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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)

PRICE SENSITIVE INFORMATION ANNOUNCEMENT ACQUISITION OF 100% EQUITY INTERESTS IN THE TARGET COMPANY AND RESUMPTION OF TRADING

The Board is pleased to announce that on 7 December 2010, the Company and Tsingtao HK, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which the Company and Tsingtao HK agree to acquire from the Vendors 75% equity interests and 25% equity interests in the Target Company respectively and Xim Immense and China Skill, collectively the Vendors, agree to sell 71% equity interests and 29% equity interests in the Target Company to the Company and Tsingtao HK respectively at a total consideration of RMB1,873,000,000.

Upon completion of the Acquisition, the Company will own 75% equity interests in the Target Company and Tsingtao HK will own 25% equity interests (collectively a total of 100% equity interests) in the Target Company.

As all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Agreement are less than 5%, the Agreement and the transactions contemplated thereunder do not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

This announcement is published in pursuant to Rule 13.09(1) of the Listing Rules. Trading of the H shares of the Company was suspended from 9:30 a.m. on 7 December 2010 pending the release of this announcement. The Company has applied to the Stock Exchange to resume the trading of its H shares from 2:30 p.m. on the same day.

BACKGROUND

On 7 December 2010, the Company and Tsingtao HK, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which the Company and Tsingtao HK agree to acquire from the Vendors 75% equity interests and 25% equity interests in the Target Company respectively and Xin Immense and China Skill agree to sell their respective 71% and 29% equity interests in the Target Company to the Company and Tsingtao HK at a total consideration of RMB1,873,000,000 which will be satisfied by the Company and Tsingtao HK.

THE AGREEMENT

A summary of the principal terms of the Agreement are as follows:

DATE:

7 December 2010

PARTIES

Vendors: (1) Xin Immense; and
(2) China Skill

Purchasers: (1) the Company; and
(2) Tsingtao HK

To the best of the Directors' belief, having made all reasonable enquiry, each of Xin Immense and China Skill and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (or defined in the Listing Rules).

ASSETS TO BE ACQUIRED

Pursuant to the Agreement, the Company agree to acquire 71% equity interests and 4% equity interests in the Target Company from Xin Immense and China Skill respectively and Xin Immense and China Skill agree to sell 71% equity interests and 4% equity interests in the Target Company to the Company respectively. Furthermore, Tsingtao HK agree to acquire from China Skill 25% equity interests in the Target Company and China Skill agree to sell 25% equity interests in the Target Company to Tsingtao HK pursuant to the Agreement.

As at the date of this announcement, 100% equity interests in the Target Company are owned by Xin Immense as to 71% and China Skill as to 29%. Upon completion of the Acquisition, the Company and Tsingtao HK will collectively own 100% equity interests in the Target Company.

THE CONSIDERATION

The Consideration is RMB1,873,000,000, comprising the Consideration 1 of RMB1,404,000,000 and the Consideration 2 of RMB469,000,000. The Consideration shall be satisfied in cash and will be settled in the following manner:

1. The Company shall pay the Consideration 1 to the Vendors upon the fulfilment of the following conditions for payment and on the same day of the Registration Date:
 - (i) the Agreement has become effective;
 - (ii) approvals from the relevant authority(ies) in respect of the payment of the Consideration 1 by the Company have been obtained; and
 - (iii) all consents, approvals, licenses or similar authorisation of the Target Company for the continuation of its present business shall remain valid before Completion.
2. Tsingtao HK shall pay the Consideration 2 and the relevant interests incurred to China Skill upon completion of the change in business and commerce registration of the Target Company and the obtaining of approvals from the relevant authority(ies) in respect of the payment of the Consideration 2 by Tsingtao HK.

The Company and Tsingtao HK will satisfy the Consideration from the internal resources of the Group.

BASIS OF CONSIDERATION

The Consideration was determined by the parties to the Agreement after arm's length negotiations with reference to the operation condition of the Target Company and a valuation model with assessment on the future operation prospect of the Target Company.

CONDITIONS PRECEDENTS

Completion shall be conditional upon and subject to the following conditions:

1. the relevant PRC government authority has approved the Agreement;
2. the business and administrative authority has issued the new business licence to the Target Company.

OTHER TERMS

The Purchasers shall pay a deposit of RMB85,000,000 to an escrow account designated by the Vendors as a guarantee for completion pursuant to the Agreement. The parties agree that if the Acquisition cannot be approved by the relevant government authority in the PRC, such deposit may be deducted by the Vendors in full.

The Agreement shall become effective after, among other things, the original approving authority have approved the Agreement and after the transactions contemplated under the Agreement have passed the anti-trust assessment by the Ministry of Commerce.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in the PRC in April 2006 and has a registered capital of US\$18,760,000. The Target Company is principally engaged in the brewery and sales of beer and related business in Shandong Province, the PRC. The Target Company owns “Silver Wheat”, being one of the famous brand name in the PRC. The current annual beer production capacity of the Target Company is 550,000 litres. As at the end of October 2010, the beer sales of the Target Company is approximately 400,000 litres, the unaudited net assets value of the Target Company is RMB346,570,000 and the unaudited net profit before taxation and minority interests is RMB120,950,000. For the year ended 31 December 2009, the beer sales of the Target Company was approximately 370,000 litres.

Set out below is a summary of the audited profit before and after taxation and minority interests of the Target Company prepared in accordance with the generally accepted accounting principles in the PRC for the two financial years ended 31 December 2008 and 31 December 2009:

	For the year ended 31 December 2009 <i>(RMB)</i>	For the year ended 31 December 2008 <i>(RMB)</i>
Profit before taxation and minority interests	79,360,000	40,210,000
Profit after taxation and minority interests	69,290,000	34,700,000

REASONS AND BENEFITS FOR THE ACQUISITIONS

The Acquisition is consistent with the Company’s strategy to build up its market position as core base in Shandong Province, the PRC, and it is expected that the Acquisition can bring a strategic synergy effect to the Company and the Target Company which will have a positive impact on the future development of the Company.

The Directors consider that the terms of the transactions contemplated under the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Agreement are less than 5%, the Agreement and the transactions contemplated thereunder do not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

This announcement is published in pursuant to Rule 13.09(1) of the Listing Rules. Trading of the H shares of the Company was suspended from 9:30 a.m. on 7 December 2010 pending the release of this announcement. The Company has applied to the Stock Exchange to resume the trading of its H shares from 2:30 p.m. on the same day.

GENERAL

The Company and its subsidiaries are principally engaged in the brewery and sales of beer and related business.

Xin Immense and China Skill are principally engaged in investment activities.

DEFINITIONS

In this announcement unless stated otherwise, the following terms shall have the following meaning:

“Acquisition”	the acquisition of 100% equity interests in the Target Company by the Company and Tsingtao HK pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 7 December 2010 entered into between the Vendors and the Purchasers in respect of the sale and purchase of 100% equity interest in the Target Company
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Skill”	華祺有限公司 (China Skill Limited), a limited liability company incorporated in Hong Kong, a third party independent of the Company and its connected persons
“Company”	Tsingtao Brewery Company Limited (青島啤酒股份有限公司), a sino-foreign joint stock limited company established in Tsingtao, the PRC, the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange

“Completion”	completion of the sale and purchase of the 100% equity interest of the Target Company in accordance with the terms and conditions of the Agreement
“connected person”	as such term is defined under the Listing Rules
“Consideration”	Consideration 1 and Consideration 2
“Consideration 1”	the consideration of RMB1,404,000,000 payable by the Company to the Vendors for the sale and purchase of a total of 75% equity interests in the Target Company pursuant to the Agreement
“Consideration 2”	the consideration of RMB469,000,000 payable by Tsingtao HK to China Skill for the sale and purchase of 25% equity interests in the Target Company pursuant to the Agreement
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchasers”	collectively, the Company and Tsingtao HK
“Registration Date”	the date of registration of the changes in equity interests of the Target Company with the relevant government authority in the PRC
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	the registered holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	as such term is defined under the Listing Rules
“Target Company”	山東新銀麥啤酒有限公司 (Shandong Xin Immense Brewery Company Limited), a foreign investment enterprise incorporated in Shandong Province, the PRC and as at the date of the Agreement has an registered capital of US\$18,760,000

“Tsingtao HK”	Tsingtao Beer HK Trading Company Limited (青島啤酒香港貿易有限公司), a wholly-owned subsidiary of the Company
“Vendors”	collectively, Xin Immense and China Skill
“Xin Immense”	新銀麥啤酒(香港)有限公司(Xin Immense Brewery (Hong Kong) Limited), a limited liability company incorporated in Hong Kong, a third party independent of the Company and its connected persons
“%”	per cent.

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

Qingdao, the PRC
7 December 2010

As at the date of this announcement, the Board comprises:

<i>Executive Directors:</i>	<i>Mr. JIN Zhi Guo (Chairman), Mr. WANG Fan (Vice Chairman), Mr. SUN Ming Bo, Mr. LIU Ying Di and Mr. SUN Yu Guo</i>
<i>Non-executive Directors:</i>	<i>Mr. Fumio YAMAZAKI and Mr. TANG Jun</i>
<i>Independent Non-executive Directors:</i>	<i>Mr. FU Yang, Ms. LI Yan, Mr. POON Chiu Kwok and Ms. WANG Shu Wen</i>