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Sino Distillery Group Limited

中國釀酒集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

**VOLUNTARY ANNOUNCEMENT
THE DISPOSAL OF THE ENTIRE ISSUED
SHARE CAPITAL OF BAPP (NORTHWEST) LIMITED**

On 26 March 2014, the Vendor, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing the entire issued share capital in the Target Company, at a consideration of RMB40,000,000, which shall be fully settled in cash by the Purchaser.

As all applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is not subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. This announcement is made by the Company on a voluntary basis to advise the Shareholders and the public on the latest development of the Group.

THE DISPOSAL

On 26 March 2014 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing the entire issued share capital of the Target Company at a consideration of RMB40,000,000, which shall be fully settled in cash by the Purchaser.

The Share Transfer Agreement

Date

26 March 2014

Parties

Vendor: BAPP Ethanol Holdings Limited, a wholly-owned subsidiary of the Company

Purchaser: Mr. Cen Delin (岑德林), a PRC citizen

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

Assets disposed

Pursuant to the Share Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing the entire issued share capital of the Target Company.

Consideration

The Consideration is RMB40,000,000, which shall be fully settled in cash by the Purchaser.

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

- (1) the reasons for the Disposal as discussed in the section headed "Reasons for the Disposal" below;
- (2) the unaudited net liability of the Target Group as at 31 December 2013; and
- (3) the amount of the registered and paid up capital of the PRC Company (a wholly-owned subsidiary of the Target Company), being RMB45,010,558.

Completion

Pursuant to the Share Transfer Agreement, the Disposal shall complete on a date on or before 30 June 2014 or any date as agreed between the parties to the Share Transfer Agreement.

INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in the British Virgin Islands and is an investment holding company. It wholly owns the PRC Company, which is principally engaged in the production and sale of plant protein forages, research, production and sale of degradable packaging materials, and acquisition, development and processing of agricultural by-products. The PRC Company ceased its production and operation since 2008.

As at the date of this announcement, the Target Company is wholly owned by the Vendor.

Financial information on the Target Group

The unaudited net liability of the Target Group as at 31 December 2013 is approximately RMB1.6 million excluding those amount due to its holding and ultimate holding companies.

Upon completion of the Disposal, each member of the Target Group will cease to be a subsidiary of the Company, and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company.

The net proceeds from the Disposal will be utilized as the general working capital of the Company, settlement of the loan and for future investment in potential projects when opportunity arises.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the production and sale of ethanol products and ethanol by-products, sales and distribution of wine and liquor, and production and sale of forages.

As the PRC Company ceased its production and operation in 2008, the Directors consider that the Disposal provides a good opportunity for the Group to realize the assets of the Target Group and improves the financial performance of the Group as a whole. Moreover, the sale proceeds from the Disposal could enhance the Group's cash position as well as providing additional capital resources for the Group to make future investment in potential projects when opportunity arises.

Accordingly, the Directors consider that the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is not subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. This announcement is made by the Company on a voluntary basis to advise the Shareholders and the public on the latest development of the Group.

DEFINITIONS

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

“Company”	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
“Consideration”	the consideration for the Disposal
“connected person(s)”	has the meaning given to it under the Listing Rules

“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share, representing the entire issued share capital of the Target Company in accordance with the Share Transfer Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Mr. Cen Deling (岑德林), a PRC citizen
“PRC”	the People’s Republic of China, which for the purposes of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Company”	寧夏西部光彩新能源高新技術有限公司 (Ningxia West Bright New Resource Technology Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	1 ordinary share of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share Transfer Agreement”	the share transfer agreement dated 26 March 2014 entered into between the Vendor and the Purchaser in relation to the Disposal
“Shareholders”	holders of Shares

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	BAPP (Northwest) Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiary
“US\$”	US dollar, the lawful currency of the United States of America
“Vendor”	BAPP Ethanol Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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

Hong Kong, 26 March 2014

* *In this announcement, the English translation of certain Chinese names and entities is included for identification purpose only and should not be regarded as official English translation of such Chinese names and entities.*

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.