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**Sino Distillery Group Limited**

**中國釀酒集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00039)**

**VOLUNTARY ANNOUNCEMENT ON  
THE ACQUISITION OF THE 51% EQUITY INTEREST IN  
THE TARGET COMPANY**

On 5 July 2013, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Vendor, and the Vendor has conditionally agreed to sell to the Purchaser, the Equity Interest, representing 51% of the equity interest in the Target Company, at a cash consideration of RMB5,100,000. Subject to and in accordance with the terms and conditions of the Equity Transfer Agreement, the Target Company shall become a non-wholly owned subsidiary of the Company upon completion of the Acquisition.

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are less than 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

This announcement is disclosed by the Company voluntarily for the purpose of keeping the potential investors and Shareholders informed of the latest business development of the Group.

Reference is made to the announcement of the Company dated 16 May 2013 in relation to the entering into the MOU between the Vendor and the Company.

The Board further announces that on 5 July 2013, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser (an indirectly wholly-owned subsidiary of the Company) has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Equity Interest.

## **THE ACQUISITION**

On 5 July 2013 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Vendor, and the Vendor has conditionally agreed to sell to the Purchaser, the Equity Interest, representing 51% of the equity interest in the Target Company, at a consideration of RMB5,100,000, which will be satisfied by the Purchaser fully in cash on the same date as the Equity Transfer Agreement.

### **The Equity Transfer Agreement**

***Date:*** 5 July 2013

#### ***Parties***

**Purchaser:** 深圳市美名問世商貿有限公司 (Shenzhen Meiming Wenshi Trading Limited\*), an indirect wholly-owned subsidiary of the Company

**Vendor:** Ms. Zhou Xiaojian

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is an Independent Third Party.

### ***Assets acquired***

The Equity Interest, representing 51% of the equity interest in the Target Company.

The Target Company engages principally in promotion and application of research and development in plant biotechnology; promotion and application in plant cloning technology; cropping and marketing in vegetable and floriculture and operations in green food business.

### ***Consideration***

The consideration for the sale and purchase of the Equity Interest is in RMB5,100,000. The Consideration will be satisfied by the Purchaser fully in cash on or before the date as the Equity Transfer Agreement.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor, with reference to, among other things:–

- (i) the net asset value of the Target Company as at 31 December 2012;
- (ii) the future prospect of business of the Target Company; and
- (iii) the reasons and benefits for the Acquisition as described below.

### ***Conditions Precedent***

If the relevant government approval of the transfer of the Equity Interest is not received within 30 days from the date of the application for approval, or such other date as the Vendor and the Purchaser may agree, no party to the Equity Transfer Agreement shall have any claim against or liability to the other parties and the Equity Transfer Agreement shall lapse and be of no further effect.

### ***Completion***

Completion of the Acquisition shall take place when the Target Company has obtained and completed all the relevant government approval and registration of the transfer of the Equity Interest in the PRC.

## INFORMATION OF THE TARGET COMPANY

The Target Company was incorporated in the PRC on 28 May 2012. It engages principally in promotion and application of research and development in plant biotechnology, promotion and application in plant cloning technology, cropping and marketing in vegetable and floriculture and operation in green food business. As at the date of the Equity Transfer Agreement, the equity interest in the Target Company is owned by the Vendor as to 60% and the other shareholders as to 40%. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, all the shareholders of the Target Company are Independent Third Parties.

### Financial information on the Target Company

The unaudited net asset value of the Target Company as at 31 December 2012 was approximately RMB12 million equivalent to HK\$15 million.

The unaudited net loss before and after taxation and extraordinary items of the Target Company for each of the two years ended 31 December 2011 and 2012 are set out below:

	Year ended 31 December	
	2012	2011
Net loss before taxation and extraordinary items	HK\$0.4 million	N/A
Net loss after taxation and extraordinary items	HK\$0.4 million	N/A

Upon Completion, the Company will be interested in 51% of the equity interest in the Target Company and the Target Company will be a non-wholly owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the accounts of the Group.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in the production and sale of ethanol products and ethanol by products; sales and distribution of wine and liquor; and production and sale of forages. The Group operates a production facility in Harbin, PRC for premium consumable ethanol.

In order to seek for more business opportunities and to maximize return to the Company and the Shareholders in the long run, the Company has decided to enter into the Equity Transfer Agreement with the Vendor to explore the possibility of diversification of the business of the Group.

The Directors believe that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

## **IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES**

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are less than 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

This announcement is disclosed by the Company voluntarily for the purpose of keeping the potential investors and Shareholders informed of the latest business development of the Group.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the acquisition of the Equity Interest in accordance with the Equity Transfer Agreement
“Company”	Sino Distillery Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange

“Completion”	completion of the purchase and registration of the transfer of the Equity Interest in the Target Company and when the relevant government approval has been received
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	directors of the Company
“Equity Interest”	51% of the equity interest in the Target Company
“Equity Transfer Agreement”	the equity transfer agreement dated 5 July 2013 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Equity Interest
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party/Parties”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected person to the Company under Chapter 14A of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	深圳市美名問世商貿有限公司 (Shenzhen Meiming Wenshi Trading Co. Limited*), an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	寧夏科隆實業有限公司(Ningxia Kelong Industrial Co. Limited*), a company incorporated in the PRC with limited liability
“Vendor”	Ms. Zhou Xiaojian, the registered owner of the Equity Interest as at the date of the Equity Transfer Agreement
“%”	per cent.

By Order of the Board  
**Sino Distillery Group Limited**  
**Jiang Jianjun**  
*Chairman and Managing Director*

Hong Kong, 5 July 2013

*As at the date hereof, the Executive Directors are Mr. Jiang Jianjun, Mr. Qu Shuncai and Mr. Song Shaohua; the Non-executive Director is Mr. Huang Qingxi; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Zhang Yonggen and Mr. Li Xiaofeng.*

\* For identification purpose only