
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Beidahuang Industry Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares of the Company.

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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)

(1) CONNECTED TRANSACTION – SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON UNDER SPECIFIC MANDATE;

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders of the Company**

Nuada Limited

Corporate Finance Advisory

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders regarding the Subscription Agreement is set out on page 15 of this circular. A letter from Nuada Limited containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Subscription Agreement is set out on pages 16 to 35 of this circular. A notice convening an extraordinary general meeting (the “EGM”) of China Beidahuang Industry Group Holdings Limited (the “Company”) to be held at 4/F, Yuheng Building, Yuheng Road, Yunong Village, Futian District, Shenzhen, China on Monday, 7 September 2015 at 11:00 a.m. is set out on pages 43 to 44 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as practicable but in any event no less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

19 August 2015

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beidahuang Business Group”	黑龍江農墾北大荒商貿集團有限責任公司 (Heilongjiang Nongken Beidahuang Business Trade Liability Group Co., Ltd.*), a limited liability company incorporated in the PRC
“Beidahuang Marketing Co.”	北大荒營銷股份有限公司 (Beidahuang Marketing Co. Ltd.*), a company established in the PRC with limited liability
“Board”	the board of Directors
“Company”	China Beidahuang Industry Group Holdings Limited (formerly known as “Sino Distillery Group Limited”), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Subscription
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened for approving, among others, the Subscription Agreement and the transactions contemplated thereunder, or any adjournment thereof
“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

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	in relation to the Subscription, any Shareholders other than the Subscriber and its associates
“Latest Practicable Date”	17 August 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Last Trading Day”	13 May 2015, the last day on which the Shares were traded immediately preceding the publication of the announcement dated 15 May 2015 of the Company in relation to the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 September 2015 or such later date as the Company and the Subscriber may agree
“Nuada Limited” or “Independent Financial Advisor”	Nuada Limited, a licensed corporation under the SFO licensed, to conduct type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Shenzhen Beidahuang”	深圳北大荒綠色食品配送有限公司 (Shenzhen Beidahuang Green Food Distribution Limited*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beidahuang (HK) International Trade Co., Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 May 2015 (as supplemented and amended by three supplemental agreement dated 18 May 2015, 16 July 2015 and 17 August 2015) entered into between the Company and the Subscriber in respect to the Subscription
“Subscription Price”	HK\$1.3365 per Subscription Share
“Subscription Shares”	a total of 150,000,000 new Shares
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Warrants”	an aggregate of 180,000,000 non-listed warrants entitling the holder to subscribe for up to an aggregate amount of HK\$126 million for the new Shares at an initial subscription price of HK\$0.70 per Share, subject to the terms and conditions set out in the instrument constituting the warrants
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. JIANG Jianjun (*Chairman*)
Mr. LI Jianqing (*Chief Executive Officer*)
Mr. JIANG Jiancheng

Non-executive Director:

Ms. HO Wing Yan

Independent Non-executive Directors:

Dr. LOKE Yu
Mr. LI Xiaofeng
Mr. HO Man Fai

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 1001E, 10/F
East Ocean Centre
98 Granville Road
Tsim Sha Tsui
Kowloon, Hong Kong

19 August 2015

To the Shareholders

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION – SUBSCRIPTION OF
NEW SHARES BY A CONNECTED PERSON
UNDER SPECIFIC MANDATE;**

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 17 May 2015 and 18 May 2015 in relation to, among other things, the Subscription. On 14 May 2015, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 150,000,000 Subscription Shares at the Subscription Price of HK\$1.3365 per Subscription Share. On 18 May 2015, 16 July 2015 and 17 August 2015, the Company entered into three supplemental agreements with the Subscriber to supplement and amend the terms of the Subscription Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to (a) further details of the Subscription; (b) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription; (c) a letter of advice of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Subscription; (d) a notice convening the EGM; and (e) other information as required by the Listing Rules.

THE SUBSCRIPTION AGREEMENT

Date

14 May 2015

Parties

- (1) the Company as the issuer; and
- (2) Beidahuang (HK) International Trade Co., Limited as the Subscriber

The Subscriber is a limited liability company incorporated in Hong Kong and a subsidiary of Beidahuang Business Group.

Number of Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for a total of 150,000,000 Subscription Shares at the Subscription Price. The 150,000,000 Subscription Shares represents (i) approximately 7.59% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 7.05% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$15,000,000.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$1.3365 per Subscription Share represents:

- (i) a discount of approximately 36.05% to the closing price of HK\$2.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 19.97% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 28.26% over the average closing price of HK\$1.042 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 May 2015, being the trading day immediately preceding the Last Trading Day;
- (iv) a premium of approximately 39.80% over the average closing price of approximately HK\$0.956 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to (not including) the Last Trading Day; and
- (v) a premium of approximately 640% over the consolidated net asset value of the Company of HK\$1.3365 per Share as at 31 December 2014.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and with reference to the prevailing market price of the Shares.

Conditions Precedent

The obligations of the Subscriber and the Company are conditional upon the fulfillment of the following conditions on or before the Long Stop Date:

- (a) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the Subscription Agreement and the transactions contemplated thereunder; and
- (b) the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Subscription Shares and such permission not subsequently being revoked.

If any of the above conditions is not so satisfied on or before the Long Stop Date, the Subscription Agreement will terminate and neither of the Subscriber and the Company will have any claim against the other for costs, damages, compensation or otherwise except for, among others, antecedent breach of provisions of the Subscription Agreement.

LETTER FROM THE BOARD

Completion

The Completion shall take place within two business days after the conditions precedent of the Subscription Agreement have been fulfilled or on such other date as the Company and the Subscriber may agree.

Lock-up Period

Under the terms of the Subscription Agreement, the Subscriber and its nominee shall neither (i) dispose of, (ii) enter into any agreement to dispose of, nor (iii) otherwise create any encumbrances in respect of any direct or indirect interest in the Subscription Shares at any time within the period of 18 months from the date of completion of the Subscription.

Specific Mandate

The Company will seek the grant of a specific mandate from the Independent Shareholders to allot and issue the Subscription Shares.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF THE PROCEEDS

The Group is principally engaged in sale and distribution of wine, liquor and green food products. On 4 March 2015, the Group acquired 50% of the registered capital of Shenzhen Beidahuang which is principally engaged in wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food supplied by the Beidahuang Business Group.

Reference is made to the announcement of the Company dated 13 May 2015 in relation to continuing connected transactions with Beidahuang Business Group and its subsidiaries. The Subscriber is also the holder of the Warrants. Beidahuang Business Group has many projects on hand which some of them are suitable to the Company. After getting enough funding from the Subscription, the Company will carry out investigation and due diligence on these potential investments and then proceed to decide the investment terms and conditions. In light of the above, the Directors are of the view that the Subscription can further strengthen the business relationship between the Group and Beidahuang Business Group and its subsidiaries.

LETTER FROM THE BOARD

The Board has considered other financing alternatives such as rights issue or open offer but such fund raising exercises (i) will require the Company to procure commercial underwriting which would incur additional cost for the Company; (ii) would be relatively time consuming for the execution and negotiation as compared with the Subscription; and (iii) may require the subscription price at deep discount to current market price of the Share in order to encourage existing Shareholders to participate. The Directors are of the view that these fund raising exercises would not be in the interests of the Independent Shareholders. In addition, the Directors considered that the current gearing level of the Group is in an acceptable level and is not preferable to further increase the gearing level by creating additional debt liabilities to the Group. Raising funds by equity financing with interest-free nature could reduce the debt to assets ratio. The Directors thus concluded that equity financing can prevent to further increase leverage of the Group as compared to debt financing.

The aggregate gross proceeds from the Subscription will be HK\$200.475 million and the net proceeds will be approximately HK\$200.1 million, after deducting all the professional fees incurred in the Subscription. The net Subscription Price will be approximately HK\$1.3340 per Share. The Company intends to use the net proceeds for the Group's business development (approximately HK\$40 million), investments (approximately HK\$143.8 million) and general working capital purposes (approximately HK\$16.3 million).

Regarding business development, the proceeds of up to HK\$40 million will be used to finance the leasing of the logistics warehousing facilities in Hong Kong, details of which are disclosed in the announcement of the Company dated 13 May 2015 ("Joint Venture Announcement"). The joint venture company ("Joint Venture Company") has been incorporated under the laws of Hong Kong and the Group has 40% equity interest in the Joint Venture Company which is accounted for in the consolidated financial statements of the Group as a subsidiary as the Group has control over the board of directors of the Joint Venture Company. The Joint Venture Company is principally engaged in leasing of warehousing facilities and related business activity in Hong Kong. The other joint venture partners have experience in the business of leasing of warehousing facilities and the Joint Venture Company has employed a new manager ("Logistics Manager") to supervise its daily operations and the Logistics Manager has experience in this business over 10 years. According to the Shareholders' Agreement (as defined in the Joint Venture Announcement), the Group will lend a loan of amount up to HK\$70 million to the Joint Venture Company for the payment of costs of establishment of logistics warehousing facilities. As at the Latest Practicable Date, the Group has lent sums of approximately HK\$30 million to the Joint Venture Company and intends to lend additional sums of approximately HK\$40 million to the Joint Venture Company out of the proceeds of the Subscription.

LETTER FROM THE BOARD

Regarding investments, the Company always welcome any good investment opportunity and has already a preliminary investment plan to invest in different areas. The business of potential investees included property and land, natural resources and logistic business etc. The Company has preliminary investment plan and identified Tianjin as the suitable location for logistic business by way of joint venture. The Company has identified joint venture partner in PRC which has experience in leasing of logistics warehousing facilities in PRC. The Company is negotiating the agreement terms with the potential joint venture partner in PRC and it is expected that the negotiation will be finalized before the end of this year and plan to invest around RMB40 million (equivalent to around HK\$50 million) as capital contribution for the formation of a new joint venture company. The Logistic Manager will also supervise the business of the new joint venture company in PRC.

Besides, the Company is considering to invest around RMB30 million (equivalent to around HK\$37 million) in a lead-zinc mine (“Mine”) in Hunan Province. The existing owner of the Mine considers the valuation of the mine to be around RMB500 million and the Company is considering to invest around RMB30 million (equivalent to around HK\$37 million) in the Mine. The existing owner has extensive experiences in operating mineral mines. As per information from the existing owner, the Mine is generating positive cash flow around RMB60 million annually. The percentage of investment will be in the range from 5% to 10% but the actual amount will depend on further due diligence review, report from valuers and negotiation with the existing owner of the Mine. If the Group completes the investment in the Mine, the Group will not be involved in the operations of the Mine.

One of our business partners, Beidahuang Business Group, has various projects on hand which some of them are benefit to the Company. After getting enough funding, the Company will carry out analysis, feasibility study/investigation and due diligence review on these potential investments and then proceed to decide the investment terms and conditions. Based on the expected funding available, the Company is considering to invest not more than RMB45 million (equivalent to around HK\$56 million) in acquisition of a wholly owned subsidiary of Beidahuang Business Group (“Target Company”) and the Target Company has a right to acquire a parcel of land in Zhongshan (Guangdong Province) but the actual investment amount will depend on the due diligence review and negotiation with the Beidahuang Business Group. The Group has positive view on the property market in Zhongshan and the Group considers the investment in the Target Company can generate rental income to the Group or capital appreciation to the Group depending on the prospect of the property market in China.

Please note that the investment plans mentioned above are at preliminary stage and are subject to change. The parties are negotiating the terms and they have not signed any formal agreements. If there is any significant development or change in the investment plans, the Company will make announcement in accordance with the requirements of the Listing Rules. The Company will comply with the relevant requirements under Chapters 13, 14 and 14A of the Listing Rules when the investments mentioned above are materialized or there involves advance to an entity.

LETTER FROM THE BOARD

The funding needs for the next 12 months mainly depends on the development and investment plans described above. After the considering of the existing investment plan and the foreseeable business plan of the Group, to the best knowledge of the Directors under the existing circumstances, the Board is of the view that the funds are enough for the coming 12 months. Based on the latest development and investment plan, the proceeds from the Subscription can satisfy the Company's expected funding needs for the next 12 months.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this circular up to the Completion, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Completion and before the exercise of the subscription rights of the Warrants; and (iii) immediately after the Completion and the exercise in full of the subscription rights of the Warrants.

Name of Shareholder	As at the Latest Practicable Date		Immediately after the Completion		Immediately after the Completion and assuming the exercise in full of the subscription rights of the Warrants	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<i>Directors</i>						
Mr. Jiang Jianjun (a)	282,851,522	14.31	282,851,522	13.30	282,851,522	12.26
Mr. Li Jianqing	7,470,000	0.38	7,470,000	0.35	7,470,000	0.33
Mr. Ho Man Fai	750,000	0.04	750,000	0.04	750,000	0.03
Mr. Jiang Jiancheng	250,000	0.01	250,000	0.01	250,000	0.01
Mr. Li Xiaofeng	250,000	0.01	250,000	0.01	250,000	0.01
	<u>291,571,522</u>	<u>14.75</u>	<u>291,571,522</u>	<u>13.71</u>	<u>291,571,522</u>	<u>12.64</u>
Subscriber	–	–	150,000,000	7.05	330,000,000	14.30
Public Shareholders	<u>1,685,323,354</u>	<u>85.25</u>	<u>1,685,323,354</u>	<u>79.24</u>	<u>1,685,323,354</u>	<u>73.06</u>
Total	<u><u>1,976,894,876</u></u>	<u><u>100.00</u></u>	<u><u>2,126,894,876</u></u>	<u><u>100.00</u></u>	<u><u>2,306,894,876</u></u>	<u><u>100.00</u></u>

Note:

- (a) The Shares are held by Mr. Jiang Jianjun ("Mr. Jiang") as to 106,702,000 Shares, Ms. Li Zhuoxun, the spouse of Mr. Jiang, as to 2,920,000 Shares, King Wei Group (China) Investment Development Limited ("King Wei") as to 126,629,522 Shares and China Silver Investments Development Limited ("China Silver") as to 46,600,000 Shares. As King Wei and China Silver are 100% owned by Mr. Jiang, Mr. Jiang is deemed to be interested in the 126,629,522 Shares held by King Wei and the 46,600,000 Shares held by China Silver respectively by virtue of the SFO.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the equity fund raising activities conducted by the Company in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of the proceeds	Actual use of the proceeds up to the Latest Practicable Date
24 June 2014	Subscription of 82,000,000 new Shares at a price of HK\$0.7 per subscription share	Approximately HK\$57.1 million	For the Group's settlement of loans, business developments, investments and general working capital	Approximately RMB28 million was applied as refundable deposit for business development in Shenzhen area and the remaining was applied to general working capital of the Group
24 June 2014	Subscription of convertible bonds in an aggregate principal amount of HK\$89,600,000	Approximately HK\$89.3 million	For the Group's settlement of loans, business developments, investments and general working capital	Approximately RMB15 million was applied to settle bank loan and approximately RMB20 million was applied as the working capital of the joint venture company related to E-commerce and the remaining was applied as working capital of the Group
11 July 2014	Subscription of 180,000,000 non-listed warrants at an issue price of HK\$0.01 per warrant	Approximately HK\$1.5 million	For the Group's working capital	The entire amount has been deposited into and remains in bank account
10 April 2015	Subscription of 150,000,000 new Shares at a price of HK\$0.73 per subscription share	Approximately HK\$109.45 million	For the Group's business development, investments and general working capital purposes	Approximately HK\$30 million was applied to the joint venture company to engage in leasing of logistics business and the balance amount has been deposited into and remains in bank account
17 June 2015	Subscription of 39,800,000 new Shares at a price of HK\$2.43 per subscription share	Approximately HK\$96.6 million	For the Group's business development, investments, acquisition, repayment of loans and general working capital purposes	The entire amount has been deposited into and remains in bank account

LETTER FROM THE BOARD

The unutilized proceeds from each of the fund raising activities in July 2014, April 2015 and June 2015 will be used in the development and investment plans as previously disclosed.

IMPLICATIONS UNDER THE LISTING RULES

Beidahuang Marketing Co. (a subsidiary of Beidahuang Business Group) is a substantial shareholder of Shenzhen Beidahuang (a non-wholly owned subsidiary of the Company). The Subscriber is an associate of a connected person of the Company at the subsidiary level. Therefore, the transactions contemplated under the Subscription Agreement constitute a connected transaction for the Company.

The Subscription is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules. The Subscriber and its associates shall abstain from voting at the EGM to be held for approving the Subscription. As at the Latest Practicable Date, the Subscriber and its associates do not hold any Shares.

EGM

A notice convening the EGM to be held at 4/F, Yuheng Building, Yuheng Road, Yunong Village, Futian District, Shenzhen, China on Monday, 7 September 2015 at 11:00 a.m. or any adjournment is set out on pages 43 to 44 of this circular. Resolution will be proposed to approve, inter alia, the Subscription Agreement and the transactions contemplated thereunder.

The Subscription Agreement and the transactions contemplated thereunder are subject to, among other things, the approval by the Independent Shareholders at the EGM to be taken by way of a poll. As mentioned above, the Subscriber and its associates shall, at the EGM, abstain from voting for the relevant resolution approving the Subscription Agreement and the transactions contemplated thereunder due to their interest in the concerned transaction. Other than the above, no other Shareholders have material interest in the above transaction and will abstain from voting at the EGM. As at the Latest Practicable Date, the Subscriber and its associates do not have interest in any Share.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete and return the form of proxy enclosed in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

VOTING BY POLL

Article 80 of the Articles of Association of the Company provides that at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. However, under Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the Directors intend that the Chairman of the EGM shall demand voting of the resolution put forward at the EGM by way of poll.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Dr. LOKE Yu, Mr. LI Xiaofeng, and Mr. HO Man Fai has been established to advise the Independent Shareholders in respect of the terms of the Subscription Agreement. All members of the Independent Board Committee are independent non-executive Directors who do not have any interest in the proposed transaction mentioned in this circular. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the Subscription Agreement. Your attention is also drawn to the letter from Nuada Limited as set out on pages 16 to 35 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of Nuada Limited in relation to the terms of the Subscription Agreement, is of the opinion that the Subscription Agreement is in the best interests of the Company and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

LETTER FROM THE BOARD

Furthermore, the Directors consider that the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole but the Subscription is not conducted in the ordinary and usual course of business of the Company, and therefore recommend that the Shareholders vote in favour of the resolution to be proposed at the EGM.

Your attention is also drawn to the additional information set out in the Appendix.

Yours faithfully,
For and on behalf of the Board
China Beidahuang Industry Group Holdings Limited
Jiang Jianjun
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

19 August 2015

To the Independent Shareholders

Dear Sir or Madam,

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

We refer to the circular dated 19 August 2015 issued by the Company (the “Circular”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Subscription Agreement is fair and reasonable so far as the Independent Shareholders are concerned. Nuada Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and advice of Nuada Limited as set out in its letter of advice on pages 16 to 35 of the Circular, we are of the opinion that the terms of the Subscription Agreement are fair and reasonable, the Subscription Agreement is on normal commercial terms or better but the Subscription is not conducted in the ordinary and usual course of business of the Group and the Subscription Agreement is in interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

the Independent Board Committee

Dr. LOKE Yu

Independent

non-executive Director

Mr. LI Xiaofeng

Independent

non-executive Director

Mr. HO Man Fai

Independent

non-executive Director

LETTER FROM NUADA LIMITED

The following is the letter of advice from Nuada Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Nuada Limited
Corporate Finance Advisory

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19 August 2015

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES BY A CONNECTED PERSON UNDER SPECIFIC MANDATE

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement, the particulars of which are set out in the letter from the Board (the “Letter”) contained in the circular of the Company to the Shareholders dated 19 August 2015 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

Pursuant to the announcement of the Company dated 17 May 2015 (the “Announcement”), the Company, on 14 May 2015, entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 150,000,000 Subscription Shares at the Subscription Price of HK\$1.3365 per Subscription Share. On 18 May 2015, the Company entered into a supplemental agreement with the Subscriber to supplement and amend the terms of the Subscription Agreement such that, among others, the Company will seek the grant of a specific mandate from the Independent Shareholders to allot and issue the Subscription Shares. The Company, on 16 July 2015 and 17 August 2015, entered supplemental agreements with the Subscriber to supplement and amend the terms of the Subscription Agreement.

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Beidahuang Marketing Co. (a subsidiary of Beidahuang Business Group) is a substantial shareholder of Shenzhen Beidahuang (a non-wholly owned subsidiary of the Company). The Subscriber is an associate of a connected person of the Company at the subsidiary level. Therefore, the transactions contemplated under the Subscription Agreement constitute a connected transaction for the Company. Given the Subscriber was a connected person of the Company as at the Latest Practicable Date, the Subscriber and its associates shall abstain from voting at the EGM to be held for approving the Subscription.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Dr. Loke Yu, Mr. Li Xiaofeng and Mr. Ho Man Fai has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Subscription Agreement are fair and reasonable in so far as the Independent Shareholders are concerned and to recommend how the Independent Shareholders should vote at the EGM. We, Nuada Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible for, were true, accurate and complete at the time when they were made and continue to be so as at the date hereof.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular and provided to us by the management of the Company and the Directors, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we relied on the Company that it has provided us sufficient information to reach an informed view and to provide a reasonable basis for our opinion and we have relied on such information and opinions. We have not, however, conducted any independent in-depth investigation into the business and affairs, financial conditions or the future prospects of the Group, the Subscriber and/or their respective subsidiaries or associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Subscription Agreement are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group is principally engaged in sale and distribution of wine, liquor and green food products. On 4 March 2015, the Group acquired 50% of the registered capital of Shenzhen Beidahuang which is principally engaged in wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food supplied by the Beidahuang Business Group.

Set out below is a summary of financial highlights of the Group for the financial years ended 31 December 2012, 2013 and 2014 as extracted from the annual report of the Group for the year ended 31 December 2014 (the “2014 Annual Report”) and the annual report of the Group for the year ended 31 December 2013.

	Year ended 31 December 2014 (HK\$'000)	Year ended 31 December 2013 (HK\$'000)	Year ended 31 December 2012 (HK\$'000) (restated)
Continuing operations			
Revenue	80,004	94,176	144,738
Gross profit/(loss)	11,103	15,839	36,949
Loss from continuing operations	(41,820)	(29,127)	(138,132)
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	142,879	(132,862)	(183,526)
Profit/(loss) for the year/period	101,059	(161,989)	(321,658)
Profit/(loss) attributable to owners of the parent	117,810	(126,770)	(277,800)

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	As at 31 December 2014 <i>(HK\$'000)</i>	As at 31 December 2013 <i>(HK\$'000)</i>	As at 31 December 2012 <i>(HK\$'000)</i>
Cash and cash equivalents	79,150	25,487	8,398
Net current assets/(liabilities)	287,584	(86,605)	(179,584)
Net assets/(liabilities) attributable to the owners of the Company	293,788	(41,189)	82,120

The results

For the year ended 31 December 2014, the continuing operations of the Group recorded a revenue of approximately HK\$80 million, representing a decrease of 15.05% from that of last year. Gross profit for the continuing operations of the Group was approximately HK\$11.10 million whereas it was HK\$15.84 million in the year 2013. The loss (net of taxation) from continuing operations was approximately HK\$41.82 million and the gain from discontinued operations (net of tax) was approximately HK\$142.88 million. Profit attributable to owners of the parent was approximately HK\$117.81 million while the loss attributable to owners of the parent was approximately HK\$126.77 million in 2013. The surge in the profit from discontinued operation was mainly due to the disposal gain resulting from the disposal (“Harbin Disposal”) of Harbin China Distillery Company Limited (“Harbin China”).

The ordinary resolution to approve the Harbin Disposal was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting held on 6 June 2014 and the Harbin Disposal was completed on 18 June 2014. After that date, Harbin China ceased to be a subsidiary of the Company.

For the year ended 31 December 2013, the continuing operations of the Group recorded a revenue of approximately HK\$94.1 million, representing a decrease of 34.93% from that of last year. Gross profit for the continuing operations of the Group was approximately HK\$15.84 million whereas it was HK\$36.95 million in the financial year 2012. The loss (net of taxation) from continuing operations was approximately HK\$29.13 million and the loss from discontinued operations (net of tax) was approximately HK\$132.86 million. Loss attributable to owners of the parent was approximately HK\$126.77 million while the loss attributable to owners of the parent was approximately HK\$277.8 million in 2012.

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Although the revenue from the entire ethanol business segment (including revenue and other revenue) generated by Harbin China increased substantially from approximately HK\$54.59 million in 2012 to approximately HK\$346.61 million in 2013, the loss from this discontinued operation, net of tax for the year, excluding the impairment loss incurred in 2012, increased significantly from approximately HK\$72.33 million in 2012 to approximately HK\$132.86 million for 2013.

The financial position

As at 31 December 2014, the cash and cash equivalents of the Group were approximately HK\$79.15 million. The net current asset and net asset value attributable to the owners of the Company as at 31 December 2014 was HK\$287.58 million and HK\$293.79 million respectively. As at 31 December 2014, the Group's total borrowings amounted to approximately HK\$72.35 million whereas the borrowings amounted to HK\$136.42 million in 2013. The Group's borrowings included bank loans of approximately HK\$61.22 million and amounts due to related parties of approximately HK\$11.14 million. All of the Group's borrowings were denominated in Renminbi with the rest in Hong Kong dollars. The bank loans, other borrowings and amounts due to related parties of approximately HK\$11.14 million are charged at fixed interest rates. The gearing ratio of the Group as at 31 December 2014, calculated as net debt divided by equity attributable to owners of the parent plus net debt, was 26.2% while the ratio for 2013 was 139.2%.

As at 31 December 2013, the cash and cash equivalents of the Group were approximately HK\$25.49 million. The Group was in net current liability and net liability position of HK\$86.61 million and HK\$41.19 million respectively. As at 31 December 2012, the cash and cash equivalents of the Group were approximately HK\$8.40 million. The Group was in net current liability of HK\$179.58 million.

Based on the above, we note that the Group has been improving its financial position and successfully turned into a net asset position from a net current liability position over the past two years.

Outlook

Pursuant to the 2014 Annual Report, it was stated that the Group will continue to control the costs and focus on existing resources to further strengthen and grow the Group's businesses, both organically and through acquisitions when appropriate opportunities arise.

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The principal activities engaged by the Group include animal feed business and wine and liquor business. For the financial year 2014, there has been slow development in animal feed business as the Group directed most of its resources to the development of the Group's wine and liquor business. On 12 August 2013, the Company entered into a non-legally binding memorandum of understanding ("MOU") with an independent third party ("Vendor") pursuant to which the Company intended to acquire and the Vendor intended to sell 100% of the issued share capital of a company. That company and its subsidiary ("Target Group") are in the process of acquiring a company incorporated in the PRC which is holding a piece of multipurpose agricultural land in the Yinchuan City of Ningxia Province, the PRC. The Company intended to acquire the land for the development of an eco-pasture base. The Company and the Vendor entered into the first extension agreement on 24 February 2014, the second extension agreement on 22 August 2014 and the third extension agreement on 23 February 2015 respectively to further extend the MOU for 6 months to 22 August 2015 in order to enable the Company to complete its due diligence on the Target Group.

The Group will continue to pursue additional potential locations for future facilities, which would involve consideration of a number of criteria including availability of raw materials and infrastructure, potential strategic partnerships, logistics and other market factors. In addition, if the MOU materialises, the Company intends to utilise the land for development of an eco-pasture base.

As regards the wine and liquor business, the Group will closely monitor the market situations and trends, and adopt corresponding measures of risk management to alleviate the negative impacts due to the PRC government's calls for cracking down on extravagance in government departments and state-owned institutions and enterprises as well as the plasticiser contamination scandal. Meanwhile, the Group will continue to improve the product mix and focus on higher margin products to grow its business. Apart from strengthening the established markets, the Group will strive to expand its retail and distribution network to other parts of the PRC.

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On 25 August 2014, Shenzhen Meiming Wenshi Trading Limited (“SZMM”) agreed to acquire an aggregate of 50% equity interest in Shenzhen Beidahuang at an aggregate consideration of RMB2.5 million. At completion, Beidahuang Marketing Co. and SZMM increased the registered capital of Shenzhen Beidahuang from RMB0.5 million to RMB10 million. The increased capital were contributed by Beidahuang Marketing Co. and SZMM in equal shares in the amount of RMB4.75 million each. The ordinary resolution to approve the acquisition was duly passed by the Shareholders by way of poll at the extraordinary general meeting held on 17 February 2015 and the capital injection was completed on 4 March 2015 and after that day, Shenzhen Beidahuang becomes a subsidiary of the Group. By acquiring the Shenzhen Beidahuang, the Company can run the existing chain store business more effectively and efficiently by distributing the products currently sold by the Shenzhen Beidahuang in its wholesaling and retailing business. The acquisition can also diversify the Group’s business model, reduce its risk and increase its market shares in Guangdong and Shenzhen.

According to the 2014 Annual Report, the Group will continue to explore the new markets and increase the promotion and marketing activities to expand the existing business. The Group would also look for other business and related profitable business for acquisition purpose.

2. Terms of and Reasons for the Subscription Agreement

Principal terms of the Subscription Agreement

Date: 14 May 2015

Parties: the Company as the issuer and Beidahuang (HK) International Trade Co., Limited as the Subscriber

The Subscriber is a limited liability company incorporated in Hong Kong and a subsidiary of Beidahuang Business Group. The Subscriber is the holder of the Warrants. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 150,000,000 Subscription Shares at the Subscription Price of HK\$1.3365 per Subscription Share.

The 150,000,000 Subscription Shares represent (i) approximately 7.59% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 7.05% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares upon Completion.

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Subscription Price

The Subscription Price of HK\$1.3365 per Subscription Share represents:

- (i) a discount of approximately 36.05% to the closing price of HK\$2.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 19.97% to the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 28.26% over the average closing price of approximately HK\$1.042 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to (not including) the Last Trading Day;
- (iv) a premium of approximately 39.80% over the average closing price of approximately HK\$0.956 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to (not including) the Last Trading Day; and
- (v) a premium of approximately 640% over the net asset value of approximately HK\$0.1806 per Share (based on the net asset value attributable to the shareholders of the Company as at 31 December 2014 of approximately HK\$293.79 million and 1,626,694,876 Shares in issue).

As stated in the Letter, the Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price of the Share. Further review of the historical price movement of the Shares will be conducted in the below section.

Use of proceeds

The gross proceeds from the Subscription will be approximately HK\$200.475 million. The estimated net proceeds from the Subscription, after the deduction of relevant expenses and professional fees incurred in the Subscription will be approximately HK\$200.1 million. The net price of each Subscription Share, calculated by dividing the estimated net proceeds from the Subscription by the number of Subscription Shares, will be approximately HK\$1.3340.

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The estimated net proceeds are intended to be utilised towards: (i) as to approximately HK\$40 million for the Group's business development; (ii) as to approximately HK\$143.8 million for investments; and (iii) the remaining of approximately of HK\$16.3 million will be used for general working capital of the Group.

As mentioned in the Letter, the proceeds of up to HK\$40 million will be used to finance the leasing of the logistics warehousing facilities in Hong Kong, details of which are disclosed in the announcement of the Company dated 13 May 2015 ("Joint Venture Announcement"). The joint venture company ("Joint Venture Company") has been incorporated under the laws of Hong Kong and the Group has 40% equity interest in the Joint Venture Company. The Joint Venture Company is principally engaged in leasing of warehousing facilities and related business activity in Hong Kong. The other joint venture partners have experience in the business of leasing of warehousing facilities and the Joint Venture Company has employed a new logistics manager to supervise its daily operations and the new manager has experience in this business over 10 years. According to the Shareholders' Agreement (as defined in the Joint Venture Announcement), the Group will lend a loan of amount up to HK\$70 million to the Joint Venture Company for the payment of costs of establishment of logistics warehousing facilities. As at the Latest Practicable Date, the Group has lent sums of approximately HK\$30 million to the Joint Venture Company and intends to lend additional sums of approximately HK\$40 million to the Joint Venture Company out of the proceeds of the Subscription.

Regarding investments, the Company always welcome any good investment opportunity and has already a preliminary investment plan to invest in different areas. The business of potential investees included property and land, natural resources and logistic business etc. The Company has preliminary investment plan and identified Tianjin as the suitable location for logistic business by way of joint venture. The Company has identified joint venture partner in PRC which has experience in leasing of logistics warehousing facilities in PRC. The Company is negotiating the agreement terms with the potential joint venture partner in PRC and it is expected that the negotiation will be finalized before the end of this year and plan to invest around RMB40 million (equivalent to around HK\$50 million) as capital contribution for the formation of a new joint venture company. The logistics manager will also supervise the business of the new joint venture company in PRC.

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Besides, the Company is considering to invest around RMB30 million (equivalent to around HK\$37 million) in a lead-zinc mine in Hunan Province. The existing owner of the mine considers the valuation of the mine to be around RMB500 million and the Company is considering to invest around RMB30 million (equivalent to around HK\$37 million) in the mine. The existing owner has extensive experience in operating mineral mines. The percentage of investment will be in the range from 5% to 10% but the actual amount will depend on further due diligence review, report from valuers and negotiation with the existing owner of the mine. If the Group completes the investment in the mine, the Group will not be involved in the operations of the mine.

One of the Company's business partner, Beidahuang Business Group, has various projects on hand which some of them are benefit to the Company. After getting enough funding, the Company will carry out analysis, feasibility study and due diligence review on these potential investments and then proceed to decide the investment terms and conditions. Based on the expected funding available, the Company is considering to invest not more than RMB45 million (equivalent to around HK\$56 million) in acquisition of a wholly owned subsidiary of Beidahuang Business Group and the target company has a right to acquire a parcel of land in Zhongshan (Guangdong Province) but the actual investment amount will depend on the due diligence review and negotiation with the Beidahuang Business Group. The Group has positive view on the property market in Zhongshan and the Group considers the investment in the target company can generate rental income to the Group or capital appreciation to the Group depending on the prospect of the property market in China.

As stated in the Letter, the investment plans mentioned above are at preliminary stage and are subject to change. The parties are negotiating the terms and they have not signed any formal agreements. If there is any significant development or change in the investment plans, the Company will make announcement in accordance with the requirements of the Listing Rules. The Company will comply with the relevant requirements under Chapters 13, 14 and 14A of the Listing Rules when the investments mentioned above are materialized or there involves advance to an entity.

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We note from the above that the Company has a preliminary plan to invest in different areas. Based on our recent discussions with the Company, we understand that the Company has been identifying various possible/potential projects and has a preliminary plan to allocate certain amount of proceeds from the Subscription for these projects. Nevertheless, we were told that the investment plans are at preliminary stage and the projects are subject to change. The terms and conditions including the actual amount of consideration will depend on negotiations with the relevant parties and due diligence reviews. However, given the situation that the terms for the possible investment have not been determined and no formal agreements have been entered into, the Company still can have the right to negotiate the terms and conditions as well as to allocate its funding in accordance with its plan, subject to the result of the due diligence. Furthermore, in the event that there is any significant development or change in the investment plan as disclosed in the Circular, announcements will be made by the Company as and when appropriate in accordance with the requirement of the Listing Rules and if the investments are materialized, the Company will comply with the relevant requirements under the Listing Rules. Thus, we consider that the use of proceeds from the Subscription can be managed by the Company in an active manner, and the possible projects can be subject to further disclosure and necessary requirements under the Listing Rules as well as monitoring and approval (if applicable) by the Shareholders.

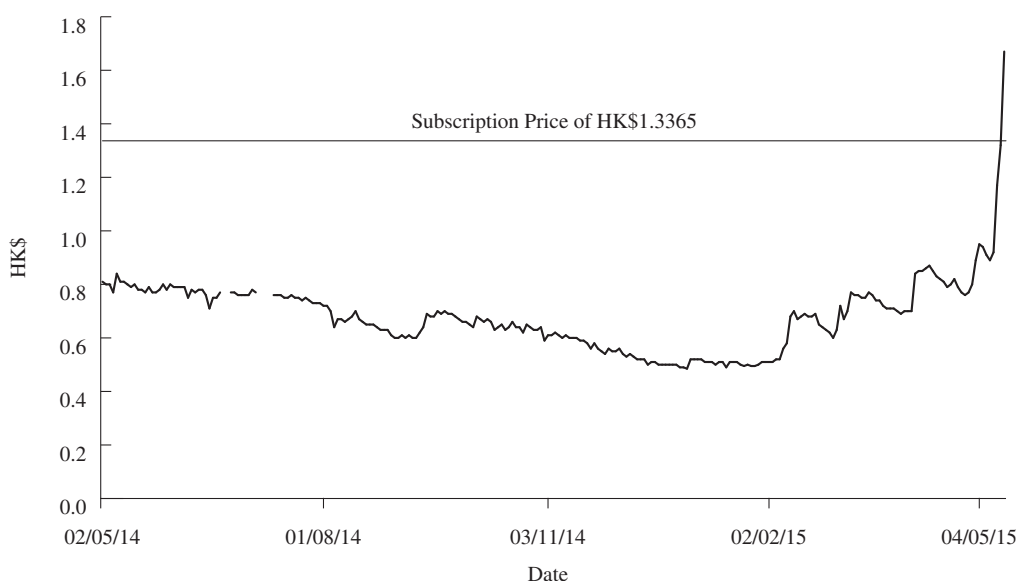
As advised by the management of the Company, the Directors believe that the Subscription will significantly enhance the capital structure and financial position of the Company by improving its balance sheet, and will also improve the financing capability of the Company, which in the long term, will enhance the Company's competitiveness and help the Company to improve its operational position.

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3. Review of historical closing price and trading volume

Historical price movement

In assessing the fairness of the Subscription Price, we conduct a review of the historical price movement of the Shares. Set out below is the diagram demonstrating the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 2 May 2014 up to and including the Last Trading Day.



Note: Trading in Shares suspended on the dates from 23 June 2014 to 24 June 2014 and from 8 July 2014 to 11 July 2014.

During the review period, the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.485 per Share recorded on 30 December 2014 and the highest closing price of the Shares was HK\$1.67 per Share recorded on the Last Trading Day. The Subscription Price lies within the range of the highest and lowest closing price during the review period. The price of the Share closed at HK\$1.17 on 11 May 2015. In fact, prior to that day, the closing prices of the Shares closed within the range of HK\$0.485 and HK\$0.95 during the review period. Based on the above, we note that the Subscription Price is in line with the prevailing market price of the Shares.

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Trading volume and liquidity of the Shares

The average daily trading volume of the Shares in each month below, and the respective percentages of the Shares' average trading volume as compared to (i) the total number of issued Shares of the Company as at date of the Announcement and (ii) the total number of issued Shares held by the public are shown as below:

	Average daily trading volume (the "Average Volume") <i>Number of Shares</i>	% of the average volume to total number of issued Shares as at the date of the Announcement <i>(Note 1)</i> %	% of the average volume to total number of issued Shares held by the public as at the date of the Announcement <i>(Note 2)</i> %	% of the Average Market Volume <i>(Note 3)</i> %
2014				
May	895,500	0.05%	0.07%	0.23%
June	2,234,111	0.13%	0.17%	0.21%
July	3,533,222	0.20%	0.27%	0.25%
August	2,590,190	0.15%	0.20%	0.28%
September	3,065,714	0.17%	0.24%	0.31%
October	4,523,238	0.25%	0.35%	0.26%
November	1,752,400	0.10%	0.13%	0.31%
December	1,993,524	0.11%	0.15%	0.38%
2015				
January	2,422,381	0.14%	0.19%	0.38%
February	3,422,194	0.19%	0.26%	0.26%
March	3,234,932	0.18%	0.25%	0.34%
April	8,961,184	0.50%	0.69%	0.65%
May (up to the Last Trading Day)	49,395,125	2.78%	3.80%	0.50%
				<i>(Note 4)</i>

1. Based on 1,776,744,876 Shares in issue
2. Based on 1,299,491,354 Shares in issue held by the public
3. This column is provided for reference only and the figures are based on the HKEx Monthly Market Highlights in the web site of the Stock Exchange
4. Based on the available monthly figures for May 2015, representing the percentage for the month

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The Average Volume of the Shares ranged between 895,500 Shares and 49,395,125 Shares. It is noted that trading volume of the Shares was relatively higher in the months of April 2015 and May 2015. Nevertheless, the above table illustrates that the Average Volume of the Shares had been thin during the review period. Except in May 2015, the volume of Shares traded during the review period was below 1% of the total number of Shares in issue and held by the public as at the date of the Announcement.

In addition, we also make reference to the trading liquidity of the whole market. Set out above is the percentage of the (the “Average Market Volume”) average daily turnover to the total market capitalization of the listed securities in both main board and growth enterprise market of the Stock Exchange for the period from May 2014 to May 2015, according to the HKEx Monthly Market Highlights in the web site of the Stock Exchange. We note that during the period, the percentage of the Average Market Volume ranged between 0.21% and 0.65%, in June 2014 and April 2015 respectively. Except in May 2015, It is noted that the percentage of the Average Market Volume was higher than that of the Average Volume of the total issued Shares during the period. On the basis that the percentage of Average Volume of the Shares was generally lower than that of the Average Market Volume, we are of the view that the trading liquidity of the Shares had been relatively thin.

Comparison with other share subscription exercises

As part of our analysis, we have also identified exercises regarding placing/ subscription of new shares under specific mandate during the period from 17 March 2015 up to the date of the Announcement as announced by companies listed on the Stock Exchange (the “Comparables”). We are of the view that the Comparables, which represent an exhaustive list, can reflect the prevailing market trend in relation to similar placing or subscription exercises which involved connected persons or independent third parties. To the best of our knowledge and as far as we are aware of, we found 13 transactions which met the said criteria.

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Company name	Stock code	Date of announcement	Premium/ (Discount) of the issue/ subscription price over/(to) closing price per share on the last trading day prior to/ the date of announcement/ agreement in relation to the respective placing/ subscription of share (%)
Simsen International Corporation Limited	993	23 March 2015	(83.90)
Perception Digital Holdings Limited	1822	27 March 2015	(14.75)
Chiho-Tiande Group Limited	976	27 March 2015	33.88
Sincere Watch (Hong Kong) Limited	444	29 March 2015	(19.74)
21 Holdings Limited	1003	13 April 2015	(79.17)
China Traditional Chinese Medicine Co. Limited	570	14 April 2015	(22.64)
Shougang Concord Grand (Group) Limited	730	15 April 2015	(7.87)
Noble House (China) Holdings Limited	8246	16 April 2015	(8.65)

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Company name	Stock code	Date of announcement	Premium/ (Discount) of the issue/ subscription price over/(to) closing price per share on the last trading day prior to/ the date of announcement/ agreement in relation to the respective placing/ subscription of share (%)
Hybrid Kinetic Group Limited	1188	22 April 2015	(15.91)
China Aluminum Cans Holdings Limited	6898	28 April 2015	(5.5)
Kong Sun Holdings Limited	295	28 April 2015	(28.99)
Honbridge Holdings Limited	8137	7 May 2015	(57.30)
Broad Greenstate International Company Limited	1253	7 May 2015	(61.74)
Minimum			(83.9)
Maximum			33.88
Average			(28.64)
The Company	39	17 May 2015	(19.97)

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As shown in the above table, the subscription prices of the Comparables ranged from a discount of approximately 83.9% to a premium of approximately 33.88% to the respective closing prices of their shares on the last trading days prior to/on the date of the announcements/agreement in relation to the relevant share placing/subscription (the “Market Range”), with a average discount of 28.64% among the Comparables. The Subscription Price of HK\$1.3365, which represents a discount of approximately 19.97% over the closing price of HK\$1.67 per Share as quoted on the Stock Exchange on the Last Trading Day, falls within the Market Range and is also lower than the average of the Comparables.

Considering that (i) the Subscription Price is in line with the prevailing market price of the Shares and (ii) the trading liquidity of the Shares is relatively low as indicated by the daily closing price and average daily trading volume of the Shares over the review period; and based on the facts that the Subscription Price represents (iii) a premium of approximately 28.26% over the average closing price of approximately HK\$1.042 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to (not including) the Last Trading Day; (iv) a premium of approximately 39.80% over the average closing price of approximately HK\$0.956 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to (not including) the Last Trading Day; (v) a premium of approximately 640% over the net asset value of approximately HK\$0.1806 per Share; and (vi) represents a discount which falls within the Market Range compared to the average of the Comparables as illustrated above, we are of the view that the Subscription Price is fair and reasonable.

4. Other financing alternatives

As confirmed by the management of the Company, the Board has considered other financing alternatives such as rights issue or open offer but such fund raising exercises (i) require the Company to procure commercial underwriting which would incur additional cost for the Company; (ii) would be relatively time consuming for the execution and negotiation as compared with the Subscription; and (iii) may require the subscription price at deep discount to current market price of the Share in order to encourage existing Shareholders to participate. The Directors considered that these fund raising exercises would not be in the interests of the Independent Shareholders. In addition, the Directors considered that the current gearing level of the Group is in an acceptable level and is not preferable to further increase the gearing level by creating additional debt liabilities to the Group. Raising funds by equity financing with interest-free nature could reduce the debt to assets ratio. The Directors thus concluded that equity financing can prevent to further increase leverage of the Group as compared to debt financing.

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Based on the above, we concur with the views of the Directors that debt financing or bank borrowing or rights issue/open offer would not be considered suitable for the Group at present. Moreover, the Subscription can result in a better financial position with an enhancement to the net asset value of the Company, which will be discussed in the section headed “Financial effects of the Subscription” below.

5. Financial effects of the Subscription

Effect on net asset value

Based on the 2014 Annual Report, the audited consolidated net asset value of the Company was approximately HK\$101.1 million as at 31 December 2014. The net asset value of the Group would increase by the net proceeds from the Subscription of approximately HK\$200.1 million.

The Subscription will therefore have an overall positive impact on the net asset value of the Group.

Effect on gearing

The Directors expect that the Group’s debt to assets ratio will be reduced after the completion of the Subscription, in view of the fact that the Subscription will bring in additional funds to the Group.

Effect on working capital

As disclosed in the 2014 Annual Report, the Group had cash and cash equivalent of approximately HK\$79.2 million as at 31 December 2014. Immediately after completion of the Subscription, the liquidity and cash position of the Group will improve as the Subscription will raise net proceeds of approximately HK\$200.1 million.

Based on the above financial effects of the Subscription, we are of the view that the Subscription will have an overall positive effect on the financial position of the Group and consider that the Subscription is interests of the Company and the Shareholders a whole.

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It should be noted that the aforementioned analyses are based on the published and available information, for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Subscription.

6. Effects on shareholding structure of the Company

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date and (ii) immediately after Completion assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares at Completion:

Name of Shareholder	As at the Latest Practicable Date		Immediately after Completion		Immediately after Completion and assuming the exercise in full of the subscription rights of the Warrants	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<i>Directors</i>						
Mr. Jiang Jianjun	282,851,522	14.31	282,851,522	13.30	282,851,522	12.26
Mr. Li Jianqing	7,470,000	0.38	7,470,000	0.35	7,470,000	0.33
Mr. Ho Man Fai	750,000	0.04	750,000	0.04	750,000	0.03
Mr. Jiang Jiancheng	250,000	0.01	250,000	0.01	250,000	0.01
Mr. Li Xiaofeng	250,000	0.01	250,000	0.01	250,000	0.01
	<u>291,571,522</u>	<u>14.75</u>	<u>291,571,522</u>	<u>13.71</u>	<u>291,571,522</u>	<u>12.64</u>
Subscriber	–	–	150,000,000	7.05	330,000,000	14.30
Public Shareholders	<u>1,685,323,354</u>	<u>85.25</u>	<u>1,685,323,354</u>	<u>79.24</u>	<u>1,685,323,354</u>	<u>73.06</u>
Total	<u><u>1,976,894,876</u></u>	<u><u>100</u></u>	<u><u>2,126,894,876</u></u>	<u><u>100</u></u>	<u><u>2,306,894,876</u></u>	<u><u>100</u></u>

We note that the shareholding interest of the public Shareholders will be decreased from approximately 85.25% to approximately 79.24% as a result of the issue of the Subscription Shares immediately after Completion; and to approximately 73.06% immediately after Completion and assuming the exercise in full of the subscription rights of the Warrants. Having considered the reasons and factors discussed above and taking into account that the the terms of the Subscription are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole, we consider that the dilution to the public shareholding is justifiable.

LETTER FROM NUADA LIMITED

OPINION

Having taking into account the above principal factors and reasons, we consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned but the Subscription is not conducted in the ordinary and usual course of business of the Company; and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Nuada Limited
Andrew Yeung
Associate Director

Mr. Andrew Yeung is a person licensed under the SFO to carry out type 6 (advising on corporate finance) registered activities under the SFO and regarded as a responsible officer of Nuada Limited and has over 7 years of experience in corporate finance industry.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS**Directors' and Chief Executive's Interests in the Company**

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

(a) Long positions in the Shares:

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding (%)
Mr. Jiang Jianjun	Beneficial owner	106,702,000	5.40
	Interest of spouse	2,920,000 (a)	0.15
	Interest of controlled corporations	173,229,522 (b)	8.76
Mr. Li Jianqing	Beneficial owner	7,470,000	0.38
Mr. Ho Man Fai	Beneficial owner	750,000	0.04
Mr. Jiang Jiancheng	Beneficial owner	250,000	0.01
Mr. Li Xiaofeng	Beneficial owner	250,000	0.01

Notes:

- (a) The Shares are held by Ms. Li Zhuoxun, the spouse of Mr. Jiang Jianjun.
- (b) The Shares are held by King Wei Group (China) Investment Development Limited (“King Wei”) as to 126,629,522 Shares and China Silver Investments Development Limited (“China Silver”) as to 46,600,000 Shares. As King Wei and China Silver are 100% owned by Mr. Jiang Jianjun, Mr. Jiang Jianjun is deemed to be interested in the 126,629,522 Shares held by King Wei and the 46,600,000 Shares held by China Silver respectively by virtue of the SFO.

(b) Interest in share options of the Company:

Name of Director	No. of options outstanding	Approximate percentage of shareholding (%)	Date of grant	Exercise period	Exercise price per share (HK\$)
Jiang Jianjun	50,000	0.00253%	23-July-2014	23/7/2015-22/7/2017	0.754
	915,000	0.04628%	24-July-2015	24/7/2015-23/7/2018	2.060
	457,500	0.02314%	24-July-2015	24/7/2016-23/7/2018	2.060
	457,500	0.02314%	24-July-2015	24/7/2017-23/7/2018	2.060
Li Jianqing	5,000,000	0.25292%	23-July-2014	23/7/2014-22/7/2016	0.754
	5,000,000	0.25292%	23-July-2014	23/7/2015-22/7/2017	0.754
	2,500,000	0.12646%	24-July-2015	24/7/2015-23/7/2018	2.060
	1,250,000	0.06323%	24-July-2015	24/7/2016-23/7/2018	2.060
	1,250,000	0.06323%	24-July-2015	24/7/2017-23/7/2018	2.060
Jiang Jiancheng	250,000	0.01265%	23-July-2014	23/7/2015-22/7/2017	0.754
	5,000,000	0.25292%	24-July-2015	24/7/2015-23/7/2018	2.060
	2,500,000	0.12646%	24-July-2015	24/7/2016-23/7/2018	2.060
	2,500,000	0.12646%	24-July-2015	24/7/2017-23/7/2018	2.060
Ho Wing Yan	250,000	0.01265%	24-July-2015	24/7/2015-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2016-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2017-23/7/2018	2.060

Name of Director	No. of options outstanding	Approximate percentage of shareholding (%)	Date of grant	Exercise period	Exercise price per share (HK\$)
Loke Yu	250,000	0.01265%	23-July-2014	23/7/2015-22/7/2017	0.754
	250,000	0.01265%	24-July-2015	24/7/2015-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2016-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2017-23/7/2018	2.060
Li Xiaofeng	250,000	0.01265%	23-July-2014	23/7/2015-22/7/2017	0.754
	250,000	0.01265%	24-July-2015	24/7/2015-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2016-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2017-23/7/2018	2.060
Ho Man Fai	250,000	0.01265%	23-July-2014	23/7/2015-22/7/2017	0.754
	250,000	0.01265%	24-July-2015	24/7/2015-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2016-23/7/2018	2.060
	125,000	0.00632%	24-July-2015	24/7/2017-23/7/2018	2.060

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, none of the Directors is a director or employee of a company, which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial Shareholders' Interests

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Long positions in the Shares:

Name	Capacity	Number of Shares	Approximate percentage of shareholding (%)
Li Zhuoxun	Beneficial owner	2,920,000	0.15
	Interest of spouse	281,811,522 (a)	14.26

Note:

- (a) The Shares are held by Mr. Jiang Jianjun ("Mr. Jiang"), the spouse of Ms. Li Zhuoxun, as to 106,702,000 Shares and 1,880,000 share options of the Company, King Wei Group (China) Investment Development Limited ("King Wei") as to 126,629,522 Shares and China Silver Investments Development Limited ("China Silver") as to 46,600,000 Shares. As King Wei and China Silver are 100% owned by Mr. Jiang, Mr. Jiang is deemed to be interested in the 126,629,522 Shares held by King Wei and the 46,600,000 Shares held by China Silver respectively by virtue of the SFO. Accordingly, Ms. Li Zhuoxun is deemed to be interested in the Shares held by Mr. Jiang, King Wei and China Silver by virtue of SFO.

(b) Long positions in shares of subsidiaries of the Company:

Name of subsidiary	Name of substantial shareholder	Percentage of shareholding (%)
深圳北大荒綠色食品配送有限公司 (Shenzhen Beidahuang Green Food Distribution Limited*)	北大荒營銷股份有限公司 (Beidahuang Marketing Co., Ltd.*)	50
Guangzhou Wine and Liquor Franchised Stores Limited	Guangzhou Yangcheng Food Co., Ltd	30

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his respective close associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses to which the Directors and his associates were appointed to represent the interests of the Company and/or the Group.

DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

EXPERT'S QUALIFICATIONS AND CONSENTS

The following is the qualification of the expert who has given opinion which is contained in this circular:

Name	Qualifications
Nuada Limited	a licensed corporation under the SFO licensed, to conduct type 6 (advising on corporate finance) regulated activity under the SFO

Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they respectively appear. Nuada Limited does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Nuada Limited does not have any direct or indirect interests in any assets which have been, since 31 December 2014 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

MISCELLANEOUS

- (i) The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (ii) The head office and principal place of business of the Company is Unit 1001E, 10/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (iii) The company secretary of the Company is Mr. Chan Kwong Leung, Eric, who is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (v) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Unit 1001E, 10/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong, up to and including the date of the EGM:

- (i) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (ii) the letter of advice from Nuada Limited, the text of which is set out on pages 16 to 35 of this circular;
- (iii) the written consent referred to in the paragraph headed “EXPERT’S QUALIFICATIONS AND CONSENTS” in this appendix; and
- (iv) the Subscription Agreement.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Beidahuang Industry Group Holdings Limited (the “Company”) will be held at 4/F, Yuheng Building, Yuheng Road, Yunong Village, Futian District, Shenzhen, China on Monday, 7 September 2015 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (i) the subscription agreement dated 14 May 2015 (as supplemented and amended by three supplemental agreements dated 18 May 2015, 16 July 2015 and 17 August 2015) (the “Subscription Agreement”) entered into between the Company and Beidahuang (HK) International Trade Co., Limited (the “Subscriber”) (a copy of which has been tabled at the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 150,000,000 subscription shares (each a “Subscription Share”) at the subscription price of HK\$1.3365 per Subscription Share, (details of the Subscription Agreement are described in the circular of the Company dated 19 August 2015) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (ii) the directors of the Company (“Directors”) be and are hereby generally and specifically authorized to allot and issue the 150,000,000 Subscription Shares to the Subscriber pursuant to the Subscription Agreement (the “Special Mandate”). The Special Mandate is in addition to, and shall not prejudice nor revoke any existing general mandate granted to the Directors by the shareholders of the Company or such other general or special mandate(s) which may from time to time be granted to the Directors prior to passing of this resolution; and

NOTICE OF EGM

- (iii) the Directors be and are hereby authorized to do such acts and execute such other documents, including under seal where applicable, as they may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the Subscription Agreement.”

Yours faithfully,

For and on behalf of the Board

China Beidahuang Industry Group Holdings Limited

Jiang Jianjun

Chairman

Hong Kong, 19 August 2015

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such person may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders by present at the meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be delivered at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. The Register of Members of the Company will be closed from Friday, 4 September 2015 to Monday, 7 September 2015 (both days inclusive) during which period no transfer of shares of the Company will be registered and effected. In order to qualify for attending and voting at this meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 September 2015, since Thursday, 3 September 2015 was declared to be a public holiday.