerly known as Trump Dragon Employee Share Option Scheme)

That pursuant to the Companies Act 1981 of Bermuda, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Dukang Employee Share Option Scheme (formerly known as Trump Dragon Employee Share Option Scheme) ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued share capital (excluding treasury shares) of the Company from time to time.

[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Ho Hin Yip
Busarakham Kohsikaporn
Company Secretaries

Singapore, 9 October 2015

Explanatory Notes to Resolutions to be passed –

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total issued share capital (excluding treasury shares) of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total issued share capital (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than forty-eight (48) hours before the time of the Meeting.

3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive:
Zhou Tao *(Executive Chairman and Chief Executive Officer)*
Huo Lei *(Executive Director)*

Non-Executive:
Tan Siok Sing (Calvin) *(Lead Independent Director)*
Ho Teck Cheong *(Independent Director)*
Chia Seng Hee, Jack *(Independent Director)*
Jia Guobiao *(Non-Executive and Non-Independent Director)*

AUDIT COMMITTEE
Ho Teck Cheong *(Chairman)*
Chia Seng Hee, Jack
Tan Siok Sing (Calvin)

NOMINATING COMMITTEE
Chia Seng Hee, Jack *(Chairman)*
Tan Siok Sing (Calvin)
Ho Teck Cheong

REMUNERATION COMMITTEE
Chia Seng Hee, Jack *(Chairman)*
Tan Siok Sing (Calvin)
Ho Teck Cheong

JOINT COMPANY SECRETARIES
Busarakham Kohsikaporn
Ho Hin Yip

ASSISTANT COMPANY SECRETARY
Codan Services Limited

REGISTERED OFFICE
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2 Church Street
Hamilton HM 11
Bermuda

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Singapore 048623

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Hong Kong

BDO LLP
Public Accountants and Chartered Accountants,
Singapore
21 Merchant Road #05-01
Singapore 058267

AUDIT PARTNER-IN-CHARGE
BDO Limited - Lam Hung Yun, Andrew
Appointed wef financial year 30 June 2013

BDO LLP – Koh Yen Ling
Appointed wef financial year 30 June 2013

杜 康 控 股

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TWSE TDR code: 911616
DKNG SP (Bloomberg)
DDHL.SI (Reuters)