

## **SUMMARY OF SIGNIFICANT EVENTS**

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1. Pursuant to the provisions of its Articles of Association, the Company will not make payment of any interim dividend for the six months ended 30th June 2001.
2. According to the 2000 profit distribution plan approved in the 2000 Annual General Meeting of the Company, a cash bonus dividend of RMB1 (tax included) was distributed for every 10 shares. Payment of bonus dividend was completed on 7th August 2001.
3. The Company was not involved in any material litigation or arbitration during the period under review. With regard to the legal proceedings initiated by the Company against 青島宏隆商貿有限公司 for settlement of an amount of RMB16.33 million due to the Company, as disclosed in its 2000 Annual Report, the case was pending judgement from the Intermediate People's Court of Qingdao without progress.
4. Acquisitions and mergers by the Company and asset reorganization during the reporting period.
  - (1) On 23rd February 2001, upon the approval of the Board of Directors of the Company, the Company entered into a joint venture contract with 香港富利運投資有限公司 (an independent third party), whereby both parties agreed to jointly invest in the establishment of Tsingtao Brewery (Nanjing) Company Limited in the Jiangning Development Area of Nanjing City, Jiangsu Province. The total investment for the joint venture amounts to USD10 million with a registered capital of USD5 million. The Company agreed to contribute an amount in cash in Renminbi as equivalent to USD3.75 million, for a 75% controlling interest. 香港富利運投資有限公司 agreed to inject machinery at a price of USD1.25 million, for a 25% interest in the joint venture company. In terms of scale of operation, Phase 1 of the joint venture is expected to have an annual beer production capacity of 60,000 tonnes.
  - (2) On 19th March 2001, upon the approval of the Board of Directors of the Company, the Company entered into a Share Transfer Agreement with 香港華中(亞洲)有限公司, shareholder of its subsidiary Tsingtao Brewery (Xi'an) Company Limited, for the acquisition of 16,166,671.30 shares of Xi'an Company at a consideration of RMB23,441,673. On 15th June 2001, the Company entered into a Share Transfer Agreement with 西安漢斯啤酒飲料總廠, shareholder of Xi'an Company, whereby the Company agreed to acquire 8 million shares of Xi'an Company at a consideration of RMB11.84 million. On 9th July 2001, the Company entered into a Share Transfer Agreement with 西安國際信託投資有限公司, shareholder of Xi'an Company, pursuant to which the Company agreed to acquire 11,003,169.57 shares of Xi'an Company at a consideration for RMB16,944,881.14. The considerations for the said share transfers were determined on the basis of net asset value per share of Xi'an Company on 31st December 2000 of approximately RMB1.35. Upon completion of the above share transfers, the Company's interest in the share capital of Xi'an Company will increase to 77.12%.
  - (3) On 3rd April 2001, upon the approval of the Board of Directors of the Company, the Company entered into a Share Transfer Agreement with Mr. Deng Ming, shareholder of its subsidiary, Tsingtao Brewery (Weinan) Company Limited ("Weinan Company"), whereby the Company agreed to acquire 14 million shares (representing 28% of the total share capital) owned by Mr. Deng Ming in Weinan Company at a consideration of RMB14 million. Upon completion of such transfer, the Company held a 28% interest in Weinan Company while Tsingtao Brewery (Xi'an) Company Limited continued to hold 72% of shareholding.
  - (4) In May 2001, upon the approval of the Board of Directors of the Company, the Company and its subsidiary, Tsingtao Brewery Huadong Holding Company Limited of Shanghai jointly established Tsingtao Brewery (Suzhou) Company Limited, with registered capital of RMB5 million in the proportion of 10% and 90% shareholdings respectively. On 28th May 2001, Suzhou Company entered into an agreement with 江蘇省太倉金帆工貿實業總公司 and 太倉輕工控股(集團)有限公司, whereby Suzhou Company shall acquire such original assets of 太倉啤酒廠 including all buildings, machinery and inventory at a consideration of RMB5 million.
  - (5) On 28th June 2001, upon the approval of the Board of Directors of the Company, the Company entered into a Share Transfer Agreement with 福建釀酒廠(新加坡)私人有限公司, pursuant to which the Company would acquire from the latter its 51% interest in its owned 第一家(福建)啤酒有限公司 at a consideration of RMB85 million. The said agreement was approved by Fuzhou Foreign Economic and Trade Committee on 10th July 2001 and a business licence in the name being changed into "Tsingtao Brewery (Fuzhou) Company Limited" was obtained.
5. According to a notice of adjusting consumption taxes on alcoholic products issued by Ministry of Finance and State Tax Bureau, different rates of consumption taxes shall be levied on the beer products in mainland China on a 2-tier basis, as calculated according to their ex-factory prices per tonne, with effect from 1st May 2001. Some of Tsingtao-branded beer products of the Company have been affected, with an expected decrease of profit of approximately RMB8 million for the full year.
6. The 2000 Annual General Meeting of the Company reappointed Arthur Andersen-Hua Qiang as auditor and Arthur Andersen of Hong Kong as international auditor respectively for the year of 2001.

7. The Company had neither any trust deposit nor any overdue unrecovered fixed deposit during the reporting period.
8. During the reporting period, the Company did not repurchase or cancel any of its listed shares, and neither the Company nor its subsidiaries had purchased nor resold any listed shares of the Company.

The 2000 Annual General Meeting of the Company authorized the Board of Directors to repurchase H shares not exceeding 10% of the aggregate nominal value of the issued H shares. As at the date of publication of this report, the Company did not exercise such authority for repurchase.

9. Subsequent Events: Mr. Peng Zuo Yi, the former Vice-Chairman and General Manager of the Company, unfortunately passed away at the age of 56 on 31st July 2001. The late Mr. Peng Zuo Yi joined the Company in June 1996 and made substantial contribution to the development of the Company over the years. The Board of Directors of the Company expresses not only its heartfelt condolences on and regret about his death, but also its cordial thanks for his wholehearted contribution to the Company during his term of office.