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## **TSINGTAO BREWERY COMPANY LIMITED**

*(a Sino-foreign joint stock limited company established in the People's Republic of China)*

**(Stock Code: 168)**

### **ANNOUNCEMENT**

#### **STRATEGIC COOPERATION AGREEMENT**

The Board is pleased to announce that on 27 August 2009, the Company and Asahi Breweries, a substantial shareholder of the Company, entered into the Strategic Cooperation Agreement for the establishment of strategic cooperation in connection with the Company's brewing business.

On 27 August, 2009, the Company and Asahi Breweries, a substantial shareholder of the Company holding 19.99% of the issued shares capital of the Company, entered into the Strategic Cooperation Agreement for the establishment of strategic cooperation in connection with the Company's brewing business.

#### **PRINCIPAL TERMS OF THE STRATEGIC COOPERATION AGREEMENT**

Date: 27 August 2009

Parties: (1) The Company  
(2) Asahi Breweries

#### **Right to nominate director and supervisor to the Company**

Asahi Breweries will have the right to nominate one candidate as a non-executive director of the Company and one candidate as a supervisor of the Company, provided that such nomination shall be subject to the approval by Shareholders in the general meeting of the Company. If the Shares owned by Asahi Breweries Group fall below 10% of the entire issued share capital of the Company, Asahi Breweries shall inform the Company immediately and procure the director and supervisor as nominated aforesaid to submit their respective resignation letter to the Board of Directors and the Supervisory Committee of the Company.

## **Best Practice Scheme**

Subject to compliance of the Listing Rules and all other applicable laws, rules, regulations and regulatory rules, the Company and Asahi Breweries will each appoint one or more management executive(s) to coordinate and formulate a Best Practice Scheme of the Company in various areas including but not limited to finance and business planning, production planning, etc. The parties will bear their respective costs in formulating the Best Practice Scheme, and they will agree on the payment of third parties' costs (if any). In implementing the Best Practice Scheme if there are any other fees or costs arising, the parties shall negotiate and agree separately.

## **Restriction on increase of shareholding**

Asahi Breweries undertakes that under any circumstances, except with the written consent of the Company, the shareholding of Asahi Breweries Group in the Company shall not exceed 19.99% of the entire issued share capital of the Company.

## **Anti-dilution right**

Subject to compliance of the terms of the Strategic Cooperation Agreement, the Listing Rules (including the obtaining of independent shareholders' approval if and when applicable) and all other applicable laws, rules, regulations and regulatory rules, Asahi Breweries will be entitled to enforce the following anti-dilution right:

- (a) If the Company issues either new H shares or new A shares, Asahi Breweries Group will be entitled to purchase such number of H shares on the market after such issue so as to maintain its shareholding provided that its shareholding in the Company shall not exceed 19.99% of the entire issued share capital of the Company at any time.
- (b) If the Company issues new H shares and new A shares at the same time (the "**Relevant Issue**") rendering the shareholding of Asahi Breweries Group in the Company drops immediately thereafter and that the shareholding of Asahi Breweries Group prior to such issue is not less than 15% of the entire issued share capital of the Company, the Company will use its best endeavours to provide opportunities for Asahi Breweries to, directly or through Asahi Breweries' Nominee, purchase or subscribe for such number of additional H shares so that Asahi Breweries Group could maintain its shareholding. If the Company purports to issue new H shares to Asahi Breweries to help it to maintain its shareholding as aforesaid but fails to obtain the relevant approval including shareholders' approval thereto, the Company will not be deemed to be in default and it shall not affect the Relevant Issue. Asahi Breweries Group may then purchase such number of H shares on the market after the Relevant Issue to maintain its shareholding. Asahi Breweries shall not have the above right if the shareholding of Asahi Breweries Group at any time prior to the Relevant Issue falls below 15% of the entire issued share capital of the Company.

## **Restriction on disposal of shares**

Asahi Breweries undertakes that, unless with the prior written consent of the Company:

- (a) within 5 years from the date of the Strategic Cooperation Agreement, Asahi Breweries will not, and procure that members of the Asahi Breweries Group will not, sell or dispose in other manners any of the Shares save for transfer of Shares from Asahi Breweries or its subsidiaries to Asahi Breweries or its wholly-owned subsidiaries (depending on the circumstances); and
- (b) after the 5th anniversary from the date of the Strategic Cooperation Agreement, Asahi Breweries can, and can procure that members of the Asahi Breweries Group to sell or dispose any of the Shares except (i) Asahi Breweries or the relevant Asahi Breweries Group member is aware that the assignee will own at least 19.99% in the entire issued share capital of the Company immediately after the proposed sale or disposal; or (ii) at the time of sale or disposal the assignee is directly or indirectly engaged in the manufacture or sale of beer or related business in the PRC or is interested in any such business.

## **Non-competition undertaking**

Asahi Breweries undertakes that, during the term of which the Strategic Cooperation Agreement is effective, the Company is the exclusive strategic cooperation partner in the PRC brewery business.

## **REASONS FOR ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT**

The establishment of strategic cooperation with Asahi Breweries could promote the development of the Company, enhance the profitability and competitiveness of the Company in the PRC brewery market. The Directors (including the independent non-executive Directors) are of the view that the terms of the Strategic Cooperation Agreement and the transactions thereunder are on normal commercial terms, fair and reasonable and in the interests of Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Asahi Breweries is a substantial shareholder of the Company holding 19.99% of the entire issued share capital of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Since the transactions under the Strategic Cooperation Agreement involve, inter alia, the provision of resources, skills and technical advice which will be carried out on a continuing basis and will be extended over a period of time, the said transactions constitute continuing connected transactions under Chapter 14A of the Listing Rules. As the transactions contemplated under the Strategic Cooperation Agreement are on normal commercial terms and each of the percentage ratios (other than the profit ratio) on an annual basis will not exceed the de minimus requirement under Rule 14A.33 of the Listing Rules, the transactions therefore are exempt from the requirements of reporting, announcement and independent shareholder's approval under Chapter 14A of the Listing Rules. The Company issues this announcement for the information of the Shareholders only.

If the Company has any intention to issue its shares to Asahi Breweries after execution of the Strategic Cooperation Agreement, the Company will comply with the requirements under the Listing Rules including the independent shareholders' approval requirement when the need arises and the Company shall issue a circular setting out the particulars of the transaction and issue notice of meeting to the shareholders to convene a general meeting and respective class meetings of the holders of H shares and holders of A shares (if and when necessary) for the purposes of approving the issuance of shares to Asahi Breweries.

## **GENERAL**

The Company engages in the brewing and sales of beer and other related business. Asahi Breweries is a company established in Japan, and engages in the sales and manufacture of beer and drinks and other related business.

## **DEFINITIONS**

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

“Asahi Breweries”	Asahi Breweries Limited (日本朝日啤酒株式會社), a company established in Tokyo, Japan, the shares of which are listed in the Tokyo Stock Exchange and Osaka Stock Exchange
“Asahi Breweries Group”	Asahi Breweries and its subsidiaries, parties acting in concert with them, companies, enterprises or other legal entities directly or indirectly controlled by them, the Asahi Breweries' Nominee, the trustees for Asahi Breweries, and their respective successors and assigns
“Asahi Breweries' Nominee”	a company or person nominated by Asahi Breweries to hold the Shares, or to be the legal or beneficial owner of the Shares
“Board”	the board of directors of the Company
“Company”	Tsingtao Brewery Company Limited, a sino-foreign joint Stock Limited company established in Tsingtao, the PRC and the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company together with 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 of Hong Kong Limited
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of the Company, which include the A shares, H shares and any other shares of the Company unless otherwise specified
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	an agreement entered on 27 August 2009 between the Company and Asahi Breweries for the establishment of strategic cooperation in connection with the Company’s brewery business

By order of the Board  
**Tsingtao Brewery Company Limited**  
**ZHANG Xue Ju**  
*Company Secretary*

Qingdao, the PRC

27 August 2009

*The Directors as at the date hereof:*

*Executive Directors:* Mr. JIN Zhi Guo (Chairman), Mr. WANG Fan (Vice Chairman), Mr. SUN Ming Bo, Mr. LIU Ying Di and Mr. SUN Yu Guo

*Independent Non-executive Directors:* Mr. FU Yang, Ms. LI Yan, Mr. POON Chiu Kwok and Ms. WANG Shu Wen