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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)**

## **DISCLOSEABLE TRANSACTION:**

### **FORMATION OF JOINT VENTURE COMPANY**

On 22 January 2015, Meiming, a wholly-owned subsidiary of the Company, entered into the JV Agreement with Shenzhen Shenda Hengye, pursuant to which Meiming and Shenzhen Shenda Hengye agreed to form the JV Company to be principally engaged in E-commerce business in Qianhai area in the PRC, which principally include food trading and electrical and mechanical equipment business. Pursuant to the JV Agreement, the estimated total registered capital of the JV Company will be RMB200,000,000. Each of Meiming and Shenzhen Shenda Hengye is expected to contribute RMB60,000,000 and RMB140,000,000, representing 30% and 70% of the estimated total registered capital of the JV Company respectively.

### **INTRODUCTION**

On 22 January 2015 (after trading hours), Meiming entered into the JV Agreement with Shenzhen Shenda Hengye for the JV Formation. Pursuant to the terms and conditions of the JV Agreement, the JV Company will be formed by the JV Parties. The JV Parties agreed to form the JV Company to be principally engaged in E-commerce business through its platform in Qianhai area in the PRC, which principally include food trading and electrical and mechanical equipment business.

The principal terms of the JV Agreement are as follows:

## **JV AGREEMENT**

### **Date**

22 January 2015

### **Parties**

- (1) Meiming, a wholly-owned subsidiary of the Company
- (2) Shenzhen Shenda Hengye

Shenzhen Shenda Hengye is a limited company incorporated in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shenzhen Shenda Hengye and its ultimate beneficial owners are Independent Third Parties.

## **FORMATION OF THE JV COMPANY**

The JV Company will be a limited liability company established in accordance with the company law of the PRC, any other relevant PRC laws and regulations, and the provisions of the JV Agreement.

The proposed name of the JV Company is 深圳大荒緣電子商務有限公司 (Shenzhen Dahuangyuan E-Commerce Co. Ltd.\*).

## **CAPITAL CONTRIBUTION**

The estimated total registered capital of the JV Company will be RMB200,000,000. Each of Meiming and Shenzhen Shenda Hengye is expected to contribute RMB60,000,000 and RMB140,000,000, representing 30% and 70% of the estimated total registered capital of the JV Company respectively. The contribution of the JV Parties shall be paid in cash.

The amount of the registered capital of the JV Company was determined with reference to the prospective business development and working capital requirements of the JV Company. Save as mentioned above, there is no other capital commitment to be borne by the Group in respect of the JV Formation under the JV Agreement.

Upon the formation of the JV Company, the JV Company will be an associate of the Company and the results of the JV Company will be included in the financial statements of the Group using the equity accounting method.

## **BOARD OF DIRECTORS AND SUPERVISOR**

The board of directors of the JV Company will consist of 3 directors comprising 1 chairman and 1 vice-chairman. Meiming will nominate 1 director as the chairman and Shenzhen Shenda Hengye will nominate 2 directors, one of whom will be the vice-chairman. The chairman will be the legal representative of the JV Company. The JV Company will have 1 supervisor to be nominated by Shenzhen Shenda Hengye.

## **CONDITIONS PRECEDENT**

Completion of the JV Agreement is conditional upon satisfaction of the following conditions:

- (i) the obtaining of all necessary approvals and consents in relation to the JV Agreement and the transactions contemplated thereunder by the Company;
- (ii) the obtaining of all necessary approvals and consents in relation to the JV Agreement and the transactions contemplated thereunder by Shenzhen Shenda Hengye; and
- (iii) the JV Agreement and the articles of association of the JV Company having been approved by the relevant authorities.

In the event that the conditions to the JV Formation are not fulfilled on or before 30 June 2015 (or such other date as may be agreed between Meiming and Shenzhen Shenda Hengye), the JV Agreement shall lapse and shall cease to have any force and effect and the parties will be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

## **TERM**

The JV Agreement shall be effective from the date of fulfillment of the conditions precedent.

## **BUSINESS SCOPE OF THE JV COMPANY**

It is intended that the scope of business of the JV Company will be engaging in E-commerce business, which principally include food trading and electrical and mechanical equipment business.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY**

The national policy becomes more favourable to E-commerce business, especially for agricultural products, combined with the various favourable policies in the Qianhai area, the formation of JV Company can assist the Company to diversify its business and provide benefits to the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the JV Agreement and the transaction contemplated thereunder have been made on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The capital contribution to the JV Company by the Company will be funded by internal resources.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios for the JV Agreement exceeds 5% but is less than 25%, the JV Agreement constitutes a discloseable transaction for the Company and is subject to the disclosure and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Sino Distillery Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“JV Agreement”	the agreement dated 22 January 2015 entered into between Meiming and Shenzhen Shenda Hengye in respect of the formation of the JV Company
“JV Company”	a company to be incorporated in the PRC pursuant to the JV Agreement
“JV Formation”	the formation of the JV Company pursuant to the JV Agreement
“JV Parties”	Meiming and Shenzhen Shenda Hengye
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Meiming”	深圳市美名問世商貿有限公司 (Shenzhen Meiming Wenshi Trading Limited*), a wholly foreign-owned enterprise registered under the laws of the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Shareholder(s)”	the Shareholder(s) of the Company
“Share(s)”	Ordinary share(s) of the Company of HK\$0.10 each
“Shenzhen Shenda Hengye”	深圳市深達恒業貿易有限公司 (Shenzhen Shenda Hengye Trading Company Limited*), a company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 22 January 2015

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

\* For identification purpose only