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Sino Distillery Group Limited

中國釀酒集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

**EXTENSION OF MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE POSSIBLE ACQUISITION
AND
TERMINATION OF MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE POSSIBLE DISPOSAL**

This announcement is made by Sino Distillery Group Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 12 August 2013 in relation to the Possible Acquisition and 18 December 2013 in relation to the Possible Disposal (the “**Announcements**”). Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings as defined in the Announcements.

EXTENSION OF POSSIBLE ACQUISITION

Pursuant to the MOU in respect of the Possible Acquisition, the Vendor and the Company will negotiate in good faith the terms of the Formal Agreement for the Possible Acquisition within 6 months after the date of the MOU (the “**Relevant Period**”). The terms for the Formal Agreement for the Possible Acquisition have not yet been finalized at the end of the Relevant Period, pending the results of the due diligence on the Target Group. After negotiation, the Company and the Vendor agreed that additional time is needed for the Company to complete its due diligence on the Target Group. Accordingly, the Company and the Vendor have entered into an extension agreement on 24 February 2014 to extend the MOU for 6 months to 23 August 2014 in order to enable the Company to complete its due diligence on the Target Group. The Company will make further announcement on the progress of the Possible Acquisition as and when appropriate.

TERMINATION OF POSSIBLE DISPOSAL

Pursuant to the MOU in respect of the Possible Disposal, the Purchaser and the Company will negotiate in good faith the terms of a formal sale and purchase agreement for the Possible Disposal within 3 months after the date of the MOU (the “**Effective Period**”). After several rounds of negotiation during the Effective Period, the Company and the Purchaser considered that there had not been any substantial progress in the transaction. Accordingly, both parties have determined not to proceed with the Possible Disposal on 24 February 2014. The Company and the Purchaser have entered into a termination agreement to terminate the MOU on 24 February 2014, whereby both parties agreed (among others) not to proceed with the Possible Disposal and none of the parties shall have any rights to claim for any damages or claims of any nature nor to propose any proceedings or any other procedures under the MOU save for breaches of the confidentiality clause thereof. The Board considers that the termination of the Possible Disposal will not have any material adverse impact on the existing business, operation and financial position of the Company and the termination is in the best interest of the Company and its shareholders as a whole.

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

Hong Kong, 24 February 2014

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