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China Beidahuang Industry Group Holdings Limited
中國北大荒產業集團控股有限公司

(formerly known as 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)

**CLARIFICATION ANNOUNCEMENT
AND
SUPPLEMENTAL INFORMATION
IN RELATION TO
ANNUAL REPORT 2014**

Reference is made to the annual report 2014 (the “**Annual Report**”) of China Beidahuang Industry Group Holdings Limited (the “**Company**”) posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited on 29 April 2015 and despatched to shareholders of the Company on 30 April 2015.

The board of directors of the Company refers to the Annual Report and would like to clarify and supplement as follows:

CLARIFICATION

Inadvertent translation mistakes were found in note 19 headed “INVESTMENT IN ASSOCIATES” on page 127 of the Annual Report in that the Chinese translation in respect of the item namely “Advances to associates” should be “墊付予聯營公司之款項” instead of “墊付予一間聯營公司之款項”.

SUPPLEMENTAL INFORMATION

1. “Advances to associates” under Note 19 to the audited financial statements in the Annual Report

The “Advances to associates” were amounted to HK\$76,064,000 (or RMB60,885,000), of which approximately HK\$61,216,000 (RMB49,000,000) was paid to 湖南典藏酒鬼酒銷售有限公司 (Hunan Dianzang Jiugui Liquor Co., Ltd.*, “**Hunan Dianzang**”) during the year. The amount was for the prepayment of specific series of new wines as trading stocks in the future. The prepayment was necessary to secure Hunan Dianzang’s attentive handling of the Group’s purchase order in respect of these liquor series. The wines are expected to be delivered by Hunan Dianzang in August 2015.

The principal businesses of Hunan Dianzang are sales of liquor series such as Jiugui Liquor, Xiangquan Liquor and Neican Liquor produced by 湖南典藏酒鬼酒公司. Its products are sold to more than 30 provinces, cities and autonomous regions nationwide and exported to over 20 countries and regions such as the United States, Japan, Russia, Korea, Southeast Asia, Hong Kong, Macau and Taiwan. Inherited with the folk traditional craftsmanship with a long history in Xiangxi and relied on the natural geographical environment and regional cultural resources of Xiangxi, Jiugui Liquor creates a unique “Fragrance Flavor Type” of Chinese Liquor, and becomes a model in banquet wine within the high end culture of the PRC.

湖南典藏酒鬼酒公司 is developing and growing continuously under the caring and support of Hunan Provincial Party Committee and Hunan Provincial Government. 湖南典藏酒鬼酒公司 is becoming a leading enterprise of agricultural industrialization in Hunan Province and Xiangxi prefecture and Jiugui becomes a “Famous Trademark of China (中國馳名商標)”. The company had been successively awarded honors such as “National Outstanding Enterprise in Winery Culture (全國酒文化優秀企業)”, national “May 1st Labour Medal (五一勞動獎章)”, “National Advance Collective in Light Industry System (全國輕工業系統先進集體)”, “National Advance Collective (全國先進集體)”, “China’s Outstanding Public Image Enterprise (中國公眾形象優秀企業)”, “National Quality and Efficiency Enterprise (全國品質效益企業)”, “National Outstanding Enterprise in Brewery Industry (全國釀酒行業優秀企業)”, “National Outstanding Enterprise in Winery Culture (全國優秀酒文化企業)”, “China’s Excellence Public Image Enterprise (中國公眾形象優良企業)”, “National Advance

Enterprise of Quality and Efficiency Type in Food Industry (全國食品行業品質效益型先進企業)” and “National Outstanding Enterprise of Technological Advancement in Food Industry (全國食品工業科技進步優秀企業)”.

In the perspective of industry experts, Hunan Dianzang is an example of perfect integration of the traditional craftsmanship of primitive and ancient witch culture of the Chu Kingdom with modern technology, which is a unique and specific expertise of Chinese Liquor.

2. “Deposits and other receivables” under Note 22 to the audited financial statements in the Annual Report

The “Deposits and other receivables” are amounted to HK\$173,817,000 (or equivalent to approximately RMB139,131,500) in aggregate and it was disclosed in note 22 that, included in this item, there are several earnest money paid to potential investees, one of which was as follows:

“Approximately RMB69,800,000 was paid for the negotiations on various new projects with potential investees. The projects relate to logistic business. The negotiations were still at preliminary stage and no legal-binding agreement was signed. The deposits are refundable in the case that the projects are not executed.”

The abovementioned amount of RMB69,800,000 comprised of the following:

- (a) A deposit of approximately RMB24,800,000 was paid to 深圳市華銀老行尊投資發展有限公司 (Shenzhen Huayin Laoxingzun Investment Development Limited*, “**Huayin Laoxingzun**”). The deposit is for backing up the finder service provided by Huayin Laoxingzun as an agent to identify the right property in the PRC with specific requirements (location, nearby facilities, size, lease terms etc.) for lease or purchase in respect of logistic and warehouse purposes of the Group. Huayin Laoxingzun acts as escrow agent only and is authorized to show the deposit to any willing vendors of properties that the Company does have the financial ability to commit the purchase transaction. The appointment of Huayin Laoxingzun is for a fixed period of one year until 31 July 2015.

The Group has been actively exploring new business development to generate more income to strengthen its financial performance. It is expected by the Group that the logistic and warehouse business in the PRC would continue to be promising given the long term growth of the PRC's size of economy. The launch of a successful logistic and warehouse business will rely on (among other factors) the suitable location of the warehouse. The Group considers that by placing the deposits, the Group will be situated in a favorable position to negotiate for better terms of the projects relating to the lease or purchase of a suitable property for its logistic and warehouse business.

Huayin Laoxingzun is a local company in Shenzhen specialized in providing (among others) properties search service. It has a good reputation within the industry and processes successful track records in introducing and completing property leasing and purchase transactions.

As at the date of this announcement, Huayin Laoxingzun already identified and introduced a property in PRC to the Company for purchase purpose. The Company will carry out physical inspection on the condition of the property in mid of June 2015. Once the inspection process has been completed, the Company expects to execute the formal sale and purchase agreement for the property in early July 2015. For the purchase of the property, Huayin Laoxingzun has paid on behalf of the Company the sum of approximately RMB6 million as down payment to the vendor and refunded the balance of the deposit being approximately RMB18 million (net of its agent's fee) to the Company on 5 June 2015.

- (b) A deposit of approximately RMB45,000,000 was paid to 黑龍江北國春酒業營銷有限公司 (Heilongjiang Beiguochun Wine Marketing Limited*, "**Beiguochun**"). The payment is to secure Beiguochun's services to produce the wines at specified quantity and with the right taste and aroma that are expected by the Group to be able to appeal to its South China customers. If Beiguochun can deliver the right wine products acceptable to the Group, the payment would be applied to purchase trading stocks. In early June 2014, the first batch of sample wines was delivered to the Company. However, the management considered that the taste of these sample wines were not suitable for South China market and as such, the sample wines failed to pass the testing. After negotiation, Beiguochun agreed to send another batch of sample wines to the Company on or before end of June 2015. If the second batch of sample wines still cannot pass the testing, the deposit shall be refunded to the Company.

Beiguochun is a famous wine retailer in Northeast China with extensive sales channels and its group is producer of the famous series of brand wines namely 北國春. Beiguochun was also a previous subsidiary of the Group until 28 December 2012 when the then management of the Group decided to dispose it to an independent third party, details of which were disclosed in note 32 to the audited financial statements for the year ended 31 December 2012 contained in the 2012 annual report of the Company.

By Order of the Board
China Beidahuang Industry Group Holdings Limited
Jiang Jianjun
Chairman

Hong Kong, 19 June 2015

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Li Jianqing, Mr. Qu Shuncaï and Mr. Jiang Jiancheng; the Non-executive Director is Ms. Ho Wing Yan; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Li Xiaofeng and Mr. Ho Man Fai.

* *For identification purpose only*