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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 OF 2013 INTERIM RESULTS

The board of directors (the "Board") of Tsingtao Brewery Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") prepared pursuant to China Accounting Standard for Business Enterprises ("CAS") for the six months ended 30 June 2013 (the "Reporting Period").

I. FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)

CONSOLIDATED BALANCE SHEET

ASSETS	*Note*	**30 June 2013 (Unaudited)**	31 December 2012
Current assets			
Cash at bank and on hand		**10,043,214,035**	7,118,248,041
Notes receivable		**74,762,856**	61,800,000
Accounts receivable	*2*	**274,759,256**	82,685,056
Advances to suppliers		**114,222,475**	83,739,085
Interest receivable		**79,073,482**	63,996,403
Dividends receivable		**30,000,000**	—
Other receivables		**209,535,819**	87,291,890
Inventories		**2,001,567,101**	2,360,058,834
Other current assets		**157,405,484**	284,314,434
Total current assets		**12,984,540,508**	10,142,133,743
Non-current assets			
Long-term receivables		**10,000,000**	—
Long-term equity investments		**1,321,484,608**	163,876,932
Investment properties		**7,069,327**	7,252,927
Fixed assets		**7,768,283,149**	8,343,690,353
Construction in progress		**863,852,761**	678,285,333
Fixed assets pending for disposal		**11,811,312**	9,917,059
Intangible assets		**2,512,510,808**	2,546,579,520
Goodwill		**1,079,925,496**	1,081,684,918
Long-term prepaid expenses		**9,267,864**	6,425,454
Deferred tax assets		**714,063,908**	485,349,168
Other non-current assets	*3*	**296,088,864**	195,910,178
Total non-current assets		**14,594,358,097**	13,518,971,842
TOTAL ASSETS		**27,578,898,605**	23,661,105,585

LIABILITIES AND SHAREHOLDERS' EQUITY	*Note*	**30 June 2013 (Unaudited)**	31 December 2012
Current liabilities			
Short-term borrowings		**119,959,104**	147,617,652
Notes payable		**107,880,759**	81,883,234
Accounts payable	*4*	**3,354,134,012**	1,993,401,689
Advances from customers		**464,551,838**	656,414,452
Employee benefits payable		**1,030,679,784**	886,635,390
Taxes payable		**676,733,776**	350,866,482
Interest payable		**1,260,776**	1,735,072
Dividends payable		**540,393,118**	1,101,571
Other payables		**4,663,722,860**	3,213,582,340
Current portion of non-current liabilities		**313,315,241**	2,786,281
Total current liabilities		**11,272,631,268**	7,336,024,163
Non-current liabilities			
Long-term borrowings		**6,165,411**	452,485,603
Debentures payable		**1,442,446,896**	1,409,316,153
Payables for specific projects		**205,052,313**	120,063,611
Deferred tax liabilities		**185,179,737**	178,572,908
Other non-current liabilities		**1,121,192,201**	1,381,212,241
Total non-current liabilities		**2,960,036,558**	3,541,650,516
Total liabilities		**14,232,667,826**	10,877,674,679
Shareholders' equity			
Share capital		**1,350,982,795**	1,350,982,795
Capital surplus	*5*	**4,090,156,148**	3,965,939,536
Surplus reserve		**927,657,567**	927,657,567
Undistributed profits	*6*	**7,058,835,605**	6,204,347,562
Difference on translation of foreign currency financial statements		**22,966,049**	19,025,550
Total equity attributable to shareholders of listed Company		**13,450,598,164**	12,467,953,010
Minority interests	*5*	**(104,367,385)**	315,477,896
Total shareholders' equity		**13,346,230,779**	12,783,430,906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**27,578,898,605**	23,661,105,585

Consolidated Income Statement

ITEM	*Note*	Six months ended 30 June **2013** **(Unaudited)**	2012 (Unaudited)
Revenue	*7*	**14,971,338,262**	13,405,497,777
Less: Cost of sales	*7*	**(8,753,434,812)**	(7,978,963,221)
Taxes and surcharges	*8*	**(1,209,910,466)**	(1,166,105,348)
Selling and distribution expenses		**(3,094,353,638)**	(2,461,537,136)
General and administrative expenses		**(602,813,851)**	(564,882,018)
Financial expenses-net		**95,693,515**	83,799,423
Asset impairment loss		**6,415,244**	(3,341,335)
Add: Investment income		**232,470,189**	5,886,253
Including: Share of profit of associates and joint venture		**21,430,790**	5,886,253
Operating profit		**1,645,404,443**	1,320,354,395
Add: Non-operating income		**299,947,243**	114,569,567
Less: Non-operating expenses		**(182,940,159)**	(15,998,886)
Including: Losses on disposal of non-current assets		**(45,311,744)**	(8,136,098)
Total profit		**1,762,411,527**	1,418,925,076
Less: Income tax expenses	*9*	**(325,021,815)**	(368,736,836)
Net profit		**1,437,389,712**	1,050,188,240
Attributable to shareholders of listed Company		**1,394,881,161**	1,007,406,644
Minority interests		**42,508,551**	42,781,596
Earnings per share	*10*		
Basic earnings per share		**1.032**	0.746
Diluted earnings per share		**1.032**	0.746
Other comprehensive income/(losses)		**3,940,499**	(2,250,648)
Total comprehensive income		**1,441,330,211**	1,047,937,592
Attributable to shareholders of listed Company		**1,398,821,660**	1,005,155,996
Minority interests		**42,508,551**	42,781,596

Notes:

1. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CAS") and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 — General Rules on Financial Reporting (2010 revised) issued by the China Securities Regulatory Commission.

2. Accounts receivable

	30 June 2013 (Unaudited)	31 December 2012
Accounts receivable	**485,708,629**	312,427,165
Less: provision for bad debts	**(210,949,373)**	(229,742,109)
	274,759,256	82,685,056

The majority of the Group's domestic sales are made with cash and advances from customers. The remainings are settled by letters of credit or credit terms from 30 to 150 days.

The aging of accounts receivable based on their recording dates is analysed below:

	30 June 2013 (Unaudited)	31 December 2012
Within 6 months	**248,212,620**	81,615,211
6 months to 1 year	**27,825,652**	234,437
1 to 2 years	**224,534**	1,694,260
2 to 3 years	**1,134,739**	298,209
Over 3 years	**208,311,084**	228,585,048
	485,708,629	312,427,165

3. Other non-current assets

	30 June 2013 (Unaudited)	31 December 2012
Payments for construction and equipment	**256,588,864**	195,910,178
Others *(Note 16)*	**39,500,000**	—
	296,088,864	195,910,178

4. Accounts payable

The ageing of accounts payable based on their recording dates is analysed below:

	30 June 2013 (Unaudited)	31 December 2012
Within 1 year	**1,577,699,415**	1,957,575,502
1 to 2 years	**1,747,463,979**	9,214,829
2 to 3 years	**4,815,310**	7,266,872
Over 3 years	**24,155,308**	19,344,486
	3,354,134,012	1,993,401,689

5. Capital surplus & Minority interests

(1) Capital surplus

The Company's transferring its equity of sales business to Tsingtao Brewery Suntory (Shanghai) Sales Company ("Sales Company"), which was the Company's subsidiary jointly established by the Company and Suntory Company, is deemed as disposal of equity interests in subsidiaries to minority shareholders and recognised as capital surplus of RMB121,141,643; Tsingtao Brewery (Hongkong) Trading Co., Ltd., one of the Company's subsidiaries, acquired 15% equity of Asia Brewery (Macau) Co., Ltd. which is recognised as capital surplus of RMB3,074,969.

(2) Minority interests

Minority interests attributable to the shareholders of subsidiaries

	30 June 2013 (Unaudited)	31 December 2012
Shenzhen Tsingtao Brewery Asahi Co.,Ltd.	**192,214,435**	205,508,590
Tsingtao Brewery (Jieyang) Co.,Ltd.	**55,160,804**	51,705,397
Tsingtao Brewery (Nanning) Co.,Ltd.	**44,250,545**	41,844,060
Tsingtao Brewery (Hangzhou) Co.,Ltd.	**37,520,291**	37,886,601
Tsingtao Brewery (Sanshui) Co.,Ltd.	**22,998,454**	28,542,904
Tsingtao Brewery (Jiujiang) Co.,Ltd.	**19,710,285**	19,987,685
Tsingtao Brewery (Hanzhong) Co.,Ltd.	**13,979,826**	12,822,976
Tsingtao Brewery (Zhangzhou) Co.,Ltd.	**11,390,254**	10,799,014
Sales Company *(i)*	**(424,897,104)**	—
Tsingtao Brewery (Gansu) Nongken Co.,Ltd. *(ii)*	**(48,168,104)**	(59,351,473)
Beijing Five Star Tsingtao Brewery Co.,Ltd. *(ii)*	**(23,842,032)**	(27,768,471)
Beijing Tsingtao Brewery Three Ring Co.,Ltd *(ii)*	**(11,858,613)**	(22,909,910)
Tsingtao Brewery (Xuzhou) Co.,Ltd. ("Xuzhou Company") *(iii)*	**—**	11,628,605
Others	**7,173,574**	4,781,918
	(104,367,385)	315,477,896

(i) As stated in Note 16(1), Sales Company became the Company's subsidiary in the current period. Due to the shareholders' equity of some of Sales Company's subsidiaries is below zero, the minority interest is negative.

(ii) The accumulated loss of the subsidiaries resulted in the negative net assets and therefore the equity shared by minority shareholders are also negative.

(iii) As stated in Note 16(1)(i), Xuzhou Company has changed to an associate from subsidiary in the current period.

6. Undistributed profits

In accordance with the resolution passed at the Annual General Meeting dated 25 June 2013, the Company proposed a cash dividend to shareholders of the Company of RMB540,393,118 (RMB0.40per share(pre-tax)), based on total number of shares 1,350,982,795 (2012: cash dividend for 2011RMB0.26per share(pre-tax) at RMB351,255,527). As at 30 June 2013, the dividend has not been paid yet.

7. Revenue and cost of sales

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Revenue from main operation	**14,756,576,957**	13,206,159,391
Revenue from other operations	**214,761,305**	199,338,386
	14,971,338,262	13,405,497,777

	2013	2012
	(Unaudited)	(Unaudited)
Cost of main operation	**(8,570,690,749)**	(7,837,496,311)
Cost of other operations	**(182,744,063)**	(141,466,910)
	(8,753,434,812)	(7,978,963,221)

8. Tax and surcharges

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Consumption tax	**954,947,022**	907,876,379
City maintenance and construction tax	**142,845,998**	144,570,722
Education surcharge	**107,834,225**	109,894,132
Business tax	**4,259,433**	3,660,877
Others	**23,788**	103,238
	1,209,910,466	1,166,105,348

9. Income tax expenses

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Current income tax calculated according to tax law and related regulations		
— China enterprise income tax	**544,449,366**	438,834,446
Current profits tax calculated according to tax law and related regulations		
— HongKong profits tax	**2,150,274**	158,678
Current profits tax calculated according to tax law and related regulations		
— Macau profits supplemental tax	**530,086**	1,090,864
Deferred income tax	**(222,107,911)**	(71,347,152)
	325,021,815	368,736,836

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Total profit	**1,762,411,527**	1,418,925,076
Income tax expenses calculated at applicable tax rates	**439,292,070**	347,169,569
Tax impact for equivalent sales and expenses not deductible	**14,100,781**	18,518,721
Income not subject to tax *(i)*	**(107,535,836)**	(3,659,738)
Utilisation of previously unrecognised deferred tax assets	**(36,094,569)**	(30,891,635)
Tax impact for which no deferred tax asset was recognised	**15,259,369**	37,599,919
Income tax expenses	**325,021,815**	368,736,836

(i) Income not subject to tax is mainly comprised of investment and non-operating income free from tax, which arises from transactions with Suntory. Details of abovementioned transaction are stated in Note 16.

(1) Enterprise income tax

(i) Enterprise income tax of the Company

The applicable enterprise income tax rate of the Company for the period is 25%.

(2) Hong Kong profits tax and Macau profits supplemental tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year. Macau profits supplemental tax is imposed on the estimated taxable profit for the period at a progressive rate scale ranging from 3% to 12%.

10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of listed Company by the weighted average number of ordinary shares outstanding:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Consolidated net profit attributable to ordinary shareholders of listed Company	**1,394,881,161**	1,007,406,644
Weighted average number of ordinary shares outstanding	**1,350,982,795**	1,350,982,795
Basic earnings per share	**1.032**	0.746
Including:		
— Basic earnings per share relating to continuing operations	**1.032**	0.746

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the six months ended 30 June 2013 and 30 June 2012, diluted earnings per share equal to basic earnings per share.

11. Segment information

As the Group is mainly engaged in the production and distribution of beer, the reportable segments of the Group are business units operating in different regions. Each region requires different marketing strategy, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

Inter-segment transfer pricing are based on mutually-agreed prices.

Assets are allocated based on the operation of the segment and the physical location of the assets. Liabilities are allocated based on the operation of the segment. Expenses indirectly attributable to each segment are allocated among segments based on the proportion of each segment's revenue.

(a) Segment information as at and for the year ended 30 June 2013 is as follows (unaudited):

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	7,589,254,937	2,668,158,767	2,148,284,778	1,340,774,793	1,009,122,482	215,715,984	26,521	–	–	14,971,338,262
Inter-segment revenue	1,112,127,258	137,511,922	834,540,782	108,109,058	4,767,582	3,904,313	15,057,531	–	(2,216,018,446)	–
Selling and distribution expenses	(1,804,676,750)	(516,837,456)	(223,785,812)	(256,029,895)	(246,582,468)	(46,419,777)	(21,480)	–	–	(3,094,353,638)
Interest income	11,181,478	5,202,040	23,330,984	502,885	2,183,884	1,753,421	141,330,120	32,212,926	(70,344,752)	147,352,986
Interest expenses	214,079	(5,536,580)	(21,481,110)	(5,688,325)	–	(6,471,184)	(74,361,436)	(37,905,490)	108,473,739	(42,756,307)
Share of profit of associates and joint venture	–	–	–	–	–	–	–	21,430,790	–	21,430,790
Asset impairment losses	7,399,813	30,939	59,481	(1,004,251)	(540,461)	469,723	(907,600)	–	907,600	6,415,244
Depreciation and amortisation	(179,830,353)	(131,667,630)	(66,142,883)	(32,457,784)	(21,012,860)	(1,154,709)	(453,891)	(19,371,961)	–	(452,092,071)
Total profit	822,441,468	301,919,707	247,290,727	(98,495,158)	78,929,775	25,227,313	156,750,600	331,455,692	(103,108,597)	1,762,411,527
Income tax expenses	(177,209,294)	(76,509,250)	(47,674,097)	5,835,040	(10,371,100)	(4,353,629)	(21,441,945)	–	6,702,460	(325,021,815)
Net profit	645,232,174	225,410,457	199,616,630	(92,660,118)	68,558,675	20,873,684	135,308,655	331,455,692	(96,406,137)	1,437,389,712
Total assets	9,855,587,936	5,017,103,374	4,925,845,239	1,022,414,479	1,477,765,530	253,774,819	9,200,717,055	5,865,771,789	(10,040,081,616)	27,578,898,605
Total liabilities	5,110,349,377	2,398,643,932	3,319,897,655	1,678,458,434	746,563,383	322,850,622	8,491,456,662	2,320,754,383	(10,156,306,624)	14,232,667,826
Long-term equity investments in associates and joint venture	–	–	–	–	–	–	–	1,321,484,608	–	1,321,484,608
Additions to non-current assets other than long-term equity investments	339,902,293	116,961,802	240,849,293	189,679,656	120,437,687	685,220	876,900	31,050,794	(103,243,424)	937,200,221

(b) Segment information as at and for the year ended 30 June 2012 is as follows:

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	6,806,703,539	2,353,927,179	2,047,543,170	1,133,378,239	839,009,317	224,934,023	2,310	—	—	13,405,497,777
Inter-segment revenue	741,590,033	113,278,713	569,803,320	123,952,030	19,520,011	28,462,419	2,717,076	—	(1,599,323,602)	—
Selling and distribution expenses	(1,354,945,372)	(447,096,584)	(191,996,172)	(227,698,423)	(175,424,648)	(64,278,637)	(97,300)	—	—	(2,461,537,136)
Interest income	5,050,174	4,123,925	7,003,246	2,490,069	550,368	60,806	130,950,448	28,136,868	(34,916,443)	143,449,461
Interest expenses	4,873,590	(3,842,113)	(19,316,206)	(5,495,477)	—	(6,806,261)	(34,916,444)	(48,136,411)	60,347,766	(53,291,556)
Share of profit of associates and joint venture	—	—	—	—	—	—	—	5,886,253	—	5,886,253
Asset impairment losses	(3,315,424)	85,835	92,333	118,016	(10,313)	(311,782)	—	—	—	(3,341,335)
Depreciation and amortisation	(156,705,438)	(104,351,422)	(72,154,073)	(38,553,262)	(17,361,642)	(1,764,582)	(275,595)	(18,663,640)	—	(409,829,654)
Total profit	798,253,518	246,164,929	246,462,973	(45,696,339)	98,622,887	19,385,047	96,643,075	(81,679,715)	40,768,701	1,418,925,076
Income tax expenses	(182,432,834)	(78,774,345)	(61,387,149)	(6,569,936)	(16,843,536)	(4,746,194)	(19,208,374)	—	1,225,532	(368,736,836)
Net profit	615,820,684	167,390,584	185,075,824	(52,266,275)	81,779,351	14,638,853	77,434,701	(81,679,715)	41,994,233	1,050,188,240
Total assets	8,463,722,003	4,735,338,396	4,064,334,939	1,998,086,933	1,391,773,535	180,066,222	7,447,108,790	4,782,232,750	(8,625,797,086)	24,436,866,482
Total liabilities	4,336,381,111	2,439,329,824	2,726,510,640	1,265,280,587	742,756,151	470,539,995	7,041,020,735	2,120,471,409	(8,698,710,965)	12,443,579,487
Long-term equity investments in associates and joint venture	—	—	—	—	—	—	—	156,542,803	—	156,542,803
Additions to non-current assets other than long-term equity investments	299,069,685	481,250,140	218,428,319	211,861,038	66,539,850	10,002,687	178,149	21,621,058	(24,103,100)	1,284,847,826

The Group's revenue from external customers domestically and overseas, and the total non-current assets other than financial assets and deferred tax assets located domestically and in foreign countries or geographical areas are summarised as follows:

Revenue from external customers

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Domestic	**14,676,860,432**	13,109,391,531
Hong Kong and Macau	**122,179,779**	122,871,872
Other overseas regions	**172,298,051**	173,234,374
	14,971,338,262	13,405,497,777

Total non-current assets	**30 June 2013**	30 June 2012
	(Unaudited)	(Unaudited)
Domestic	**14,582,979,583**	12,510,485,138
Hong Kong and Macau	**11,378,514**	11,890,104
	14,594,358,097	12,522,375,242

12. Net current assets

	30 June 2013 (Unaudited)	31 December 2012
Current assets	**12,984,540,508**	10,142,133,743
Less: Current liabilities	**(11,272,631,268)**	(7,336,024,163)
Net current assets	**1,711,909,240**	2,806,109,580

13. Total assets less current liabilities

	30 June 2013 (Unaudited)	31 December 2012
Total assets	**27,578,898,605**	23,661,105,585
Less: Current liability	**(11,282,631,268)**	(7,336,024,163)
Total assets less current liabilities	**16,296,267,337**	16,325,081,422

14. Contingencies

The Group's potential risk of income tax liabilities related to prior years has not been settled. The directors of the Company are of the view that the potential income tax liabilities could not be reliably estimated and therefore, no provision was made in these financial statements. For details, please refer to prior year's results announcement in relation to enterprise income tax.

15. Capital commitments

(a) Capital expenditures contracted for but not yet necessary to be recognised on the balance sheet

	30 June 2013 (Unaudited)	31 December 2012
Buildings, machinery and equipment	**536,026,120**	592,911,698

(b) Capital commitments authorised by the management but not yet contracted for

	30 June 2013 (Unaudited)	31 December 2012
Buildings machinery and equipment and intangible assets	**3,192,686,399**	3,465,487,656

As at 30 June 2013, joint venture of the Group has no significant capital expenditures contracted for but not yet necessary to be recognized on the balance sheet, or capital commitments authorised by the management but not yet contracted for.

16. Transaction with Suntory

(1) Background

On 5 June 2012, the Company and Suntory Company entered into two framework agreements for establishing two joint-investment companies, whereby the Company and Suntory Company agreed to reorganize and integrate their assets and business of the subsidiaries in Shanghai and Jiangsu Province into two joint-investment companies, namely, Tsingtao-Suntory (Shanghai) Sales Company Limited (the "Sales Company") and Suntory-Tsingtao (Shanghai) Company Limited (the "Manufacturing Company").

(i) Transaction process

Manufacturing company

Manufacturing Company was established on the basis of Tsingtao Brewery Shanghai Songjiang Company Limited (the "Songjiang Company"), the former subsidiary of the Company, which holds 100% equity interests in Tsingtao Brewery (Yangzhou) Co.,Ltd., Tsingtao Brewery (Suqian) Co.,Ltd., Tsingtao Brewery (Xuzhou) Pengcheng Co.,Ltd. and 66% equity interests in Tsingtao Brewery (Xuzhou) Co.,Ltd. (collectively, the "Manufacturing Business invested by the Company"). Suntory Company subscribed RMB453.66 million increase of registered capital by transferring 86.5% equity interests of Suntory Brewery (Shanghai) Company Limited ("Suntory Shanghai") and 93.2% equity interests of Suntory Brewery (Kunshan) Company Limited ("Suntory Kunshan") and settled RMB175.49 million cash payment to obtain 50% share in Songjiang Company increased registered capital.

Songjiang Company purchased 100% equity interests from Suntory Brewery (Guangming) Company Limited("Suntory Guangming") for approximately RMB1, 66.6% equity interests from China Jiangsu Suntory Food Co.,Ltd. ("Suntory Jiangsu") for approximately RMB55.1 million, 10% equity interests from Suntory Shanghai for approximately RMB49.95 million, and 6.8% equity interests from Suntory Kunshan for approximately RMB 54.32 million respectively. After the completion of the transactions, Songjiang Company was renamed as Suntory-Tsingtao (Shanghai) Company Limited ("Manufacturing Company"), holding 96.5% equity interests of Suntory Shanghai, 66.6% equity interests of Suntory Jiangsu, and 100% equity interests of Suntory Kunshan and Suntory Guangming (collectively, the "Manufacturing Business invested by Suntory Company").

Sales Company

The Sales Company was established under joint investment of both companies, with the registered capital of RMB20 million, with RMB10 million contributed by each of the two. The Company transferred to the Sales Company the 100% equity interests of the sales business and assets in Shanghai and Jiangsu Province held by Nanjing Sales, Huaihai Sales and the new Shanghai Sales (collectively, the "Sales Business invested by the Company). Meanwhile, the 100% equity interests in the Shanghai Market Services and Prince Sales (collectively, the "Sales Business invested by Suntory Company") were transferred to the Sales Company.

(ii) Judgment on package deal and date of acquisition/disposal

The management believes the establishment of Sales Company and Manufacturing Company as package deal transactions in the accounting treatment. The acqusition date and disposal date of the transactions is on 28 April 2013, the completing date confirmed as jointly signed by the Company and Suntory Company.

(2) Lose control over subsidiaries

	Date of Disposal	Gain/Loss
Manufacturing Business invested by the Company	28 April 2013	Refer to *(i)*

(i) Disposal gain/loss:

	Amount
Fair value of the equity interest in Manufacturing Business invested by the Company	899,355,156
Less: net8 assets in Manufacturing Business invested by the Company as at date of disposal	(686,827,835)
Goodwill of Songjiang Company	(1,759,422)
Investment income due to disposal	210,767,899

(ii) Measurement of the remaining shares in the Manufacturing Company:

	Amount
Fair value of the equity interest in Manufacturing Business invested by the Company	899,355,156
Fair value of the equity interest in Manufacturing Business invested by Suntory Company	1,366,776,128
Cash and cash equivalent in Manufacturing Business invested by Suntory Company	16,115,519
Equity value of the Manufacturing Company	2,282,246,803
Long-term equity investment in Manufacturing Company (50% of equity value mentioned above)	1,141,123,402

(3) Transactions with minority interests

The Company transferred the equity interest in Sales Business invested by the Company to the Sales Company, which is under the control of the Company although the Company and Suntory Company hold 50% equity interest respectively. Thus this equity transaction is deemed as disposal of equity interest in a subsidiary to minority shareholders.

	Amount
50% fair value of Sales Business equity interest invested by the Company	(92,890,950)
Less: 50% net assets of Sales Business invested by the Company at the date of disposal	214,032,593
Capital surplus due to disposal	121,141,643

(4) Business combinations involving enterprises not under common control

	Non-operating income	Calculation approach
Sales Business invested by Suntory Company	178,591,992	The difference between combination cost and the fair value of acquiree's identifiable net assets at the acquisition date is recognized as non-operating income. Refer to (i):

(i) Combination consideration and non-operating income are as follows:

Combination cost —	
50% fair value of Sales Business equity interest invested by the Company	(92,890,950)
Add: 50% fair value of Manufacturing Business equity interest invested by the Company	449,677,578
Less: 50% fair value of Manufacturing Business equity interest invested by Suntory Company	(683,388,064)
50% of Cash invested in Manufacturing Business by Suntory Company	(8,057,759)
50% supplementary payment in cash by Suntory Company	(39,500,000)
	(374,159,195)
Less: 50% fair value of identifiable net assets of Sales Business invested by Suntory Company	195,567,203
Goodwill/(non-operating income)	(178,591,992)

II. DIVIDENDS

The Company shall not distribute interim dividends for the 6 months ended 30 June 2013 pursuant to the provisions in the articles of association of the Company.

III. MANAGEMENT DISCUSSIONS AND ANALYSIS

(I) Review of operational results for the first half-year

In the first half year, the Company's sales volume reached 45.8 million hl in aggregate, increased by 9.62% from the corresponding period in previous year; revenues reached RMB14.971 billion, increased by 11.68% from the corresponding period in previous year, net profit attributable to shareholders of listed Company amounted to RMB1.395 billion, increased by 38.46% from the corresponding period in previous year. The output volume in the national beer industry reached 249.8 million hl, increased by 5.85% from the corresponding period in previous year (statistics: the National Bureau of Statistics). During the Reporting Period, the Company achieved a much higher growth rate of sales volume than the average rate of the industry, and a higher growth rate of net profits than that of the revenues while a higher growth rate of revenues than that of the sales volume by actively exploring the domestic mid-and-high-end markets and adjusting the product mix.

During the Reporting Period, the sales volume of Company's principal brand, Tsingtao Beer, reached 24 million hl, increased by 9% from the corresponding period in previous year, in which that of the high-end products including canned beer reached 8.3 million hl, increased by 19% from the corresponding period in previous year, which further optimized and improved the Company's product mix. In the first half year, the production costs decreased at certain rate from the corresponding period in previous year. Furthermore, the Company's gross profits increased 1.27 percentage points from the corresponding period in previous year.

(II) Analysis of principal financials during the Reporting Period (calculated in accordance with CAS)

1. Analysis of the principal business

Analysis of changes in items in the Profit Statement

Unit:'000 Yuan, Currency: RMB

Item	Amount in this period	Amount in corresponding period in previous year	Increase/ (Decrease) *(%)*
Revenues	14,971,338	13,405,498	11.68
Costs of sales	8,753,435	7,978,963	9.71
Selling and distribution expenses	3,094,354	2,461,537	25.71
General and administrative expenses	602,814	564,882	6.72
Financial expenses	(95,694)	(83,799)	(14.19)
Asset impairment losses	(6,415)	3,341	(292.00)
Investment incomes	232,470	5,886	3849.37
Non-operating incomes	299,947	114,570	161.80
Non-operating expenses	182,940	15,999	1043.46

(1) In the first half of 2013, the revenues increased by 11.68% from the corresponding period in previous year, which was mainly due to the increase in revenues caused by the increase in the sales volume of principal products during the Reporting Period.

(i) Table of principal business by industries and products

Unit:'000 Yuan, Currency: RMB

Principal business by industries

By industries	Revenues	Costs of sales	Gross profits (%)	Increase/ Decrease in revenues from previous year (%)	Increase/ Decrease in costs of sales from previous year (%)	Increase/ Decrease in gross profits from previous year (%)
Beer	14,756,577	8,570,691	41.92	11.74	9.35	Increased by 1.27 percentage points

Principal business by products

By products	Revenues	Costs of sales	Gross profits (%)	Increase/ Decrease in revenues from previous year (%)	Increase/ Decrease in costs of sales from previous year (%)	Increase/ Decrease in gross profits from previous year (%)
Beer	14,756,577	8,570,691	41.92	11.74	9.35	Increased by 1.27 percentage points

The Group is mainly engaged in the production and sales of beer.

(ii) Table of principal business by geographical markets

Unit:'000 Yuan, Currency: RMB

Region	**Revenues**	**Increase/ Decrease in revenues from previous year** *(%)*
Shandong Province	8,161,633	15.43
South China	2,764,510	14.23
North China	2,951,702	13.40
East China	1,662,333	34.13
South-East China	1,008,536	18.55
Hong Kong, Macau and other overseas	214,119	(2.86)
Sub-total	16,762,834	16.38
Less: Eliminations	2,006,257	67.49
Total	14,756,577	11.74

(2) In the first half of 2013, the costs of sales increased by 9.71% from the corresponding period in previous year, which was mainly due to the increase in costs of sales caused by the growth of sales volume of principal products during the Reporting Period.

(3) Expenses during the period

(i) In the first half of 2013, the selling and distribution expenses increased by 25.71% from the corresponding period in previous year, which was mainly due to the increase in marketing inputs, brand promoting expenses and staff remunerations caused by the growth of sales volume and market expansion during the Reporting Period.

(ii) In the first half of 2013, the general and administrative expenses increased by 6.72% from the corresponding period in previous year, which was mainly due to the increase in operating expenses and staff remunerations during the Reporting Period.

(iii) In the first half of 2013, the financial expenses decreased by 14.19% from the corresponding period in previous year, which was mainly due to the decrease in interests paid during the Reporting Period.

(4) In the first half of 2013, assets impairment losses decreased by 292.00% from the corresponding period in previous year, which was mainly due to the collection of bad debts of receivable accounts during the Reporting Period.

(5) In the first half of 2013, the investment income increased by 3,849.37% from the corresponding period in previous year, which was mainly due to the disposing gains arising from the difference by which the fair value of the Company's former subsidiary Tsingtao Brewery Shanghai Songyiang Company Limited (renamed as Suntory-Tsingtao (Shanghai) Company Limited) exceeds its book value in the Suntory project.

(6) In the first half of 2013, the non-operating incomes increased by 161.80% from the corresponding period in previous year, which was mainly due to the negative goodwill generated from the Suntory project during the Reporting Period.

(7) In the first half of 2013, the non-operating expenses increased by 1,043.46% from the corresponding period in previous year, which was mainly due to the staff settlement expenses undertaken by the Company subsidiary during its assets reorganization.

2. Analysis of changes in items in the balance sheet

Unit:'000 Yuan, Currency: RMB

Item	**30 June 2013**	**31 December 2012**	**Increase/ Decrease** *(%)*
Cash at bank and on hand	10,043,214	7,118,248	41.09
Accounts receivable	274,759	82,685	232.30
Advances to suppliers	114,222	83,739	36.40
Other receivables	209,536	87,292	140.04
Other current assets	157,405	284,314	(44.64)
Long-term investments in equity interests	1,321,485	163,877	706.39
Deferred income tax assets	714,064	485,349	47.12
Other non-current assets	296,089	195,910	51.14
Notes payable	107,881	81,883	31.75
Accounts payable	3,354,134	1,993,402	68.26
Taxes payable	676,734	350,866	92.88
Dividends payable	540,393	1,102	48,956.59
Other payables	4,663,723	3,213,582	45.13
Non-current liabilities to mature in 1 year	313,315	2,786	11,144.93
Long-term borrowings	6,165	452,486	(98.64)
Specific payables	205,052	120,064	70.79
Minority interests	(104,367)	315,478	(133.08)

(1) At the end of the Reporting Period, the cash at bank and on hand increased by 41.09% from the beginning of the Reporting Period, which was mainly due to the increase in net cash flow from the operative activities during the Reporting Period.

(2) At the end of the Reporting Period, the accounts receivable increased by 232.30% from the beginning of the Reporting Period, which was mainly due to the increase in balance of accounts receivable in the peak seasons and inflow of receivable accounts from newly acquired units in the joint investment project with Suntory during the Reporting Period.

(3) At the end of the Reporting Period, the advances to suppliers increased by 36.40% from the beginning of the Reporting Period, which was mainly due to the increase in prepayments for purchasing raw materials during the Reporting Period.

(4) At the end of the Reporting Period, the other receivables increased by 140.04% from the beginning of the Reporting Period, which was due to the increase in the reimbursed payment for recycled bottles, pledge and warranty caused by the growth of sales volume in the peak seasons during the Reporting Period.

(5) At the end of the Reporting Period, the other current assets decreased by 44.64% from the beginning of the Reporting Period, which was mainly due to that the outstanding input VAT of some subsidiaries at the end of last year had been set-off during the Reporting Period and the decrease in prepaid income tax.

(6) At the end of the Reporting Period, the long-term investments in equity interests increased by 706.39% from the beginning of the Reporting Period, which was mainly due to the reorganization of long-term equity investment of the associate subsidiary held as to 50% by the Company. Such associate subsidiary was changed from Tsingtao Brewery Shanghai Songjiang Company Limited, the Company's former wholly-owned subsidiary, in the joint investment project with Suntory during the Reporting Period.

(7) At the end of the Reporting Period, the deferred income tax assets increased by 47.12% from the end of the Reporting Period, which was mainly due to the increase in deferred income tax caused by the increase in pending payments and staff remuneration in the peak seasons during the Reporting Period.

(8) At the end of the Reporting Period, the other non-current assets increased by 51.14% from the beginning of the Reporting Period, which was mainly due to the increase in prepayments for projects and purchasing equipment caused by the technical reconstruction and expansion of some subsidiaries, and the increase in the construction projects of relocated and new plants during the Reporting Period.

(9) At the end of the Reporting Period, the notes payable increased by 31.75% from the beginning of the Reporting Period, which was mainly due to the increase in amounts of payable notes used for purchasing the materials during the Reporting Period.

(10) At the end of the Reporting Period, the accounts payables increased by 68.26% from the beginning of the Reporting Period, which was mainly due to the increase in accounts payable caused by the increase in purchasing raw materials for the production in the peak seasons during the Reporting Period.

(11) At the end of the Reporting Period, the taxes payable increased by 92.88% from the beginning of the Reporting Period, which was mainly due to the increase in payable value-added taxes, income taxes and consumption taxes caused by the increase in sales volume and revenues during the Reporting Period.

(12) At the end of the Reporting Period, the dividends payable increased by 48,956.59% from the beginning of the Reporting Period, which was mainly due to that the distribution of cash dividends according to the resolution passed at the general meeting had not been made during the Reporting Period.

(13) At the end of the Reporting Period, the other payables increased by 45.13% from the beginning of the Reporting Period, which was mainly due to the increase in the pending payments, pledges and guarantee amounts caused by the growth of sales volume during the Reporting Period.

(14) At the end of the Reporting Period, the payables for specific projects increased by 70.79% from the beginning of the Reporting Period, which was mainly due to that some subsidiaries received relocation compensations from the local government during the Reporting Period.

(15) At the end of the Reporting Period, the minority interests decreased by 133.08% from the beginning of the Reporting Period, which was mainly due to the minority interest of Suntory-Tsingtao (Shanghai) Sales Co., Ltd., a subsidiary established in the joint investment project with Suntory during the Reporting Period.

(16) Bank borrowings

At the end of the Reporting Period, the short-term borrowings decreased by 18.74% from the beginning of the Reporting Period, which was mainly due to the repayment of borrowings by subsidiaries during the Reporting Period.

At the end of the Reporting Period, the non-current liabilities to mature within 1 year increased by 11,144.93% while the long-term liabilities decreased by 98.64% from the beginning of the Reporting Period, which was mainly due to that, during the Reporting Period, some subsidiaries transformed the long-term borrowings to mature within 1 year to the non-current liabilities to mature within 1 year in this year.

At the end of the Reporting Period, the total amount of bank borrowings of the Group was RMB438,440,000, which included RMB119,959,000 of short-term borrowings and RMB318,481,000 of long-term borrowings. Among the long-term borrowings, those would mature within 1 year were amounted to RMB312,315,000, those would mature in 1-5 years were amounted to RMB4,877,000, and those would mature over 5 years were amounted to RMB1,289,000.

At the end of the Reporting Period, the borrowings in Renminbi amounted to RMB57,350,000, borrowings in Hong Kong dollars amounted to RMB373,283,000, borrowings in Euro amounted to RMB4,384,000, and borrowings in Danish krone were amounted to RMB3,423,000.

All borrowings of the Group were affected by the fluctuation of the interest rate in the market. As at the settlement date, the effective annual interest rate of Renminbi and Hong Kong dollar were 3.300% and 3.027% respectively.

3. Analysis of changes to items in cash flow

Unit: '000 Yuan, Currency: RMB

Item	**Amount in this period**	**Amount in the corresponding period in last year**	**Increase/ (Decrease)** *(%)*
Cash flow from operating activities-net	3,823,970	3,574,303	6.99%
Cash flow from investing activities-net	(1,083,573)	(1,387,678)	21.91%
Cash flow from financing activities-net	(198,864)	(16,062)	(1,138.09%)

(1) The net cash flow from operating activities increased by 6.99% from the corresponding period in previous year, which was mainly due to the increase in cash received from selling the goods, during the Reporting Period.

(2) The net cash flow from investing activities increased by 21.91% from the corresponding period in previous year, which was mainly due to the decrease in the constructions of fixed assets during the Reporting Period compared with that in the corresponding period in previous year.

(3) The net cash flow from financing activities decreased by 1,138.09% from the corresponding period in previous year, which was mainly due to the increase in cash paid for repaying the liabilities during the Reporting Period compared with that in the corresponding period in previous year.

Interpretation for other operational situations

(1) Debt/Capital ratio

On 30 June 2013, the Group's debt/capital ratio was 9.7% (13.0% on 31 December 2012). The calculation of debt/capital is: total amount of long-term borrowings/(total amount of long-term borrowings + interests attributable to the shareholders of listing company).

(2) Assets mortgage

As at 30 June 2013, none of the bank borrowings of the Group was with mortgage (Nil as at 31 December 2012).

(3) Risk of fluctuations of exchange rate

At present, the Group mainly relies on the imported barley among the raw materials in its production of principal brand. The changes of exchange rate would indirectly affect the price of raw materials used by the Group, so as to bring certain impacts to the profitability of the Group.

(4) Capital expenses

In 2013, the Company will further strive to improve the efficiency in utilizing the existing assets. According to the Company's current situation in funds and profitability, it has sufficient funds and continuous in-flow of operational cash flow to satisfy its needs for funds for the capital projects of the Company.

(5) Investments

For details please refer to the enclosed Notes to Financial Statements.

(6) Contingent liabilities

For details please refer to the enclosed Notes to Financial Statements.

(III) Interpretation of the progress of the operating plan

In 2013, the Company's operating goal is to consolidate and enlarge the Company's leading position in the national mid-and-high-end markets by fully playing its advantages in brand and actively adjusting the product mix, thus to finally build a solid foundation for realizing the goal of 100 million hl in 2014.

In the first half-year, although there were negative factors including the low temperature in spring, the Company still almost realized the expected development goal with the joint efforts of all staff. In the second half-year, the Company will further play its advantages including brands, quality, technologies and channels to continue the brand promotion and market exploration, keep increasing the market share. The Company is confident and determined to realize its full-year operational goals.

It is the 110th anniversary of Tsingtao Brewery in 2013. With this new start, the Company will further maintain and improve its leading position in the national beer market.

The Company's century-old brewing history cultivates the outstanding quality culture. In 2013, Tsingtao's brand value has reached RMB80.585 billion (published by the World Brand Lab), being the No. 1 among China's beer brands again. The Company focuses on building up a young and fashionable brand image to ensure the feel of times and freshness of the brand. In 2013, by the opportunity of the 110th anniversary ceremony, the Company started the promotional activities in the theme of "110 years, only for brewing tasty beer", which further improved Tsingtao beer's reputation.

The Company's mission is to produce the beer which can meet the consumers' taste. In the development of new products, based on the general concept of "To sell the 1st generation, R&D the 2nd generation, and reserve the 3rd generation", it continues to develop the well-liked new products to expand the consumption demands. In this year, the aluminum bottled beer "Lucky Strike" and the black beer with brand-new wrapping, the newly-launched high-end products, won broad fondness from the consumers, which will continue to improve the Company's advantages in the competition in the high-end markets.

(IV) Analysis of core competitiveness

During the Reporting Period, there were no changes to the Company's core competitiveness.

IV. SIGNIFICANT EVENTS

(I) Progress of the cooperative transaction between the Company and Suntory China

On 5 June 2012, an extraordinary meeting of the Company's 7th Board was held to consider and approve the cooperative transaction between the Company and Suntory (China) Holding Co., Ltd. ("Suntory China"). On the same day, the both parties entered into *Business Joint Investment Company Framework Agreement* and *Sales Joint Investment Company Framework Agreement*, whereby the Company and Suntory China would integrate their respective assets and business in the target subsidiaries in Shanghai and whole Jiangsu Province into two joint investment companies, namely, Tsingtao-Suntory (Shanghai) Sales Co., Ltd. ("Sales Company") and Suntory-Tsingtao Co., Ltd. ("Manufacturing Company"). As at the end of the Reporting Period, the two companies have completed the registration and filing procedures and started the operations.

1. Establishment of the companies

1.1 About Sales Company

Company name:	Tsingtao-Suntory (Shanghai) Sales Co., Ltd.
Chairman:	WANG Rui Yong
Registered capital:	RMB20 million
Investment ratio:	50% for each of Suntory China and the Company (as the Company has actual power to control the composition of its board of directors, therefore, it was listed as a subsidiary in the Company's consolidated financial statements)

1.2 About Manufacturing Company

Company name:	Suntory-Tsingtao (Shanghai) Co., Ltd.
Registered capital:	RMB907.32 million
Investment ratio:	50% for each of Suntory China and the Company (as the Company does not have actual power to control the composition of its board of directors, therefore, it was listed as an associate subsidiary in the Company's consolidated financial statements)

2. Financial influence of the transaction

The Company and Suntory China formally conducted the transfer procedures of equity interests and business integration concerned in the abovementioned transaction on 28 April 2013, and from the next day of which the Company included the Sales Company and its subsidiaries into the consolidation scope. At the same time, after the Company and Suntory China negotiated for the supplementary investment to the transaction consideration arising during the transitional period before the transfer date of the cooperation transaction, the management team of the Company was of the view that, based on the negotiation situation, RMB79 million was the best estimation for the supplementary investment to be made by Suntory China, and the actual investment amount, which shall not affect the ratio of investment made by the Company and Suntory China in the Manufacturing Company under the framework agreement, would be determined by the agreement to be entered into by the Company and Suntory China. With reference to the rules in the CAS and related documents, this integration matter of equity interests and business is deemed as a package deal, whose financial influence to the Group is as follows:

2.1 When the Company obtained the net assets of Sales Company invested by Suntory China, the negative goodwill arised from the difference that the consolidated costs belows the fair value of the net identifiable assets on the acquisition date obtained from the acquiree in the consolidation was deemed as non-operating income of the period, which made the Company's net profits attributable to the parent company increased by approximately RMB178.59 million.

2.2 The difference by which the fair value of equity interests of the related subsidiary of Manufacturing Company invested by the Company exceeds the net assets and goodwill of the subsidiaries on the disposal date was deemed as investment income of the period, which made the Company's net profits attributable to the parent company increased by approximately RMB210.77 million.

(II) Other Issues

1. During the Reporting Period, the Company was not involved in any new significant litigations and arbitration.

2. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the Reporting Period.

3. The Company held the annual general meeting on 25 June 2013 to consider and approve the resolution of revising the articles of association, which further improved the Company's cash dividends distribution program and increased the matters stated in the Company's business scope. For the revisions to the articles of association and changes to the business scope, the Company had completed the procedures of obtaining approval from the commercial supervising authority and the changes at industrial and commercial authority in Qingdao, and renewed the approval certificate to the foreign-invested enterprises and received new enterprise lawperson business license.

V REVIEW OF THE UNAUDITED INTERIM RESULTS

The Audit & Internal Control Committee under the Board has reviewed the Company's unaudited 2013 interim results of the Company.

VI IN COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had been committing to the corporate governance and its transparency. Under the requirements on corporate governance raised by the regulatory authority, the Company had been improving its internal control to realize a standard and highly efficient operations to ensure its shareholders can obtain rewards from sound corporate governance.

During the Reporting Period, the Company had been in compliance with the *Corporate Governance Code*, Appendix 14 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. After the Reporting Period, the Board considered and approved the revised working regulations of the Nomination & Remuneration Committee under the Board, including working out the diversity policy of board members as its attachment (the full text of the working regulations and this announcement will be published on the website of The Stock Exchange of Hong Kong Limited at the same time).

By order of the Board
Tsingtao Brewery Company Limited
Chairman
SUN Ming Bo

Qingdao, the People's Republic of China
29 August 2013

Directors of the Company as at the date of this announcement are:

Executive Directors:	*Mr. SUN Ming Bo (Chairman), Mr. WANG Fan (Vice Chairman), Mr. HUANG Ke Xing, Ms. JIANG Hong and Mr. SUN Yu Guo*
Non-executive Directors:	*Mr. Yasutaka SUGIURA and Mr. CHEN Zhi Cheng*
Independent Non-executive Directors:	*Mr. WANG Xue Zheng, Mr. ZHAO Chang Wen, Mr. WU Xiao Bo and Mr. MA Hai Tao*