



青島啤酒股份有限公司  
TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號 : 168)

激情成就夢想  
Passion, dreams & success



2011

ANNUAL REPORT  
年度報告



# 目錄

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## 公司簡介 Company Profile

青島啤酒股份有限公司(「公司」或「本公司」)，連同其子公司合稱「本集團」前身為國有青島啤酒廠，始建於一九零三年，是中國歷史最為悠久的啤酒生產廠。公司一九九三年六月十六日註冊成立，隨後在香港發行了H種股票並於七月十五日在香港聯合交易所有限公司(「香港聯交所」)上市，成為首家海外上市的國內企業，同年七月在國內發行了A種股票並於八月二十七日在上海證券交易所上市。

公司的經營範圍是啤酒製造、銷售以及與之相關的業務。目前公司在國內擁有56家啤酒生產企業，分佈於全國18個省市地區，規模和市場份額居國內啤酒行業領先地位。其生產的青島啤酒為國際市場上最具知名度的中國品牌，已營銷世界七十餘個國家和地區。

Tsingtao Brewery Company Limited (the “Company” or “the Company”, together with its subsidiaries, “the Group”), the earliest brewery in China, can trace its root back to 1903 when its predecessor, the State-owned Tsingtao Brewery Factory, was established. The Company was registered on 16 June 1993, and then issued H-shares in Hong Kong which were listed on The Stock of Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 July 1993, being the first domestic enterprise listed on an overseas stock exchange. In July 1993, the Company issued A-shares in China, which were listed on Shanghai Stock Exchange on 27 August 1993.

The business scope of the Company is the production and sales of beer, and other related business. The Company occupies leading position in the domestic beer industry in terms of size and market share with 56 breweries in 18 provinces, cities and regions all over China. Its product Tsingtao beer has become the most well-known Chinese brand in the international market and has been distributed to more than seventy countries and regions throughout the world.



## 會計數據摘要 Financial Highlights

按中國企業會計準則編製

Prepared in accordance with the China Accounting Standards for Business Enterprises (“CAS”)

### 1、本集團二零一一年財務資料

### 1. The Group's financial information for the year ended 31 December 2011

(單位：人民幣千元)

(Unit: RMB'000)

營業利潤	Operating profit	2,141,568
利潤總額	Total profit	2,454,913
歸屬於上市公司股東的淨利潤	Net profit attributable to equity holders of the Company	1,737,928
歸屬於上市公司股東的扣除非經常性損益後的淨利潤	Net profit attributable to equity holders of the Company after deduction of non-recurring profit or loss	1,490,258
經營活動產生的現金流量淨額	Net cash flows from operating activities	1,872,309
注：非經常性損益項目包括：	Note: Non-recurring profit or loss items include:	
計入當期損益的政府補助	Government grants recognised in profits	426,105
非流動資產處置損失	Losses on disposal of non-current assets	(115,941)
搬遷工廠職工安置支出	Personnel expenditures from company relocation	(41,500)
除上述各項之外的其他營業外收入和支出	Other non-operating income and expenses other than aforesaid items	3,180
小計	Subtotal	271,844
所得稅影響額	Impact on the income tax	(16,771)
少數股東權益影響額(稅後)	Impact on the minority interests (after tax)	(7,403)
合計	Total	247,670

## 會計數據摘要 Financial Highlights

### 2. 主要會計數據及財務指標

(單位：人民幣千元)

主要會計資料	Major accounting information	2011	2010	2009 (經重述) (Restated)	2008 (經重述) (Restated)	2007 (經重述) (Restated)
營業收入	Revenue	23,158,054	19,897,828	18,026,108	16,023,442	13,709,220
利潤總額	Total profit	2,454,913	2,123,196	1,739,334	1,108,089	1,004,123
歸屬於上市公司股東的淨利潤	Net profit attributable to equity holders of the Company	1,737,928	1,520,484	1,250,009	797,602	633,701
歸屬於上市公司股東的扣除非經常性損益的淨利潤	Net profit attributable to equity holders of the Company after deduction of non-recurring profit or loss	1,490,258	1,372,933	1,115,506	695,272	486,021
基本每股收益	Basic earnings per share	1.2864	1.1255	0.9503	0.6097	0.4844
稀釋每股收益	Diluted earnings per share	1.2864	1.1255	0.9503	0.6097	0.4844
扣除非經常性損益後的基本每股收益	Basic earnings per share after deduction of non-recurring profit or loss	1.1031	1.0162	0.8481	0.5315	0.3715
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	15.64	15.83	14.90	12.76	11.17
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	16.78	16.90	18.07	13.21	11.54
扣除非經常性損益後全面攤薄淨資產收益率(%)	Fully diluted return on net assets after deduction of non-recurring profit or loss (%)	13.41	14.30	13.30	11.12	8.57
扣除非經常性損益後的加權平均淨資產收益率(%)	Weighted average return on net assets after deduction of non-recurring profit or loss (%)	14.39	15.26	16.12	11.52	8.85
經營活動產生的現金流量淨額	Net cash flows from operating activities	1,872,309	3,284,028	3,361,001	1,509,486	1,094,094
每股經營活動產生的現金流量淨額	Net cash flows from operating activities per share	1.39	2.43	2.56	1.15	0.84
總資產	Total assets	21,634,154	17,777,116	14,867,453	12,532,231	11,545,235
總負債	Total liabilities	10,357,219	8,057,370	6,304,298	6,114,616	5,556,899
歸屬於上市公司的股東權益	Total equity attributable to equity holders of the Company	11,110,439	9,603,112	8,388,299	6,253,240	5,670,991
歸屬於上市公司股東的每股淨資產	Net assets per share attributable to equity holders of the Company	8.22	7.11	6.21	4.78	4.33

### 2. Major accounting data and financial indicators

(Unit: RMB'000)

## 會計數據摘要 Financial Highlights

### 3. 報告期內股東權益變動情況

(單位：人民幣千元)

### 3. Changes in shareholders' equity in reporting period

(Unit: RMB'000)

項目	Item	歸屬於上市公司股東權益					外幣報表 折算差額 Difference on translation of foreign currency financial statements	少數股東	股東
		股本	資本公積	盈餘公積	未分配利潤	Shareholders' equity attributable to equity holders of the Company		權益	權益合計
		Share capital	Capital surplus	Surplus reserves	Undistributed profits		Minority interests	Total shareholders' equity	
期初數	Opening balance	1,350,983	4,016,840	691,826	3,537,820	5,643	116,633	9,719,745	
本期增加	Increase in the period	—	1,099	116,910	1,737,928	11,477	106,832	1,974,246	
本期減少	Decrease in the period	—	—	—	(360,087)	—	(56,969)	(417,056)	
期末數	Closing balance	1,350,983	4,017,939	808,736	4,915,661	17,120	166,496	11,276,935	

(1) 少數股東權益：增加主要原因是本年度實現的少數股東收益及少數股東增加對子公司資本投入所致。

(2) 盈餘公積：增加為本年度提取的盈餘公積。

(3) 未分配利潤：增加為本年度實現的歸屬於上市公司股東的淨利潤，減少為本年提取盈餘公積及分配股利。

(1) Minority interests: Increase represents the minority interests realized during the current year and capital contribution from minority.

(2) Surplus reserve: Increase represents the surplus reserve appropriated in the year.

(3) Undistributed profits: Increase represents net profit attributable to equity holders of the Company for the year. Decrease represents the appropriation of surplus reserve and distribution of dividends.

## 會計數據摘要 Financial Highlights

### 4. 利潤分配

本公司董事會(「董事會」)建議就截至二零一一年十二月三十一日止年度派發末期股息每股人民幣0.26元(含稅)，其餘未分配利潤結轉下一年度。上述分配預案須經本公司二零一一年度股東年會審議批准。有關公司H股股東暫停辦理股份過戶登記手續的期間，本公司將在另行公佈的股東年會通告中載列。

### 4. Profit Distribution

The Board of Directors (the “Board”) proposed a final dividend of RMB0.26 (with tax) per share for the year ended 31 December 2011, and carry forward the remaining distributable profits to the next year. The aforesaid distribution proposal shall be subject to the approval at the 2011 annual general meeting to be held by the Company. The period for closure of register of members for H-share will be set out in the notice of the annual general meeting to be published by the Company separately.



青島啤酒 Cheers  
TSINGTAO to the world  
与世界干杯



## 董事長報告書 Chairman's Statement

致各位股東：

本人謹此提呈青島啤酒股份有限公司截止2011年12月31日會計年度之業務報告及經審計之財務報告，敬請各位股東審閱。

### 一. 經營情況回顧

2011年中國經濟實現了平穩快速增長，但下半年以來增速趨緩，受此影響，國內啤酒市場增長速度也總體上呈現前高後低的態勢，全年共完成啤酒產量4,899萬千升，同比增長10.67%（據國家統計局公佈數據）。

面對複雜、多變的市場形勢和生產、人工等成本不斷上升的壓力，2011年公司董事會、管理層準確把握形勢，率領廣大員工全力以赴、積極應對，攻堅克難，取得了公司經營業績的持續較快增長，全年實現啤酒銷量715萬千升，同比增長12.6%；實現營業收入231.58億元，同比增長16.38%；實現歸屬於公司股東的淨利潤17.38億元，同比增長14.3%。

Dear shareholders,

I hereby present the business report and audited financial statements of Tsingtao Brewery Company Limited for the accounting year ended 31 December 2011 for your kind review.

### I. Review of the operations

In 2011, China's economy realized a steady and rapid growth, but it slowed down since the second half of the year. Therefore, the growth in the domestic beer market in general also revealed a trend of high-to-low, the full-year output of beer reached 489.9 million hl, representing an increase of 10.67% (according to the data disclosed by National Bureau of Statistics) comparing with that of the same period in the previous year.

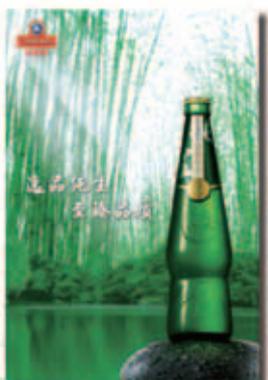
Facing the complicated and ever-changing market, and the pressure of rising costs such as production and labor, in 2011, the Company's Board and management team accurately grasped the situation, and led the employees to be positive to the situation and overwhelm the difficulties with full efforts, to realize the continuous and comparatively rapid growth of operating results. In the year, the Company's beer sales volume reached 71.5 million hl, representing an increase of 12.6% comparing with that of the same period in the previous year; sales incomes reached RMB23.158 billion, representing an increase of 16.38% comparing with that of the same period in the previous year; net profits attributable to the shareholders of the Company reached RMB1.738 billion, representing an increase of 14.3% comparing with that of the same period in the previous year.



金志國先生  
Mr. JIN Zhi Guo

## 董事長報告書 Chairman's Statement

公司繼續堅持品牌帶動下的發展戰略，充分發揮青島啤酒的品牌優勢，提升品牌高度，拓展品類的寬度，提高品牌的溢價能力，不斷提升和優化產品結構，保持和擴大了在國內中高端市場的領先水平。2011年公司銷售主品牌青島啤酒399萬千升，同比增長15%，其中青島啤酒小瓶、聽裝、純生啤酒等高端產品銷售120萬千升，同比增長23%。公司積極培育發展新產品，「奧古特」和「逸品純生」青島啤酒以高品質產品形象贏得了廣大消費者的認同，並保持了銷量的高速增長。



公司通過推進「大客戶+微觀運營」的營銷模式，堅持打造區域基地市場，不斷完善銷售網絡，並加大市場開發力度，實現了山東、陝西等基地市場的持續增長，市場佔有率穩步提升，其它「戰略市場」也保持了良好的增長勢頭。公司繼續堅持體育營銷戰略，通過舉辦青島啤酒「炫舞激情」啦啦隊選拔賽，並成功簽約出征2012年倫敦奧運會的中國體育「冠軍之隊」以及美國NBA「熱火隊」，提升了品牌形象和產品競爭力。2011年青島啤酒品牌價值達到502億元人民幣(2010年為426億元)，繼續保持國內啤酒行業首位。



The Company continued to insist on the development strategy as driven by its brands, fully utilized Tsingtao beer's advantage in brand, improve the height of its brands, extend its product categories, improve the premium capacity of its brands, kept improving and optimizing the product mix, reserved and enlarged its leading position in the domestic mid-and-high-end market. In 2011, the Company's principal brand Tsingtao beer was sold 39.9 million hl, representing an increase of 15% comparing with that of the same period in the previous year, in which the high-end products including draft, canned and little bottled beer were sold 12 million hl in aggregate, representing an increase of 23% comparing with that of the same period in the previous year. The Company also actively developed new products such as "Augersta" and "Yipin Draft", which were extensively acknowledged by the general consumers as a result of their high quality products images, and kept rapid growth in term of sales volume.

The Group continued to optimize its sales network through promoting the sales mode of "Big Customers + Micro-operations" to insist on building its regional base markets, and strengthened its market exploration to realize the continuous growth in Shandong Province and Shaanxi Province, steady growth of market share, and the sound growth trend of other strategic markets. The Group continued to insist on its strategy of sports marketing by holding the Tsingtao beer "Dancing the Passion" cheering squad selection contest, successfully sponsoring members of China's sports delegation, "Team of Champions", which will take part in the 2012 London Olympic Games, and the USA NBA team, "Miami Heats", to improve its brand image and competitiveness of the products. In 2011, the brand value of Tsingtao beer reached RMB50.2 billion (RMB42.6 billion in 2010), remained to be No. 1 in the domestic beer industry.

## 董事長報告書 Chairman's Statement

公司積極推進實施「雙輪驅動」的發展戰略，通過並購、新建和搬遷擴建等方式，迅速擴大了公司生產規模，完善了市場佈局。年內成功收購了山東新銀麥啤酒有限公司100%股權及杭州紫金灘酒業有限公司80%股權，購買了廣東活力啤酒的資產，並迅速在兩個工廠啟動了技改擴建工程，提升其產能和技術水平。公司在廣東揭陽新建年產30萬千升啤酒項目已開工建設，使公司在國內市場佈局上繼續保持領先。

2011年公司生產所需的大麥等原材物料價格大幅上漲，給公司的成本控制帶來了很大困難。公司一方面通過強化管理體系，積極推廣節能降耗新工藝，提高效率，努力降低生產成本，並加強對原材料價格走勢的研判，採取靈活的採購策略，努力控制採購成本；另一方面，通過調結構、擴銷量以及年初對青島啤酒主品牌部分產品價格的適度調整，從而最大程度上消化了2011年全年原材料、人工成本的上漲及稅收增加等近12億元人民幣的減利因素。

2011年國內資本市場持續調整，公司以良好的業績表現和明確的發展戰略獲得了廣大投資者的廣泛認同，公司的股價及流通市值有了明顯的提升。

公司高度重視對投資者的回報，在近年來實現銷量、銷售收入、利潤持續增長的基礎上，已連續12年給予廣大股東現金分紅，2011年度董事會繼續提議現金分紅每股0.26元人民幣(含稅)。

The Group actively implemented the strategy of “double-drive”. It expanded its production scale in a short time and improved the market layouts by way of mergers and acquisitions, new constructions, and expansions after relocation. Within the year, after the Company successfully acquired 100% equity interests in Xin Immense Brewery and 80% equity interests in Hangzhou Zijintan Wine Co., Ltd., and the assets in Guangdong Huoli Company, the Group immediately started the project of technical restructuring and expansion in the two plants to improve their production capacity and technical level. The Group also started to construct the brewing project in Jieyang, Guangdong Province for an annual output volume of 3 million hl, making the Group continue to be in the leading position in the domestic market layout.

In 2011, the price hike of the raw materials such as barley needed in the Company's production brought huge difficulties to the Group's cost control. The Group, on one hand, strengthened its management, actively promoted the new techniques of energy conservation, improved the efficiency and lowered the energy consumption, strived to reduce the production costs, and strengthened the research and decision-making on the trend of the price of the raw materials to control the purchase cost by adopting the flexible purchasing policies; on the other hand, through adjusting the product mix, increasing the sales volume and appropriately adjusting the price of some products of Tsingtao beer, the principal brand, at the year beginning, set off the devaluation factors to the highest extent including the price hike of raw materials, increase of labor costs and taxation in the full year of 2011, which was amounted to nearly RMB1.2 billion.

In 2011, the domestic capital market continued to make adjustments. The Company obtained broad acknowledgement from the general investors by relying on its sound results and clear development strategy. Therefore, the Company's share price and negotiable market capitalization increased greatly.

The Company pays high attention to the investors' return. It has distributed cash dividends to the shareholders for successive 12 years based on the continuous growth of sales volume, sales income and profit in recent years. In 2011, the Board continued to propose a dividend of RMB0.26 (with tax) per share in cash.

## 董事長報告書 Chairman's Statement

### 二. 新年度展望

隨著國家「十二五」規劃提高個人可支配收入和結構性減稅等政策的實施，將促進未來啤酒市場的持續增長，同時市場競爭的加劇將淘汰一些小型啤酒企業，並使具備資金、品牌、管理優勢的大型企業獲得更快的發展，行業集中度將進一步提升。

2011年6月公司董事會換屆後，明確提出公司將充分發揮自身品牌、質量、技術、管理等方面的優勢，抓住機遇，加快發展，力爭在2014年實現1,000萬千升啤酒的銷售目標。公司董事會和管理層對實現這個宏偉目標充滿必勝的決心和信心。

2012年公司面臨全球經濟持續低迷，國內消費市場增長速度放緩而人力資源等成本要素不斷攀升的經營壓力，公司管理層將知難而進，不斷取得新的突破，提升在國內市場的領導地位。公司將繼續提高青島啤酒品牌影響力，不斷優化產品結構，通過推進體育營銷戰略，大力開拓國內市場，持續推進「大客戶+微觀運營」的營銷模式，做深做透區域市場，不斷提高市場的掌控能力，鞏固和擴大「基地市場」和「戰略市場」。

公司將把握機遇，通過新建和搬遷擴建，改善資產質量，提升裝備技術水平，擴大生產能力，並積極尋求合適的並購目標，實現合作共贏及市場協同效用，不斷提高市場份額。同時加強現金流的管理，提高資產周轉效率，充分發揮財務公司的作用，提升公司資金使用效率和效益。

### II. Outlook for 2012

The implementation of policies of China's "Twelfth Five-Year Plan" including increasing disposable personal income and structural tax reduction will boost the continuous growth in the future beer market. At the same time, the fiercer market competition will eliminate some small breweries, and allow the large breweries with advantages in fund, brand and management to obtain more rapid development, and therefore further increase the industry concentration.

In June 2011, after the new round of the Board was established, it expressly stated that the Group would make full use of its advantages in brand, quality, techniques and management to seize the opportunities to accelerate its development, and strive to realize its goal of selling 100 million hl of beer in 2014. The Board and management team is fully determined and confident to realize this grand goal.

In 2012, facing the operational pressure that the global economy remains low, the growth of domestic consumption market slows down while the cost factors such as that of human resources keep rising, the Group's management team will forge ahead despite difficulties, keep obtaining new achievements, and improve its leading position in the domestic market. The Group will continue to improve the brand impact of Tsingtao beer, keep optimizing the product mix, and further promote the sports marketing strategies, explore domestic markets with great efforts, continue to promote the marketing mode of "Big Customers + Micro-operations" to run the regional markets deeply and thoroughly, and keep improving its control over the markets to consolidate and enlarge its base markets and strategic markets.

The Company will seize the opportunities by improving the asset quality, technical level of the equipment and production capacity through new constructions and expansion after relocation, and actively seeking the appropriate targets of mergers and acquisitions to realize win-win and market synergic effects so as to keep increasing its market share. At the same time, it will strengthen its management of cash flow, improve the efficiency of asset turnover, fully play the role of the finance company, and improve the Company's efficiency and benefits in fund use.

## 董事長報告書 Chairman's Statement

公司將根據國內市場消費升級趨勢，積極開發適應消費需求的新產品、新品種，培育新的市場增長點，同時加強主品牌青島啤酒的市場推廣力度，並加大第二品牌培育、宣傳推廣力度，繼續提升產品結構，全力以赴實現公司在國內市場的全面持續增長，為實現2014年1,000萬千升啤酒的銷售目標奠定堅實的基礎。

最後，本人對過去一年中給予本公司大力支持的廣大股東、投資者、消費者及恪盡職守、忠誠奉獻的公司廣大員工致以衷心的感謝。

董事長  
金志國  
中華人民共和國·青島  
二零一二年三月二十九日

The Company will, based on the rising trend of the domestic consumption, actively develop new products and species to meet the consumers' needs, cultivate the new growing point in the markets, and at the same time, strengthen the market promotion of its principal brand, Tsingtao beer, and pay more attention to the cultivation and propaganda of the secondary brands, to continue to improve the product mix, realize the overall and continuous growth in the domestic market with full efforts, and build a solid base for the sales target of 100 million hl of beer in 2014.

Lastly, I would hereby like to express my sincere gratitude to our general shareholders, investors, consumers and our diligent and loyal staff for your great support in the past year.

Chairman  
JIN Zhi Guo  
Qingdao, the People's Republic of China  
29 March 2012



## 董事會報告 Report of the Directors

### 一. 公司經營情況

本公司的主要業務為生產及銷售啤酒。附屬公司及聯營公司主要從事啤酒生產、銷售及國內貿易。

本公司為中國最大的啤酒生產商和銷售商之一。

本集團營業額及盈利幾乎完全由生產及銷售啤酒而產生。

#### 1. 主營業務收入分地區構成情況(按中國企業會計準則計算)

### I. Operations of the Company

The Company is mainly engaged in the production and sales of beer, while its subsidiaries and associated companies are mainly engaged in the production, sales and domestic trade of beer.

The Company is one of the largest beer producers and distributors in China.

Nearly all turnover and profit of the Group are generated from the production and sales of beer.

#### 1. Revenues from principal business by geographical markets (calculated in accordance with CAS)

單位：人民幣千元  
Unit: RMB'000

地區 Region		主營業務收入 Revenues from principal business	主營業務收入比 上年增減(%) Increase/ (Decrease) (%)
山東地區	Shandong Province	12,068,452	21.5
華南地區	South China	4,640,563	10.9
華北地區	North China	3,965,873	15.7
華東地區	East China	1,794,506	3.8
東南地區	South-East China	1,689,821	22.4
港澳及海外地區	Hong Kong, Macau and other overseas	445,695	14.9
合計	Total	24,604,910	16.9
減：各地區分部間抵銷金額	Less: Eliminations	1,814,522	26.7
合併	Consolidation	22,790,388	16.2



王帆先生  
Mr. WANG Fan

## 董事會報告 Report of the Directors

### 2. 主要控股子公司的經營情況及業績(按中國企業會計準則計算)

#### 經營盈利最大的前三家子公司情況

子公司名稱	Name of Subsidiary	總資產 Total Assets	淨利潤 Net Profit
深圳市青島啤酒華南營銷有限公司	Shenzhen Tsingtao Brewery South China Sales Company Limited	938,932	199,096
青島啤酒西安漢斯集團有限公司	Tsingtao Brewery Xi'an Hans Group Company Limited	1,407,680	171,031
青島啤酒(城陽)銷售有限公司	Tsingdao Brewery (Chengyang) Sales Company Limited	281,841	96,114

單位：人民幣千元

Unit: RMB '000

### 3. 報告期內主要供貨商和客戶情況

- (1) 本公司向前五名供貨商合計的採購金額佔公司年度採購總額的5.4%。
- (2) 本公司向前五名客戶銷售額合計佔公司銷售總額的6.3%。

報告期內，本公司各董事、監事及其聯繫人或任何持有本公司股份多於5%之股東並無擁有上述之供貨商及銷售商的任何權益。

### 3. Main suppliers and clients during the reporting period

- (1) The total amount of the Company's purchase from its top 5 suppliers was accounted for 5.4% of its full-year purchase amount.
- (2) The total amount of the Company's sales to its top 5 clients was accounted for 6.3% of its sales amount in aggregate.

During the reporting period, none of the Company's directors, supervisors or their associates or any shareholders whose shares in the Company exceeding 5% has ever possessed any interests in the aforesaid suppliers and distributors.



## 董事會報告 Report of the Directors

### 二. 資本公積

報告期內本集團的資本公積變動詳列於財務報表(按中國企業會計準則編制)附註五(34)。

### 三. 股本變動及股東情況

1. 報告期內，本公司股份總數及股本結構未發生變化。

本公司以在年報刊發前的最後實際可行日期可以得悉、公司董事也知悉的公開資料作為基礎，本公司的公眾持股量已經滿足《香港聯合交易所有限公司證券上市規則》(「上市規則」)的要求。截止報告期末，股本結構如下：

### II. Capital Surplus

Details of changes of capital surplus of the Group during the reporting period are set out in the *Notes 5(34) to the Financial Statements* (prepared in accordance with CAS).

### III. Changes of Share Capital and Information of Shareholders

1. During the reporting period, no changes happened to the total number of shares and share capital structure of the Company.

Based on the public information which was known on the latest practicable date before the annual report was published, which was also known by the directors of the Company, the number of the Company's shares held by the public had been satisfied with the requirements in the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("Listing Rules"). The structure of share capital as at the end of the reporting period is as follows:

單位：股  
Unit: Share

		報告期末 End of reporting period
一. 人民幣普通股(A股)	I. RMB-denominated ordinary shares (A-share)	695,913,617
二. 境外上市的外資股(H股)	II. Overseas listed shares (H-share)	655,069,178
股份總數	Total shares	1,350,982,795

## 董事會報告 Report of the Directors

### 2. 股東情況

- (1) 報告期末公司股東總數為23,958戶，其中A股股東23,642戶，H股股東316戶。

報告期內，本公司股東未有放棄或同意放棄任何股息的安排的情況。

- (2) 報告期末本公司前十名股東(暨無限售條件的流通股股東)持股情況。

### 2. Shareholders

- (1) As at the end of the reporting period, the total number of shareholders of the Company was 23,958, in which 23,642 were holders of A-share, and 316 of H-share.

During the reporting period, shareholders of the Company did not give up or agree to give up the arrangements of any dividends.

- (2) The shareholdings of top 10 shareholders (and shareholders of listed shares without sales restriction) of the Company as at the end of the reporting period.

單位：股  
Unit: Share

股東名稱 Shareholder's name	報告期內增減 Increase/Decrease during the reporting period	報告期末持股 Shares held as at the end of the reporting period	持股比例 Holding percentage (%)	質押或凍結的 股份數量 Guaranteed or frozen shares	股份類別 Class of share
青島啤酒集團有限公司(附註1) Tsingtao Brewery Group Company Limited (Note 1)		411,400,050	30.45	無 Nil	A股和H股 A-share and H-share
香港中央結算(代理人)有限公司(附註2) HKSCC Nominees Limited (Note 2)		373,747,484	27.66	未知 Unknown	H股 H-share
朝日集團控股株式會社(附註3) Asahi Group Holdings Ltd. (Note 3)		270,127,836	19.99	未知 Unknown	H股 H-share
中國建銀投資有限責任公司 China Jianyin Investment Company Ltd.		17,574,505	1.30	未知 Unknown	A股 A-share
中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L — FH002滙 China Life Insurance Co., Ltd. – Dividends – Personal dividends – 005L – FH002Hu		14,348,359	1.06	未知 Unknown	A股 A-share
泰康人壽保險股份有限公司 — 分紅 — 個人分紅 — 019L — FH002滙 Taikang Life Insurance Co., Ltd. – Dividends – Personal dividends – 019L – FH002Hu		9,700,000	0.72	未知 Unknown	A股 A-share
全國社保基金一零八組合 National Social Security Fund 108		9,400,000	0.70	未知 Unknown	A股 A-share
中國工商銀行 — 易方達價值成長混合型證券投資基金 ICBC – E-Fund Value Growth Mixed Securities Investment Fund		7,206,331	0.53	未知 Unknown	A股 A-share

## 董事會報告 Report of the Directors

單位：股  
Unit: Share

股東名稱 Shareholder's name	報告期內增減 Increase/Decrease during the reporting period	報告期末持股 Shares held as at the end of the reporting period	持股比例 Holding percentage (%)	質押或凍結的 股份數量 Guaranteed or frozen shares	股份類別 Class of share
興業銀行股份有限公司 — 興全趨勢投資混合型證券投資基金 Industrial Bank Co., Ltd. – Xingquan Trend Investment Mixed Securities Investment Fund		7,025,222	0.52	未知 Unknown	A股 A-share
摩根士丹利投資管理公司 — 摩根士丹利中國A股基金 Morgan Stanley & Co. International PLC. – Morgan Stanley China A-share Fund		6,648,039	0.49	未知 Unknown	A股 A-share

附註：

1. 青啤集團持股數量包括了通過其全資附屬公司持有的本公司H股股份7,944,000股，其自身持有本公司A股股份403,456,050股。
2. HKSCC Nominees Limited (香港中央結算(代理人)有限公司)持有的H股股份乃代表多個客戶所持有，並已扣除青啤集團全資附屬公司持有的H股股份數量。
3. 朝日集團控股株式會社於2011年7月1日重組設立，代替朝日啤酒株式會社持有上述H股股份。

除上所述，本公司並不知曉前十名股東之間是否存在關聯關係或一致行動人。

(3) H股主要股東

於2011年12月31日，除下述人士外，本公司的董事並不知悉有任何本公司的董事、監事、最高行政人員或他們的聯繫人以外的人士，在本公司的股份或相關股份中擁有權益或淡倉，而該等權益或淡倉是根據《證券及期貨條例》(香港法例第571章)(《證券及期貨條例》)第336條而備存的登記冊所載錄者：

Notes:

1. Tsingtao Group holds 7,944,000 shares of H-share in the Company through a wholly-owned subsidiary, and 403,456,050 shares of A-share in the Company by itself.
2. The H-shares are held by HKSCC Nominees Limited on behalf of different clients, and excluding the H-shares held by the wholly-owned subsidiary of Tsingtao Group.
3. Asahi Group Holdings Ltd. was re-organized and set up on 1 July 2011, and held the aforesaid shares of H-share on behalf of Asahi Breweries, Ltd.

Save as disclosed above, the Company is unaware if there are any associations among these top ten shareholders or they are of the parties acting in concert.

(3) Substantial Shareholders of H-share

Save as disclosed below, the directors of the Company are not aware of any persons other than a director or supervisor or chief executive of the Company or his/her respective associate(s) who, as at 31 December 2011, had an interest or short position in the shares or underlying shares of the Company which was recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “SFO”):

## 董事會報告 Report of the Directors

名稱	性質	股份類別	持股身份	註釋	股份／相關 股份的數目 Number of Shares/ underlying Shares	佔全部已發行 股本之百分比 As a percentage of the entire issued capital	佔全部H股 之百分比 As a percentage of all H Shares
Name	Nature	Class of shares	Capacity	Note			
青島市國資委 SASACQ	好倉 Long position	A股 A-Share	法團權益 Corporate		403,456,050 A股 A-Share	29.86%	不適用 N/A
	好倉 Long position	H股 H-Share	受控制法團權益 Interest of controlled corporation	1	7,944,000 H股 H-Share	0.59%	1.21%
朝日集團控股株式會社 Asahi Group Holdings Ltd.	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner	2	270,127,836 H股 H-Share	19.99%	41.24%
陳發樹 Chen Fa Shu	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		91,641,342 H股 H-Share	6.78%	13.99%
JPMorgan Chase & Co.	好倉 Long position	H股 H-Share	受控制法團權益/ 實益擁有人/ 投資經理／保管人 Interest of controlled corporation/ Beneficial Owner/ Investment Manager/ Custodian	3	65,844,725 H股 H-Share	4.87%	10.05%
	可供借出股份中權益 Interest in a lending pool	H股 H-Share			11,851,062 H股 H-Share	0.88%	1.81%
	淡倉 Short position	H股 H-Share	實益擁有人 Beneficial Owner		1,777,700 H股 H-Share	0.13%	0.27%

### 註釋：

- (1) 被視為由青島市國資委享有權益的7,944,000股H股是透過青島啤酒集團有限公司的全資附屬公司持有。根據最新的披露權益申報，青島市國資委享有7,844,000股H股權益。
- (2) 根據最新的披露權益申報，朝日啤酒株式會社享有269,127,836股H股權益。朝日集團控股株式會社於2011年7月1日重組設立，代替朝日啤酒株式會社持有上述H股股份。
- (3) JPMorgan Chase & Co.被視為享有權益的股份是分別透過多家中間控股公司持有。
- (4) 公司主要股東新近的披露權益申報，請參閱香港交易及結算所有限公司（「香港交易所」）網站（www.hkex.com.hk）有關「披露權益」的部分。

### Notes:

- (1) The 7,944,000 H-Shares which were deemed to be interested by SASACQ were held by a wholly-owned subsidiary of Tsingtao Brewery Group Company Limited. According to the latest disclosure of interests filings, SASACQ is interested in 7,844,000 H-Shares.
- (2) According to the latest disclosure of interests filings, Asahi Breweries, Ltd is interested in 269,127,836 H-Shares. Asahi Group Holdings Ltd. was re-organized and set up on 1 July 2011, and held the aforesaid shares of H-share on behalf of Asahi Breweries, Ltd.
- (3) The shares in which JPMorgan Chase & Co. was deemed to be interested were held through various intermediate holding companies.
- (4) For the latest disclosure of interests filings for the Company's substantial shareholders, please refer to the "Disclosure of Interests" section on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk).

## 董事會報告 Report of the Directors

### 3. 優先認股權

本公司《章程》或中國法律並無有關優先認股權的規定，致令本公司必須首先按比例向現有股東發售新股份，然而，本公司須遵守上市規則關於優先認股權的規定。

### 3. Pre-emptive Right

There are no provisions concerning pre-emptive rights in the Company's *Articles of Association* or any laws in China, therefore, the Company must firstly offer new shares on pro-rate basis to its existing shareholders. However, the Company has to abide by the rules concerning pre-emptive right in the *Listing Rules*.

## 四. 董事、監事、高級管理人員和員工情況

### 1. 董事、監事和高級管理人員持股變動情況

## IV. Directors, Supervisors, Senior Management and Staff

### 1. The shareholdings of directors, supervisors and senior management officers

姓名 Name	職務 Position	單位：股 Unit: Share		股份種類 Class of share
		年初持股數 Shares held at the year beginning	期末持股數 Shares held at the end of the period	
金志國 JIN Zhi Guo	董事長 Chairman	146,500	146,500	A股 A-share
孫明波 SUN Ming Bo	執行董事、總裁 Executive Director, President	124,160	124,160	A股 A-share
劉英弟 LIU Ying Di	副總裁 Vice President	124,294	124,294	A股 A-share
孫玉國 SUN Yu Guo	執行董事、副總裁 Executive Director, Vice President	132,200	132,200	A股 A-share
曹向東 CAO Xiang Dong	退任職工監事 Retired Supervisor as Staff Representative	7,358	17,358	A股 A-share
樊偉 FAN Wei	副總裁兼製造總裁 Vice President & President of Manufacturing	122,876	122,876	A股 A-share
姜宏 JIANG Hong	執行董事、副總裁 Executive Director, Vice President	37,000	52,200	A股 A-share
董建軍 DONG Jian Jun	總釀酒師 Chief Brewer	92	92	A股 A-share
黃克興 HUANG Ke Xing	副總裁 Vice President	1,300	1,300	A股 A-share
張學舉 ZHANG Xue Ju	董事會秘書 Board Secretary	92,079	92,079	A股 A-share

註：姜宏女士和曹向東先生的持股情況發生變動，是通過二級市場購買公司A股股份所致，已按照境內外監管要求做出申報。

Note: The change of shareholding of Ms. JIANG Hong and Mr. CAO Xiang Dong was caused by their purchase of A-shares of the Company from the secondary market, and such change has been reported pursuant to both the domestic and overseas regulatory requirements.

## 董事會報告 Report of the Directors

截至二零一一年十二月三十一日止，除上述人員持股外，本公司的董事、監事和高級管理人員並無在本公司或其相聯法團(定義見《證券及期貨條例》第XV部所指的相聯法團)的股份、相關股份及債券證中擁有任何權益及淡倉，而該等權益及淡倉是指根據《證券及期貨條例》第352條須予備存的登記冊所記錄的或依據《上市規則》附錄十所載之《上市發行人董事進行證券交易的標準守則》(「標準守則」)通知本公司及香港交易所。

本公司已以《標準守則》以及本公司制訂的《公司董事、監事及高級管理人員所持本公司股份及其變動的管理規則》作為董事進行證券交易的行為守則和規範。本公司已向所有董事及監事作出特定查詢，彼等亦確認於報告期內之所有適用時期，均遵守《標準守則》及其行為守則和規範所規定有關董事的證券交易的標準。

### 2. 董事變更資料

根據上市規則第13.51B(1)條之董事資料更改列述如下：

#### 2.1 公司董事長金志國先生的資料更改情況如下：

- (1) 於2009年9月起出任QKL Stores Inc.的董事，QKL Stores Inc.是一間於美國納斯達克上市之公司(股份代號：QKLS)。
- (2) 於2010年7月1日起出任中國動向(集團)有限公司的獨立非執行董事，該公司是一間於香港聯合交易所主板上市之公司(股份代號：3818)。
- (3) 於2011年9月18日起不再擔任九芝堂股份有限公司第四屆董事會獨立董事，該公司是一間於深圳證券交易所主板上市之公司(股份代號：000989)。

As at 31 December 2011, save as disclosed above, none of the directors, supervisors and senior management officers of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (as defined in Part XV of the *Securities and Futures Ordinance* (“SFO”)), which was recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Companies* (“Model Code”) included in Appendix 10 of the *Listing Rules*.

The Company has adopted the *Model Code* and the *Administration Regulations of the Company’s Shares held by Directors, Supervisors and Senior Management Officers of the Company and its Changes* formulated by the Company as its codes of conduct and standards in respect of securities transactions by the directors. Specific enquiries were made with all directors who had confirmed that they had complied with the *Model Code* and its codes of conduct and standards regarding director’s securities transactions at all applicable time during the reporting period.

### 2. Changes of information of directors

The changes of information of directors pursuant to Rule 13.51B(1) of the *Listing Rules* are as follows:

#### 2.1 Changes of information of Mr JIN Zhi Guo, Chairman of the Company:

- (1) Being a director of QKL Stores Inc. (stock code: QKLS), a company listed on NASDAQ in the U.S, in September 2009;
- (2) Being an independent non-executive director of China Dongxiang (Group) Co., Ltd (stock code: 3818), a company listed on the Main Board of the Stock Exchanges, on 1 July 2010;
- (3) Ceased to be an independent director of the Fourth Board of Directors of Jiuzhitang Co., Ltd. (stock code: 000989), a company listed on the Main Board of Shenzhen Stock Exchange, since 18 September 2011.

## 董事會報告 Report of the Directors

### 2.2 其他董事的資料更改情況如下：

- (1) 公司獨立非執行董事趙昌文先生於報告期末任四川美豐化工股份有限公司獨立董事，該公司在深圳證券交易所主板上市(股票代碼：000731)；
- (2) 公司獨立非執行董事馬海濤先生於報告期末任煙臺新潮實業股份有限公司獨立董事，該公司在上海證券交易所上市(股票代碼：600777)；
- (3) 公司非執行董事陳志程先生於報告期末任福建新華都購物廣場股份有限公司董事長，該公司在深圳證券交易所上市(股票代碼：002264)。

### 3. 董事、監事、高級管理人員年度報酬情況

公司董事、監事的報酬依據公司股東大會審議通過的董事會及監事會成員年度薪酬方案和董事、監事服務合約以及公司的經營效益情況決定其薪酬，公司高級管理人員的薪酬按董事會通過的經營者薪酬方案，由董事會下設公司治理與薪酬委員會根據公司經營業績和個人所承擔的工作職責進行業績考核兌現年度薪酬。



### 2.2 Changes of information of other directors:

- (1) Mr. ZHAO Chang Wen, the Independent Non-executive Director of the Company, was appointed as Independent Director of Sichuan Meifeng Chemical Industry Co., Ltd. (stock code: 000731), a company listed on the Main Board of Shenzhen Stock Exchange, at the end of the reporting period;
- (2) Mr. MA Hai Tao, the Independent Non-executive Director of the Company, was appointed as Independent Director of Yantai Xinchao Industry Co., Ltd. (stock code: 600777), a company listed on Shanghai Stock Exchange, at the end of the reporting period;
- (3) Mr. CHEN Zhi Cheng, the Non-executive Director of the Company, was appointed as Chairman of Fujian New Huadu Shopping Mall Co., Ltd. (stock code: 002264), a company listed on Shenzhen Stock Exchange, at the end of the reporting period.

### 3. Annual remuneration of directors, supervisors and senior management

The remuneration of the directors and the supervisors of the Company is determined in accordance with the annual remuneration schemes of members of Board and Board of Supervisors as considered and approved at the Company's general meeting, service contract of director, service contract of supervisor, and subject to the operational results of the Company. The remuneration of senior management officers is determined in accordance with the operator's remuneration scheme approved by the Board, and implemented after the performance appraisal conducted by the Corporate Governance & Remuneration Committee under the Board according to the Company's operational results and the work duty taken by each of them.

## 董事會報告 Report of the Directors

單位：人民幣千元  
Unit: RMB'000

姓名 Name	職務 Position	報告期內從公司領取的 報酬總額(稅前) Total remuneration withdrawn from the company during the reporting period (pre-tax)
金志國 JIN Zhi Guo	董事長 Chairman of the Board	2,016.7
王帆 WANG Fan	副董事長兼黨委書記 Vice Chairman & Secretary to the Party	1,157.5
孫明波 SUN Ming Bo	執行董事、總裁 Executive Director, President	1,584.2
姜宏 JIANG Hong	執行董事、副總裁 Executive Director, Vice President	937.5
孫玉國 SUN Yu Guo	執行董事、副總裁 Executive Director, Vice President	927.9
山崎史雄 Fumio YAMAZAKI	非執行董事 Non-executive Director	30
陳志程 CHEN Zhi Cheng	非執行董事 Non-executive Director	0
王學政 WANG Xue Zheng	獨立非執行董事 Independent Non-executive Director	50
趙昌文 ZHAO Chang Wen	獨立非執行董事 Independent Non-executive Director	50
吳曉波 WU Xiao Bo	獨立非執行董事 Independent Non-executive Director	50
馬海濤 MA Hai Tao	獨立非執行董事 Independent Non-executive Director	50
唐駿 TANG Jun	退任非執行董事 Retired Non-executive Director	30
付洋 FU Yang	退任獨立非執行董事 Retired Independent Non-executive Director	40
潘昭國 POON Chiu Kwok	退任獨立非執行董事 Retired Independent Non-executive Director	40
王樹文 WANG Shu Wen	退任獨立非執行董事 Retired Independent Non-executive Director	40
杜常功 DU Chang Gong	監事會主席 Chairman of the Board of Supervisors	90
本山和夫 Kazuo MOTOYAMA	股東監事 Supervisor as Shareholders Representative	0
楊偉程 YANG Wei Cheng	獨立監事 Independent Supervisor	30
李燕 LI Yan	獨立監事 Independent Supervisor	70
薛超山 XUE Chao Shan	職工監事 Supervisor as Staff Representative	486.3
孫麗紅 SUN Li Hong	職工監事 Supervisor as Staff Representative	352.2
邢軍 XING Jun	職工監事 Supervisor as Staff Representative	74.4
曹向東 CAO Xiang Dong	退任職工監事 Retired Supervisor as Staff Representative	99.6

## 董事會報告 Report of the Directors

單位：人民幣千元  
Unit: RMB'000

姓名 Name	職務 Position	報告期內從公司領取的 報酬總額(稅前) Total remuneration withdrawn from the company during the reporting period (pre-tax)
小路明善 Akiyoshi KOJI	退任股東監事 Retired Supervisor as Shareholders Representative	0
劉清遠 LIU Qing Yuan	退任獨立監事 Retired Independent Supervisor	20
鐘明山 ZHONG Ming Shan	退任獨立監事 Retired Independent Supervisor	20
樊偉 FAN Wei	副總裁兼製造總裁 Vice President & President of Manufacturing	1,230.4
劉英弟 LIU Ying Di	副總裁 Vice President	817.9
黃克興 HUANG Ke Xing	副總裁 Vice President	946.9
王瑞永 WANG Rui Yong	副總裁兼營銷總裁 Vice President & President of Marketing	820.2
董建軍 DONG Jian Jun	總釀酒師 Chief Brewer	948.5
于竹明 YU Zhu Ming	總會計師 Chief Accountant	209.9
張安文 ZHANG An Wen	副總裁 Vice President	1,090.8
于嘉平 YU Jia Ping	製造副總裁 Vice President of Manufacturing	788.7
楊華江 YANG Hua Jiang	營銷副總裁 Vice President of Marketing	1,324.7
蔡志偉 CAI Zhi Wei	營銷副總裁 Vice President of Marketing	332.5
張學舉 ZHANG Xue Ju	董事會秘書 Board Secretary	455.5
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	118.6
合計 Total		17,330.9

註：

- 1、王瑞永先生是由2011年1月10日舉行的公司第六屆董事會臨時會議審議通過出任公司高管人員，上表所列為其2011年2-12月報酬；
- 2、于竹明先生、蔡志偉先生及張瑞祥先生是由2011年6月16日舉行的七屆一次董事會會議審議通過出任公司高管人員，邢軍先生是於2011年6月16日起出任公司職工監事，上表所列均為其2011年7-12月報酬。

Note:

1. Mr. WANG Rui Yong was appointed as senior management officer as considered and approved at the extraordinary meeting of the 6th Board of the Company held on 10 January 2011, and his remuneration as set out in the above table is that of February to December in 2011.
2. Mr. YU Zhu Ming, Mr. CAI Zhi Wei and Mr. ZHANG Rui Xiang were appointed as senior management officers as considered and approved at the first meeting of the 7th Board of the Company held on 16 June 2011, Mr. XING Jun was appointed as Supervisor as Staff Representative of the Company from 16 June 2011, and remunerations as set out in the above table are those of July to December in 2011.

## 董事會報告 Report of the Directors

### 4. 員工情況

截至報告期末，本公司(包括下屬子公司)在崗員工共計37,743人。員工專業構成如下：

專業構成類別 Professional Class		專業構成人數 Number of Persons
行政管理人員	Administrative personnel	6,838
財務人員	Financial personnel	796
工程技術人員	Technical and engineering personnel	1,358
銷售人員	Sales personnel	11,119
生產服務人員	Production and services personnel	17,632

公司為員工搭建了一個學習、共享、成長的平臺，基於「三力」模型——「領導力開發、專業力提升、業務力拓展」持續實施系統培訓。截止2011年12月31日，全公司共實施培訓143,784課時。

### 4. Staff

As at the end of the reporting period, the Company (including its subsidiaries) totally had 37,743 of full-time staff. The composition of staff in terms of profession is as follows:

The Company sets up a platform of study, sharing and growth for its staff to continuously carry out the systematic trainings based on the “3-Power” mode – “Development of leader’s power, promotion of professional power, expansion of business power”. As at 31 December 2011, the Company totally carried out 143,784 class hours.

## 五. 董事及監事收購股份之權利

除上文所披露者外，本公司或其任何附屬公司概無於年內任何時間參與任何安排，以致本公司之董事及監事可藉購入本公司或任何其它團體之股份或債券而獲益。

## V. Directors’ and Supervisors’ Right of Shares Purchasing

Save as disclosed above, neither the Company nor any of its subsidiaries participated in any arrangements in any time of the year which enabled its directors and supervisors to obtain interests from purchasing shares or bonds of the Company or that of any other organizations.

## 六. 募集資金使用情況

### 1. 總體使用情況

1.1 公司於2008年通過發行附認股權證的分離交易可轉債募集資金15億元人民幣，已累計使用11.5億元人民幣。

## VI. Use of Proceeds Received

### 1. Overall application of proceeds

1.1 The Company received RMB1.5 billion in 2008 from the issuance of bonds with warrants that could be traded separately, in which RMB1.15 billion had been used.

## 董事會報告 Report of the Directors

- 1.2 2009年10月13日至19日，青啤認股權證於行權期內通過權證行權新發行A股約4,276萬股，共計募集資金約人民幣11.9億元，存放於董事會指定的專項銀行帳戶中。公司按照相關要求與商業銀行、保薦機構簽訂了《募集資金專戶存儲三方監管協議》及於2009年11月6日進行了公告。



### 2. 分離交易可轉債資金承諾項目使用情況

- 2.1 青島啤酒(徐州)彭城有限公司新建年產20萬千升啤酒生產基地項目擬投入人民幣24,000萬元，實際投入人民幣24,000萬元，已投產。
- 2.2 青島啤酒(濟南)有限公司新建年產30萬千升啤酒生產基地項目擬投入人民幣36,000萬元，實際投入人民幣36,000萬元，已投產。
- 2.3 青島啤酒第三有限公司新建年產30萬千升啤酒生產基地項目擬投入人民幣22,000萬元，實際投入人民幣22,000萬元，已投產。
- 2.4 青島啤酒(日照)有限公司新建年產20萬千升啤酒生產基地項目擬投入人民幣28,000萬元，實際投入人民幣28,000萬元，已投產。
- 2.5 青島啤酒(成都)有限公司新建年產10萬千升啤酒生產基地項目擬投入人民幣5,000萬元，實際投入人民幣5,000萬元，已投產。

- 1.2 During 13 to 19 October 2009, about 42.76 million shares of A-share were issued through the exercise of the warrants of the bonds with warrants of Tsingtao Brewery during the exercising period, and the proceeds of around RMB1.19 billion were received and deposited in the specific bank account designated by the Board. The Company had entered into *Tri-Parties Regulatory Agreement for the Proceeds Deposited in the Designated Account* with the commercial bank and underwriting institution, and made announcement on 6 November 2009 pursuant to the related requirements.

### 2. Utilization of the proceeds from the bonds with warrants in the committed projects:

- 2.1 The proposed new construction of brewing base of annual output volume of 2 million hl in Tsingtao Brewery (Xuzhou) Pengcheng Company Limited had been put into production. It was expected to invest in RMB240 million, and the actual investment was RMB240 million.
- 2.2 The proposed new construction of brewing base of annual output volume of 3 million hl in Tsingtao Brewery (Jinan) Company Limited had been put into production. It was expected to invest in RMB360 million, and the actual investment was RMB360 million.
- 2.3 The proposed new construction of brewing base of annual output volume of 3 million hl in Tsingtao Brewery No. 3 Company Limited had been put into production. It was expected to invest in RMB220 million, and the actual investment was RMB220 million.
- 2.4 The proposed new construction of brewing base of annual output volume of 2 million hl in Tsingtao Brewery (Rizhao) Company Limited had been put into production. It was expected to invest in RMB280 million, and the actual investment was RMB280 million.
- 2.5 The proposed new construction of brewing base of annual output volume of 1 million hl in Tsingtao Brewery (Chengdu) Company Limited had been put into production. It was expected to invest in RMB50 million, and the actual investment was RMB50 million.

## 董事會報告 Report of the Directors

2.6 按照青島市環膠州灣產業佈局規劃要求，青島啤酒麥芽廠10萬噸產能擴建項目需要整體搬遷至平度市青島啤酒工業園進行。公司第七屆董事會第二次會議於2011年8月12日審議批准青島啤酒麥芽廠搬遷新建年產10萬噸麥芽項目的可行性報告，該項目計劃固定資產建設投資約人民幣37,322萬元，所需資金首先使用2008年4月公司發行分離交易可轉債的債券募集資金人民幣35,000萬元，差額部分由青啤麥芽廠搬遷資產變現資金解決。



### 3. 權證行權資金承諾項目使用情況

2011年6月16日，公司2010年度股東大會審議通過公司認股權證行權募集資金投入項目的議案。行權募集資金將全部用於以下公司新建、擴建啤酒生產基地項目：

- (1) 青島啤酒二廠擴建新增年產30萬千升啤酒項目

項目總投資人民幣66,615萬元，其中：以募集資金投入人民幣57,200萬元。

- (2) 青島啤酒上海松江有限公司擴建新增年產20萬千升啤酒項目

項目總投資人民幣31,321萬元，全部以募集資金投入。

- (3) 青島啤酒(石家莊)有限公司新建年產20萬千升啤酒生產基地項目

項目總投資人民幣37,450萬元，其中：以募集資金投入人民幣32,101萬元。

2.6 Based on Qingdao government's industrial planning around the Jiaozhou Bay, the proposed expansion project for the 1 million hl of production capacity in Tsingtao Brewery Malting Factory is required to be moved as a whole to carry out in Pingdu Tsingtao Beer Industry Zone. As considered and approved at the second meeting of the 7th Board of Director held by the Company on 12 August 2011, the feasible report of the proposed relocation and new construction of the malting project for the 1 million hl of annual production capacity in Tsingtao Brewery Malting Factory. It is expected to invest RMB373.22 million for the fixed assets of the project, of which RMB350 million will be the proceeds received from issuing the bonds of bonds with warrants by the Company in April 2008, and the remaining fund will be from the proceeds of the assets in the relocation of Tsingtao Brewery Malting Factory.

### 3. Utilization of the proceeds from the exercise of warrants of the bonds with warrants in the committed projects:

On 16 June 2011, the proposal of investment with proceeds from the exercise of warrants of the bonds with warrants was considered and approved at the 2010 annual general meeting held by the Company, whereby the proceeds received from the exercise would be totally used in the Company's following new construction and expansion projects of brewing base:

- (1) Project of expansion for increasing 3 million hl of annual production capacity in Tsingtao Brewery No. 2 Factory

The total investment of RMB666.15 million for the project includes RMB572 million of proceeds received.

- (2) Project of expansion for increasing 2 million hl of annual production capacity in Tsingtao Brewery Shanghai Songjiang Company Limited

The total investment of RMB313.21 million for the project is totally from the proceeds received.

- (3) Project of new brewing base for increasing 2 million hl of annual production capacity in Tsingtao Brewery (Shijiazhuang) Company Limited

The total investment of RMB374.5 million for the project includes RMB321.01 million of proceeds received.

## 董事會報告 Report of the Directors

2011年9月13日，公司從權證行權募集資金專戶轉賬支出人民幣32,101萬元，用於青島啤酒(石家莊)有限公司新建年產20萬千升啤酒生產基地項目。

截至2011年12月31日，認股權證行權募集資金專戶餘額為人民幣894,858,490.18元，其中募集資金累計利息收入為人民幣28,768,350.21元。

### 七. 董事或監事合約權益及董事服務合約

本公司所有獲委任董事及監事均已與本公司訂立服務合約，各董事及監事概無與本公司簽定任何一年內若由本公司及其附屬公司終止合約時須作出賠償的服務合約(法定賠償除外)。除此之外，本年度內董事及監事均無在與本公司及其附屬公司訂立的任何合約中擁有重大權益。

### 八. 獨立非執行董事之獨立性的確認

本公司已經根據上市規則第3.13條收到每名現任獨立非執行董事就其獨立性而作出的年度確認函，本公司仍然認為有關獨立非執行董事屬獨立人士。

### 九. 購回、出售及贖回上市股份

報告期內，本公司或其任何附屬公司並無購入、出售及贖回本公司任何上市證券。

報告期內，本公司或本公司附屬公司概無發行或授予任何期權或其它類似權利，亦無任何行使轉換權或認購權的情況。

On 13 September 2011, the Company transferred RMB321.01 million from the specific account for the proceeds received from the exercise of the warrants for the project of new brewing base for increasing 2 million hl of annual production capacity in Tsingtao Brewery (Shijiazhuang) Company Limited.

As at 31 December 2011, the balance in the account for the proceeds received from the exercise of the warrants of the bonds with warrants was RMB894,858,490.18, including RMB28,768,350.21 of accumulated interests of the proceeds received.

### VII. Contracted Rights of Director or Supervisor and Director's Service Contract

All directors and supervisors appointed by the Company have entered into service contract with the Company, and do not enter any service contract with the Company that the Company and its subsidiaries should make compensation to the directors when it terminates the contract within 1 year after the contract is signed by both parts (excluding statutory compensation). Besides that, neither directors nor supervisors obtained material interests from any contracts entered into with the Company and its subsidiaries within the year.

### VIII. Confirmation of Independence by Independent Non-executive Directors

The Company has received annual confirmation letter from each existing independent non-executive director on their independence pursuant to Rule 3.13 of the *Listing Rules*, and still believes that, the aforesaid independent non-executive directors are persons of independence.

### IX. Buy-back, Sales and Redemption of Shares

During the reporting period, the Company or any of its subsidiaries did not buy back, sell or redeem any of its listed securities.

During the reporting period, the Company or any of its subsidiaries did not issue or provide any options or any other similar rights, nor exercise any rights of conversion or subscription.

## 董事會報告 Report of the Directors



### 十. 主要附屬公司及聯營公司

本公司各附屬公司及聯營公司之詳情載於隨附財務報表附註。

### 十一. 固定資產

有關報告期內固定資產之變動載於隨附財務報表附註。

### 十二. 銀行貸款

於二零一一年十二月三十一日之銀行貸款詳情載於隨附財務報表附註。

### 十三. 其它報告事項

本公司二零一一年度業績公告已於二零一二年三月二十九日在香港聯交所披露易網頁(www.hkexnews.hk)以及本公司網頁(www.tsingtao.com.cn)登載，並於三月三十日刊登在中國境內的《上海證券報》、《中國證券報》和上海證券交易所網頁(www.sse.com.cn)。

金志國  
董事長  
中華人民共和國·青島  
二零一二年三月二十九日

### X. Principal Subsidiaries and Associated Companies

The details of the subsidiaries and associated companies of the Company are set out in the enclosed *Notes to the Financial Statements*.

### XI. Fixed Assets

Any changes of fixed assets during the reporting period are set out in the enclosed *Notes to the Financial Statements*.

### XII. Bank Loans

The details of bank loans as at 31 December 2011 are set out in the enclosed *Notes to the Financial Statements*.

### XIII. Other Issues for Reporting

The summary of the Company's 2011 annual results announcement had been published on 29 March 2012 on the website of the Stock Exchange (www.hkex.com.hk) and website of the Company (www.tsingtao.com.cn), and published on 30 March 2012 in Shanghai Securities News, China Securities Journal and on the website of Shanghai Stock Exchange (www.sse.com.cn).

JIN Zhi Guo  
Chairman  
Qingdao, the People's Republic of China  
29 March 2012

## 監事會報告 Report of the Supervisors

致各位股東：

本人謹此提呈青島啤酒股份有限公司2011年度之監事會報告，敬請各位股東審閱。

報告期內，監事會順利完成了換屆工作，在提升監事會治理水平的同時，確保了監事會工作的連續性。我們嚴格遵守《公司法》、《上市規則》及《公司章程》的相關規定，通過召開定期會議和臨時會議的形式審議了公司重大事項；通過組織監事對部分子公司進行考察的形式熟悉了公司的生產經營情況；同時列席了董事會會議和總裁辦公會議，從而對公司運作情況依法進行了監督。監事會全體成員積極開展工作，認真履行職責，切實維護了公司和股東的合法權益。

### 一. 審議公司重大事項情況

報告期內，公司監事會共召開11次會議，其中定期會議6次，臨時會議5次，審議各類議案約40項。主要議案如下：

#### 1. 財務報告方面：

- (1) 審議公司2010年度財務報告；
- (2) 審議公司2011年第一季度報告；

Dear shareholders,

I hereby present the 2011 Report of the Supervisors of Tsingtao Brewery Company Limited for your kind review.

During the reporting period, the board of supervisors successfully completed the establishment of the new round of board of supervisors, which ensured the consistency of the work in the board of supervisors while improving the governance of the board of supervisors. We legally monitor the Company's operating situation through considering the Company's significant events at the regular and extraordinary meetings; getting familiar with the Company's production and operations by arranging the supervisors to pay visits to some subsidiaries; and sit in the board meetings and the working meetings chaired by the president pursuant to the stipulation set out in the Company Law, Listing Rules and Articles of Association. All members of the board of supervisors actually maintained the interests of the Company and its shareholders by actively carrying out the work and seriously exercising their duties and responsibilities.

### I. Significant Events Considered

During the reporting period, the board of supervisors totally held 11 meetings, including 6 regular meetings and 5 extraordinary meetings, to mainly consider approximately 40 resolutions including the followings:

#### 1. Financial reports:

- (1) considered the Company's 2010 Financial Report;
- (2) considered the Company's 2011 First Quarterly Report;



杜常功先生  
Mr. DU Chang Gong

## 監事會報告 Report of the Supervisors

(3) 審議公司2011年半年度報告；

(4) 審議公司2011年第三季度報告。

### 2. 關聯交易方面：

(1) 審議關於深圳青島啤酒朝日有限公司與日本朝日啤酒公司進行2011年度購銷產品持續關連交易的議案；

(2) 審議關於批准本公司與北京啤酒朝日有限公司進行2011年度購銷產品持續關連交易的議案。

### 3. 其它事項方面：

審議了青島啤酒廠整體規劃改造項目、麥芽廠搬遷新建、台州公司搬遷擴建、在廣東揭陽新建工廠等建設項目的議案；收購紫金灘啤酒的議案等。共審議議案30餘項。

## 二. 對有關事項的獨立意見

### 1. 依法運作情況

監事會認為，在報告期內公司嚴格按照《公司法》、《證券法》、《上市規則》、《公司章程》及其他有關法律法規的要求開展各項工作，嚴格公司治理，根據監管要求和公司需要，召開股東大會、董事會、監事會及總裁辦公會，公司的重大經營決策科學合理，程序合法有效。公司內控制度健全。

公司董事、高級管理人員均認真貫徹執行國家法律法規、《公司章程》和股東大會、董事會決議，勤勉盡職，恪盡職守。在報告期內，未發現公司董事、高級管理人員在執行公司職務時有違反法律、法規、公司章程或損害公司利益的行為。

(3) considered the Company's 2011 Interim Report;

(4) considered the Company's 2011 Third Quarterly Report.

### 2. Connected transactions:

(1) considered the resolution of the continuing connected transaction between Shenzhen Tsingtao-Asahi Company Limited and Asahi Breweries, Ltd. for the purchase of production in 2011;

(2) considered the resolution of the continuing connected transaction between the Company and Beijing Asahi Beer Co., Ltd. for the purchase of production in 2011;

### 3. Other issues:

It considered around 30 resolutions including the construction projects including the overall planning and reconstruction project of Tsingtao Brewery Factory, relocation and new construction of the malt factory, relocation and expansion of Taizhou Company, and the construction of new plant in Jieyang, Guangdong Province; and the resolution of acquiring Zijintan Wine Company.

## II. Independent Comments to the Concerned Issues

### 1. Compliant operation

The board of supervisors is of the view that the Company carries out various work under the requirements in the *Company Law*, *Securities Law*, *Listing Rules*, *Articles of Association*, and other related laws and regulations, is strict with the corporate governance, holds general meetings, board meetings, supervisory meetings and work meetings chaired by the president as required under the regulations and according to the needs of the Company, makes reasonable decisions for significant operational issues, which the procedures comply with the legal requirement and are effective. The Company's internal control system is well-established.

All directors and senior management officers seriously abide by and implement the State laws, regulations, *Articles of Association*, and the resolutions of the general meetings and board meetings, being diligent to their duties and hard-working. During the reporting period, none of the directors and senior management officers was found to have any behavior of breaching any laws, regulations, and articles of association, or damaging any interests of the Company.

## 監事會報告 Report of the Supervisors

### 2. 檢查公司財務情況

報告期內，監事會對公司的季度報告、半年度報告及年度報告進行了審議，認為公司的財務報表的編制符合《企業會計制度》和《企業會計準則》及監管機構的規定和要求，真實反映了公司的財務狀況和經營成果。

### 3. 最近一次募集資金使用情況

報告期內，公司不存在新增募集資金。最近一次募集資金為2009年通過認股權證行權，募集資金約人民幣11.9億元。經股東大會審議，擬投入石家莊項目、二廠擴建及松江項目。其中，石家莊項目的擬投入資金已經全部投入並且該項目已經實現投產，二廠項目、松江項目在報告期內資金尚未投入。監事會認為，公司募集資金存放及使用符合法律法規及監管機構的要求。

### 4. 出售、收購資產情況

報告期內，公司收購了山東新銀麥啤酒有限公司100%股權和杭州紫金灘酒業有限公司80%股權，通過競拍收購了廣東韶關活力啤酒有限公司的資產。監事會認為，公司收購山東新銀麥啤酒有限公司項目有利於充分發揮協同效應，在鞏固山東核心基地市場和利潤池方面具有重要的戰略意義；公司購買杭州紫金灘酒業有限公司資產符合青島啤酒在華東地區的發展戰略，有利於公司的健康發展；公司購買廣東韶關活力啤酒有限公司的資產可以優化公司在廣東省的產能佈局，同時有利於阻擊競爭對手的戰略佈局，提高公司在廣東市場的競爭力。該三項收購程序規範，未發現有內幕交易，也未發現有損害股東利益及造成公司資產流失的情況。

### 2. Review of the financial situations

During the reporting period, the board of supervisors, after reviewing the Company's quarterly reports, interim report and annual report, was of the view that the Company's preparation of financial statements was consistent with the *Business Accounting Rules, Business Accounting Standards*, and the requirements and demands of the regulatory authorities, truly reflected its financial situations and operating results in all significant aspects.

### 3. Latest use of proceeds received

During the reporting period, the Company did not have any new proceeds received from financing activities. The latest proceed is the RMB1.19 billion received from the exercise of warrants of the bonds with warrants in 2009 and is planned to be invested in the Shijiazhuang project, expansion of No. 2 Factory and Songjiang project as considered at the general meeting, in which the proposed investment funds for the Shijiazhuang project had been fully invested and such project had been put into production while the funds for the No. 2 Factory and Songjiang project had not been invested during the reporting period. The board of supervisors was of the view that, the deposit and use of the proceeds were compliant with the laws, regulations and the requirements of the regulatory authorities.

### 4. Assets sales and acquisition

During the reporting period, the Company acquired 100% equity interests in Shandong Xin Immense Brewery Company Limited and 80% equity interests in Hangzhou Zijintan Wine Co., Ltd., acquired the assets in Guangdong Shaoguan Huoli Beer Co., Ltd. through bidding. The board of supervisors is of the view that, the Company's acquiring Shandong Xin Immense Brewery Company Limited will be beneficial for fully playing the role of synergy, and has significant strategic meanings in consolidating the core base market in Shandong Province and profit pool; the Company's acquiring Hangzhou Zijintan Wine Co., Ltd. is in line with the developing strategy of Tsingtao beer in the Eastern China, and is beneficial to the sound development of the Company; the Company's acquiring the assets in Guangdong Shaoguan Huoli Beer Co., Ltd. can optimize its layout of production capacity in Guangdong Province, and at the same time, it is beneficial for the Company to block the strategic layout of the competitors and improve its competitiveness in Guangdong Province. These 3 acquisitions comply with legal procedures, and no behaviors of insider transaction or damaging the interests of the Company and its shareholders are found.

## 監事會報告 Report of the Supervisors

### 5. 關連交易情況

報告期內，公司進行了三項持續性關連交易，即深圳青島啤酒朝日有限公司與日本朝日啤酒株式會社及其全資擁有的公司朝日啤酒(中國)投資有限公司進行2011年度購銷產品的持續關連交易，本公司與北京啤酒朝日有限公司進行2011年度購銷產品的持續關連交易，以及本公司與煙臺啤酒青島朝日有限公司進行2011年度購銷產品的持續關連交易。監事會認為，該三項關連交易定價公平合理，審議程序合法，未損害公司利益。

### 6. 內控工作報告情況

監事會於2012年3月28日審議了董事會對公司2011年內部控制的自我評價報告。監事會認為，該報告如實地反映了公司內部控制的真實情況，不存在重大缺陷，同意董事會所做的該報告。

### 7. 建立和實施內幕信息知情人管理制度的情況

公司已建立《信息披露管理制度》，並在第七章中規定了內幕信息及其知情人的管理制度。根據監管機構要求，公司又制定了《內幕信息知情人登記管理制度》並審議通過。

監事會認為，公司已經建立起了較為完善的《內幕信息知情人登記管理制度》，並按照相關要求，對內幕信息知情人進行了登記管理。

各位股東，在新的一年裏，公司監事會成員將繼續提高工作能力，增強工作責任心，勤勉盡責。同時，監事會將進一步增強自律意識、誠信意識，加大監督力度，切實擔負起保護廣大股東權益的責任。我們將盡職盡責，與董事會和全體股東一起共同促進公司的規範運作，促使公司持續、健康、快速發展。

監事會主席：杜常功  
二零一二年三月二十九日

### 5. Connected transactions

During the reporting period, the Company carried out 3 continuing connected transactions, that is, the continuing connected transaction for the sales of products in 2011 between Shenzhen Tsingtao-Asahi Company Limited, and Asahi Breweries, Ltd. and its wholly-owned subsidiary, Asahi Beer (China) Investing Co., Ltd., the continuing connected transaction for the sales of products in 2011 between the Company and Beijing Beer Asahi Co., Ltd., and the continuing connected transaction for the sales of products in 2011 between the Company and Yantai Beer Tsingtao-Asahi Company Limited. The board of supervisors is of the view that, these 3 continuing connected transactions are at fair and reasonable price, in the legal process of consideration, and not damage the interests of the Company.

### 6. Consideration of internal control working report

On 28 March 2012, the board of supervisors considered the Board's self-appraising report for the internal control in 2011 and was of the view that the report reflected the Company's real situations, and thus approved the report prepared by the Board.

### 7. Information on the establishment and implementation of administrative policies to the information insiders

The Company has set up the *Administrative Policies to Information Disclosure*, and set out in Chapter VII the administrative policies to the inside information and its insiders, and further, the Company worked out, as requested by the regulatory authorities, the *Administrative Policies to Registration of Information Insiders* which has been considered and approved.

The board of supervisors is of the view that, the Company has set up the comparatively perfect *Administrative Policies to Registration of Information Insiders* and of which made registration administration to the information insiders pursuant to the related requests.

All shareholders, in this year, all members of the board of supervisors of the Company will continue to improve their working ability, increase their sense of responsibility in the work, will be hard-working and diligent. At the same time, the board of supervisors will further increase our awareness of self-discipline and integrity, strengthen the monitoring power, to practically protect the interests of the shareholders. We will strive to, together with the Board and all of the shareholders, promote the Company's compliant operations to realize the Company's continuous, sound and rapid development.

Chairman of Board of Supervisors: DU Chang Gong  
29 March 2012

## 企業管治報告 Corporate Governance Report

本公司自1993年於香港聯交所及上海證券交易所上市以來，按照境內外上市規則和監管要求，不斷完善公司治理結構，規範公司運作。公司股東大會、董事會、監事會各司其職，決策獨立，相互制衡。公司董事會設立了審計與財務委員會、戰略與投資委員會和公司治理與薪酬委員會三個由外部董事(包括獨立非執行董事)為主構成的專業委員會，對提高董事會的決策效率起到積極作用，促進了公司治理結構的有效運作。

報告期內，公司嚴格按照境內外監管規定的要求，制訂了公司董事會秘書工作制度，明確公司董事會秘書的職責和權限，保證董事會秘書依法行使職權、履行職責；同時，修訂了公司關聯交易管理制度，明確審計與財務委員會對公司關聯交易事項的管理職責，細化了關聯交易的審批標準，進一步提升公司法人治理水平。

報告期內，本公司已遵守香港聯交所上市規則附錄十四載列之《企業管治守則》的守則條文。本公司所採納的企業管治措施如下：

### 一. 董事會

#### 1. 職責與分工

董事會在董事長的領導下，在公司的發展戰略、管理架構、投資及融資、財務監控、人力資源等方面行使管理決策權，並致力於實現股東價值最大化。在本公司的章程及其附件——董事會議事規則中，已詳細列明董事會在公司發展戰略和管理方面的職權以及董事會對公司發展和經營的監督與檢查職權。

Since the Company was listed on the Stock Exchange and Shanghai Stock Exchange in 1993, it has been improving its corporate governance structure and regulating the operations pursuant to the domestic and overseas listing rules and regulatory requirements. The Company's general meeting, the Board and the board of supervisors exercise their respective duties and make decisions independently, supervise each other and maintain the balance of power among them. The Board sets up 3 professional committees, namely, Audit & Finance Committee, Strategy & Investment Committee and Corporate & Remuneration Committee, which are mainly comprised of external directors (including independent non-executive directors), playing active role in improving efficiency of decision-making of the Board, and promoting the effective operation of corporate governance of the Company.

During the reporting period, the Company worked out the work regulations of board secretary to strictly abide by the requirements of the domestic and overseas regulatory rules, clarified the duties and responsibilities, and power limits of the board secretary, ensured the board secretary to legally exercise the authorities, implement the duties and responsibilities; at the same time, amended the administrative regulations of connected transaction, clarified the Audit & Finance Committee's administrative duties in relation to issues of connected transaction of the Company, refined the approval standards of connected transaction, further improved the Company's corporate governance.

During the reporting period, the Company had abided by the code provisions of the Code on Corporate Governance Practice set out in Appendix 14 of the Listing Rules. The measures taken by the Company for corporate governance are as follows:

### I. Board of Directors

#### 1. Duties and assignments

Under the leadership of its chairman, the Board exercises its management decision-making power concerning the Company's development strategies, management structure, investment and financing, financial supervision and control, and human resources, and dedicates to realize the maximization of its shareholders' value. It has been stated in details in the *Articles of Association* of the Company and its appendix *Order of Meeting for the Board of Directors* the Board's authorities in the Company's development strategies and management, and that on supervision and inspection over the Company's development and operations.

## 企業管治報告 Corporate Governance Report

公司董事長和總裁的職責分工已清晰界定，並載於本公司的章程及其附件中。公司董事長由金志國先生擔任，總裁由孫明波先生擔任。董事長負責決定每次董事會會議的議程，其中每次會議前徵詢其他董事有無提案，並根據實際情況將其他董事的提議加入會議議程。此外，董事長亦負責引領和制定本公司的總體發展戰略，並檢查董事會決議的實施情況。

總裁負責組織實施董事會決議及公司年度預算和投資方案，並向董事會報告公司經營情況和重大合同的簽訂執行情況；總裁在董事會的授權範圍內行使對公司資金、資產的運用權及代表公司簽訂合同。同時，公司明確了管理層人員各自具體的職責及其分工，以保證其切實履行誠信義務和勤勉盡責。

### 2. 組成

公司2011年6月16日召開的股東年會選舉產生了第七屆董事會成員，由11名董事組成，包括董事長、副董事長、執行董事、非執行董事、獨立非執行董事。公司執行董事由青島市國資委提名，非執行董事由公司股東朝日啤酒和陳發樹先生分別提名，獨立非執行董事由公司董事會提名。公司董事(包括非執行董事)之任期自2011年6月16日起為期三年。

公司的董事會成員具有不同行業背景和專業知識，其中一名獨立非執行董事具備監管機構要求的會計或相關財務管理專長。董事的個人簡介載列於本年度報告「董事、監事、高級管理人員情況」。

The division of duties between the chairman and the president of the Company has been clearly defined and stated in the *Articles of Association* and its appendix. Mr. JIN Zhi Guo takes the position of Chairman and Mr. SUN Ming Bo takes the position of President. The Chairman is responsible for deciding the agenda of each board meeting, contacting other directors before each meeting for any proposals to be considered at the meeting, and considering whether to include such proposals into the agenda according to the circumstance. Besides, the Chairman should also be responsible for leading and determining the overall development strategies of the Company, and supervising the implementation of resolutions approved by the Board.

The President is responsible for organizing the implementation of resolutions, yearly budget and investment scheme, and reporting to the Board about the Company's operations, signing and implementation of significant contracts; exercises the right of use of funds and assets within the scale authorized by the Board, and signing the contracts on behalf of the Company. At the same time, the Company clarifies the specific duties and responsibilities of all members of senior management, so as to ensure the undertaking of obligations of integrity and fulfillment of their own responsibilities.

### 2. Composition

It elected members of the 7th Board at the annual general meeting held by the Company on 16 June 2011, which comprised of 11 directors, including Chairman, Vice-Chairman, executive directors, non-executive directors and independent non-executive directors. The Company's executive directors were nominated by the State-owned Assets Supervision and Administration Commission of Qingdao, the non-executive directors were nominated respectively by Asahi Breweries and Mr. CHEN Fa Shu, the shareholders of the Company, and the independent non-executive directors were nominated by the Board. The service term of the directors (including the non-executive directors) is 3 years from 16 June 2011.

Members of the Board have various professional backgrounds and possess different professional knowledge, among which 1 independent non-executive director has the qualification on accounting, or has appropriate strength in accounting or related financial management required by regulatory authorities. The profile of the directors is enclosed in the section 'Profile of Directors, Supervisors and Senior Management Officers' in this annual report.

## 企業管治報告 Corporate Governance Report

本屆董事會中共有4名獨立非執行董事，佔董事會總人數的1/3以上。現任獨立非執行董事具有不同的專業背景，並具有豐富的法律、財務會計及金融投資等方面的專業經驗，這種結構有助於董事會從多角度討論和分析問題，確保董事會的科學決策。自2005年起，獨立非執行董事每年均在股東年會上提交年度述職報告，向股東做出匯報。

There are 4 independent non-executive directors in the Company, which is accounted for over 1/3 of the total number of the directors in the Board. These independent non-executive directors have various professional backgrounds with rich experience in law, accounting and financial investment. Such structure is helpful in discussion and analysis in different aspects at the board meetings, which is beneficial for the reasonable decision-making of the Board. The independent non-executive directors have been submitting their annual performance review to the annual general meeting for consideration and discussion by shareholders since 2005.

### 3. 董事會會議

2011年度，本公司共舉行了5次董事會定期會議（包括4次現場會議和1次以現場結合通訊表決方式召開的會議），以現場結合通訊表決方式召開1次董事會臨時會議，並以審閱書面議案簽署決議方式召開董事會臨時會議8次，以討論本公司的營運及財務表現、管理架構、投資方案等，主要事項包括：

- 審議批准年度之財務預算、董事會工作報告；
- 審議批准年度、半年度及季度業績報告；
- 審議批准目標企業的收購方案及所屬子公司新建擴建的資本支出項目；
- 審議批准公司的持續關連交易事項；
- 審議批准核銷財產損失；

### 3. Board meeting

In 2011, the Company totally held 5 regular board meetings (including 4 site meetings and 1 meeting in form of site meeting combining with voting through communications), 1 extraordinary board meeting held in form of site meeting combining with voting through communications, and 8 extraordinary board meetings held in form of reviewing written resolutions and signing for voting (voting through communications) to consider the Company's operational and financial performance, management structure, investment scheme, including:

- To consider and approve the annual financial budget, work report of the Board;
- To consider and approve reports of annual, interim and quarterly results;
- To consider and approve the acquisition plan for the target breweries, and capital investment programs for the new construction and expansion of the Company's subsidiaries;
- To consider and approve the continuing connected transactions of the Company;
- To consider and approve to write-off the property losses;

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會議通知和議案資料在合理的時間內送達各董事，董事會會議能進行富有成效的討論及做出迅速而審慎的決策。在本年度內，各位董事出席董事會會議的詳情載列如下：

The meeting notices and materials of resolutions to be discussed are sent to all directors in reasonable time, so as to ensure they can have fruitful discussion, and make quick and prudent decisions at the meetings. In the year, details of attendance of board meetings and relative professional committee meetings are as follows:

董事姓名 Name	是否 獨立非執行董事 Independent non- executive director	本年應參加 董事會次數 Times that should attend	親自出席 次數 Times that attend in person	以通訊方式 參加次數 Times that attend in form of communications	委託出席 次數 Times that being attended by proxy	缺席次數 Times of absence
金志國 JIN Zhi Guo	否 No	14	6	8		
王帆 WANG Fan	否 No	14	6	8		
孫明波 SUN Ming Bo	否 No	14	6	8		
姜宏* JIANG Hong*	否 No	7	2	5		
孫玉國 SUN Yu Guo	否 No	14	6	8		
山崎史雄 Fumio YAMAZAKI	否 No	14	5	8	1	
陳志程* CHEN Zhi Cheng*	否 No	7	2	5		
王學政* WANG Xue Zheng*	是 Yes	7	2	5		
趙昌文* ZHAO Chang Wen*	是 Yes	7	2	5		
吳曉波* WU Xiao Bo*	是 Yes	7	0	5	1	1
馬海濤* MA Hai Tao*	是 Yes	7	2	5		
劉英弟 <sup>#</sup> LIU Ying Di <sup>#</sup>	否 No	7	4	3		
李燕 <sup>#</sup> LI Yan <sup>#</sup>	是 Yes	7	3	4		
付洋 <sup>#</sup> FU Yang <sup>#</sup>	是 Yes	7	4	3		
潘昭國 <sup>#</sup> POON Chiu Kwok <sup>#</sup>	是 Yes	7	3	4		
王樹文 <sup>#</sup> WANG Shu Wen <sup>#</sup>	是 Yes	7	3	4		
唐駿 <sup>#</sup> TANG Jun <sup>#</sup>	否 No	7	1	5	1	

\* 於2011年6月16日獲選為董事。

\* Elected as directors on 16 June 2011.

<sup>#</sup> 於2011年6月16日退任董事。

<sup>#</sup> Retired as directors on 16 June 2011.

## 企業管治報告 Corporate Governance Report

公司董事會的召集、召開嚴格按照《公司章程》、《董事會議事規則》的規定。董事會會議由董事長主持召開，並在會議通知發出後按時召開，各項提案在會議上充分討論，並對提案進行逐項表決。召開董事會定期會議的通知在會議召開前14天發出。如有董事因公務不能出席會議，可由該董事書面委託其他董事出席並代為行使表決權，如是獨立非執行董事則可委託其他獨立非執行董事出席和表決。

公司管理層負責向董事會提供審議各項議案所需的相關資料和信息，並在董事會會議召開時滙報相關工作。本公司獨立非執行董事根據《公司章程》的規定行使職權、履行職責或業務的需要時，可聘請獨立專業機構為其服務，由此發生的合理費用由本公司承擔。

### 二. 董事

#### 1. 信息支持與專業發展

在董事會換屆後，為使新任董事、監事儘快熟悉上市規則，較好地履行職責，公司於2011年6月邀請中港兩地顧問律師對董事、監事進行履職培訓，並組織在青島的董事、監事參加了由青島證監局組織的上市規則培訓。報告期內公司獨立非執行董事還參加了上海證券交易所組織的董事培訓課程。



The convening and holding of board meetings are strictly subject to the rules in the *Articles of Association and Order of Meeting for the Board of Directors*. The meetings are hosted by the Chairman of the Board, and are held on time after delivery of meeting notice. All proposals are discussed fully and completely at the meetings and voted in sequence. The notice of regular meeting is dispatched 14 days before the meeting. Should any directors be unavailable for the meeting due to other business, they could authorize other directors in writing to attend and vote on their behalf, and the independent non-executive directors could authorize other independent non-executive directors to attend and vote on their behalf.

The management team of the Company is responsible for providing the Board with all related materials and information needed for considering the resolutions, and reporting their related work at the board meeting. The independent non-executive directors undertake their duties pursuant to the stipulations in the *Articles of Association*. They may appoint the independent professional organizations to serve them when needed in undertaking their duties or business, and the reasonable expenses occurred will be borne by the Company.

### II. Directors

#### 1. Information support and professional development

After the establishment of a new round of Board, in order to have the newly-elected directors and supervisors get familiar with the listing rules as soon as possible to exercise their duties and responsibilities, the Company held the resumption trainings for the directors and supervisors by inviting consulting lawyers from Mainland China and Hong Kong in June 2011, and arranged the directors and supervisors who are located in Qingdao to attend the trainings for the listing rules organized by the Qingdao Branch of China Securities Regulatory Commission. During the reporting period, the independent non-executive directors also attend the training courses for the director organized by Shanghai Stock Exchange.

## 企業管治報告 Corporate Governance Report

公司於報告期內繼續通過定期提供資料(每週編寫一期有關證券市場發展及監管政策的動態信息)、工作匯報等多種形式,使所有董事,特別是獨立非執行董事,能夠及時瞭解公司的業務發展、競爭和監管環境以及其他可能影響公司和啤酒行業的資料,以確保董事能瞭解其應盡的職責,有利於董事作出正確的決策和有效的監督,以及保證董事會的程序得以貫徹執行和適用的法律法規得以恰當遵守。另外,公司還組織獨立非執行董事和監事對青啤石家莊公司、太原公司和當地市場發展情況進行考察調研,收集有關新建工廠運行和市場拓展的第一手信息。以利於獨立非執行董事對公司有更加深入、全面的瞭解,方便獨立非執行董事對公司相關議案的審議決策。

During the reporting period, the Company made all directors, especially those independent non-executive directors, be aware of the Company's business development, competition and supervisory environment, and obtain other materials that may affect the Company and the beer industry through continuing to regularly provide them with the relative materials (to prepare a weekly newsletter for the development in stock market and supervisory policies), work reports, and so on, so as to ensure the directors to understand their duties and responsibilities, help to make the directors make correct decisions and provide efficient supervision, and to ensure the overall implementation of the procedures of the Board and the proper laws and regulation can be appropriately abided by. Besides, the Company also arranged the independent non-executive directors to pay visits and make research to the Shijiazhuang company and Taiyuan company of Tsingtao Brewery, and the development of local markets to collect the first-handed information of the operation of plants newly constructed and the market exploration, so as to make the independent non-executive directors have a more comprehensive and deeper understanding to the Company, thus to be more convenient for the independent non-executive directors to consider and decide the Company's related resolutions.

### 2. 董事的獨立性

本公司已委任足夠數目的獨立非執行董事。根據香港聯交所上市規則第3.13條的規定,董事會已收到所有獨立非執行董事就其獨立性提交的書面確認函。

### 2. Independence of Directors

The Company has appointed sufficient number of independent non-executive directors, and the Board has received from all independent non-executive directors their written confirmation on their independence pursuant to the Rule 3.13 of the *Listing Rules* of The Stock Exchange.

### 3. 董事的證券交易

本公司採納香港聯交所《證券上市規則》附錄十所載的《上市公司董事進行證券交易的標準守則》,制定了本公司的《董事、監事及高級管理人員所持本公司股份及其變動管理制度》。在向所有董事作出特定查詢後,本公司確認,本公司所有董事於報告期內均已遵守上市規則所規定的有關董事進行證券交易的標準。

### 3. Securities transactions by directors

The Company applies the *Model Code* included in Appendix 10 of the *Listing Rules*, and works out the Company's *Regulations on Holding of Shares by Directors, Supervisors and Members of Senior Management of the Company and Its Changes*. The Company confirms that, after having made specific enquiries to all directors, they have been in compliance with the required standards as set out in the *Model Code* of the Listing Rules regarding securities transactions by directors.

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### 4. 財務匯報和董事就財務報表所承擔的責任

根據管理層提供的充分財務資料，本公司董事會每年對年度、半年度及季度業績報告進行審議並批准對外披露。董事有責任組織相關部門和人員編制每個財政年度的財務報表，並確保在編制財務報表時貫徹應用適當的會計政策及遵守中國會計準則及制度，以真實及公允地報告本公司的財務狀況及經營成果。

## 三. 董事會專門委員會

董事會於2011年6月16日召開會議，根據董事會成員的調整，批准成立董事會下屬3個專門委員會，明確其監察公司個別範疇業務的職權範圍。

### 1. 審計與財務委員會(「審計委員會」)

該委員會職權範圍依據香港聯交所上市規則附錄十四之《企業管治常規守則》及中國證監會頒佈的《中國上市公司治理準則》而制訂，並按照最新監管動態作出修訂。其主要職責包括：檢討公司內部監控體系及制度的健全性和有效性，審閱公司的年度、半年度及季度財務報表，負責公司外部審計師的聘任、工作協調及對其工作效率和工作質量進行檢討，檢討及監察公司財務匯報質量和程序。

第七屆董事會審計委員會由四名獨立非執行董事與一名非執行董事組成，由馬海濤先生擔任主席，其他成員包括非執行董事山崎史雄先生及獨立非執行董事王學政先生、趙昌文先生和吳曉波先生，均由董事會委任。其中馬海濤先生具備財務和會計業務的經驗和能力。

### 4. Financial Reporting and Responsibilities taken by Directors on Financial Statements

The Board makes annual review over the annual, interim and quarterly reports in accordance with the sufficient information provided by the management and approves for public disclosure. The directors are responsible for organizing relevant departments and staff to prepare financial reports for each fiscal year, and ensure to apply appropriate accounting policies, and abide by the CAS and regulations when preparing the financial statements, so as to truly and fairly report the financial situation and operational results of the Company.

## III. Professional Committees under the Board

The Board held the meeting on 16 June 2011, at which it approved to establish 3 specific committees under it based on the adjustments of its members, clarified their duty scope of supervising the specific business fields in the Company.

### 1. Audit & Finance Committee (“Audit Committee”)

The duty scope of the Audit Committee is determined pursuant to the *Code on Corporate Governance Practice* set out in Appendix 14 of the *Listing Rules* of the Stock Exchange and *Guidelines for Corporate Governance of Listed Companies in China* published by China Securities Regulatory Commission, and is revised from time to time subject to the latest supervisory trend. Its principal duties include: to review the soundness and effectiveness of the Company’s internal control system and regulations, to review the Company’s annual, interim and quarterly financial statements, to appoint the Company’s external auditor, coordinate their work, and review the efficiency and quality of their work, to review and supervise the quality and procedures of the Company’s financial reporting.

The Audit Committee of the 7th Board is comprised of 4 independent non-executive directors and 1 non-executive director including Mr. MA Hai Tao, the Chairman, and other members including Non-executive Director Mr. Fumio YAMAZAKI, and Independent non-executive directors Mr. WANG Xue Zheng, Mr. ZHAO Chang Wen and Mr. WU Xiao Bo, all of whom are appointed by the Board. Mr. MA Hai Tao has experience and capability in financial and accounting business.

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2011年度審計委員會共舉行了6次會議，為保證滙報的獨立性，會議主席已安排外部審計師與審計委員會成員進行單獨的會議。於每次會議後，委員會均會就討論的重要事項向董事會提交建議。各委員出席會議的情況如下：

In 2011, the Audit Committee totally held 6 meetings. To ensure the independence of the reporting, the chairman of the Committee arranged sole meetings between external auditors and members of the Audit Committee. The Committee made proposals to the Board for important issues discussed after each of such meetings. The attendance of each member of the Committee is as follows:

委員姓名	Name	出席會議(次) Attendance (time)	應出席會議(次) Meetings should attend (time)	出席率(%) Attending Rate (%)
馬海濤(委員會主席)	MA Hai Tao (Chairman)	3	3	100
王學政	WANG Xue Zheng	3	3	100
趙昌文	ZHAO Chang Wen	3	3	100
吳曉波	WU Xiao Bo	0	3	0
山崎史雄	Fumio YAMAZAKI	3	6	50
李燕	LI Yan	3	3	100
付洋	FU Yang	3	3	100
潘昭國	POON Chiu Kwok	3	3	100
王樹文	WANG Shu Wen	2	3	66

審計委員會在本年度主要工作包括：

- 審閱本公司的年度、半年度及季度業績報告和財務報告；
- 就續聘公司審計師事項向董事會提供建議；
- 檢討公司內部控制體系及制度的有效性，包括考慮公司在財務滙報職能方面的資源以及從業人員的資歷、經驗是否充足，相關人員的培訓及有關預算是否充足。

Major work by the Committee in the year includes:

- Reviewed the Company's annual, interim and quarterly reports, and financial reports;
- Made proposals to the Board on the re-appointment of the auditor;
- Reviewed the effectiveness of internal control system and regulations of the Company, including whether the resource of the financial reporting, and the qualification and experience of the jobholders were sufficient or not, whether the training to the related staff and the related budgets were sufficient or not.

### 2. 戰略與投資委員會(「戰略委員會」)

該委員會的主要職責是審查和檢討公司的戰略發展方向，制訂公司戰略規劃，以及適時調整公司戰略和管治架構。

第七屆董事會戰略委員會的成員包括：執行董事、總裁孫明波先生(委員會主席)、執行董事孫玉國先生和獨立非執行董事王學政先生、趙昌文先生及馬海濤先生組成。

### 2. Strategy & Investment Committee (“Strategy Committee”)

Its main duties are: to supervise and review the Company's orientation of strategic development, to work out the Company's strategic plan, and to make timely adjustment towards the Company's strategic and governance structure.

The members of the Strategy Committee of the 7th Board include: Executive Director and President Mr. SUN Ming Bo (Chairman of the Committee), Executive Directors Mr. SUN Yu Guo, Independent Non-executive Director MR. WANG Xue Zheng, Mr. ZHAO Chang Wen and Mr. MA Hai Tao.

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委員姓名	Name	出席會議(次) Attendance (time)	應出席會議(次) Meetings should attend (time)	出席率(%) Attending Rate (%)
孫明波(委員會主席)	SUN Ming Bo (Chairman)	6	6	100
孫玉國	SUN Yu Guo	6	6	100
王學政	WANG Xue Zheng	3	3	100
趙昌文	ZHAO Chang Wen	3	3	100
馬海濤	MA Hai Tao	3	3	100
李燕	LI Yan	3	3	100
山崎史雄	Fumio YAMAZAKI	3	3	100
唐駿	TANG Jun	3	3	100

戰略委員會在本年度的主要工作包括：審議公司收購目標公司股權及啤酒業務相關資產和子公司搬遷新建和新增產能擴建項目的可行性報告。

The Strategy Committee mainly did the following work in the year: considered the feasibility report of acquiring the equities, beer-related assets of target companies, and the projects of increasing the production capacity and expansion of the subsidiaries.

### 3. 公司治理與薪酬委員會(「薪酬委員會」)

本公司成立了薪酬委員會，其主要職責包括：研究和審議公司董事與高管人員的薪酬政策和激勵機制，制訂考核標準；研究改善公司治理結構的方案。

第七屆董事會薪酬委員會由四名獨立非執行董事與一名非執行董事組成，由王學政先生擔任主席，其他成員包括非執行董事陳志程先生及獨立非執行董事趙昌文先生、吳曉波先生和馬海濤先生，均由董事會委任。

第六屆董事會薪酬委員會於2011年度舉行了3次會議，就公司年報披露高管人員薪酬明細予以確認，並對公司高管人員聘任事項進行了審議並向董事會提供專業意見。各委員出席會議的情況如下：

第六屆董事會 薪酬委員會 委員姓名	Name of the members of the Remuneration Committee of the 6th Board	出席會議(次) Attendance (time)	應出席會議(次) Meetings should attend (time)	出席率(%) Attending Rate (%)
付洋(委員會主席)	FU Yang (Chairman)	3	3	100
李燕	LI Yan	3	3	100
潘昭國	POON Chiu Kwok	3	3	100
王樹文	WANG Shu Wen	3	3	100
唐駿	TANG Jun	2	3	66

### 3. Corporate Governance & Remuneration Committee (“Remuneration Committee”)

The Company sets up the Remuneration Committee. Its main duties are: to study and review the remuneration policies and incentive system of the Directors and senior management officers of the Company, to work out appraisal standards, to study the schemes to improve the corporate governance.

The Remuneration Committee of the 7th Board is comprised of 4 independent non-executive directors and 1 non-executive director including Mr. WANG Xue Zheng, the Chairman, and other members including Non-executive Director Mr. CHEN Zhi Cheng, and Independent non-executive directors Mr. ZHAO Chang Wen, Mr. WU Xiao Bo and Mr. MA Hai Tao, all of whom are appointed by the Board.

The Remuneration Committee of the 6th Board held 3 meetings in 2011, to confirm the details of the remunerations of the senior management officers disclosed in the Company's annual report, and provide professional comments to the Board for the appointment of the Company's senior management officers. The attendance of each member of the Committee is as follows:

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### 四. 監控機制

#### 1. 監事會



公司監事會於2011年6月16日順利完成換屆，新一屆監事之任期自2011年6月16日起為期三年。監事會現有7名成員，其中包括監事會主席1名，朝日啤酒提名的股東代表監事1名，外部監事2名及職工監事3名，現任監事的個人簡介資料，載列於本年度報告「董事、監事、高級管理人員情況」。

監事會依法獨立行使公司監督權，保障股東、公司和員工的合法權益不受侵犯。2011年度，監事會共舉行11次會議（包括現場會議4次和書面會議7次），代表股東對公司財務以及董事和高管人員履行職責的合法合規性進行監督，並列席了所有的董事會現場會議和股東大會。有關監事會的工作情況載列於本年度報告的「監事會工作報告」中。

#### 2. 公司內部控制體系

2.1 本公司按照上海證券交易所發佈的《上海證券交易所上市公司內部控制指引》，香港聯合交易所有限公司《證券上市規則》，以及內部控制具體規範的要求，制定了一系列內部控制制度，並在公司生產經營活動中發揮了應有的作用，促進了本公司規範化運行。報告期內，公司按照財政部等五部委聯合發佈的《企業內部控制基本規範》和《企業內部控制配套指引》及上市地監管要求，從公司、

### IV. Supervisory Mechanism

#### 1. Board of Supervisors

The latest Board of Supervisors was successfully set up on 16 June 2011, whose duty term is three years since 16 June 2011. It currently has 7 members in which including 1 chairman of the Board of Supervisors, 1 supervisor as shareholders representative nominated by Asahi Breweries, 2 external supervisors and 3 supervisors as staff representative. The profile of current supervisors is set out in the “*Profiles of Directors, Supervisors and Senior Management*” in the Annual Report.

The Board of Supervisors legally exercise the authority of supervision to prevent the legal rights and interests of the Company and its employees from being offended. The Board of Supervisors totally held 11 meetings (including 4 site meetings and 7 meetings in writing) in 2011, to supervise on behalf of shareholders over the finance, the validity and compliance of the directors and senior management officers on fulfilling their duties, and sat in all site board meetings and general meetings. The details of the work of the Board of Supervisors are set out in “*Report of the Supervisors*” in this annual report.

#### 2. Internal control system of the Company

2.1 According to the *Shanghai Stock Exchange Listed Company Internal Control Guide* published by Shanghai Stock Exchange, Listing Rules of the Stock Exchange, and the requirements of the specific regulations of internal control, the Company worked out a series of internal control regulations, which played corresponding roles in the Company’s production and operating activities, promoted the standard operations of the Company. During the reporting period, according to the *Enterprise Internal Control Basic Standards, Enterprise Internal Control Supporting Guides* collectively published by 5

## 企業管治報告 Corporate Governance Report

下屬部門及附屬公司、業務環節三個層面對內控流程和內控制度等方面，在《企業內部控制配套指引》18項指引的基礎上，根據公司實際情況修訂了相關的內部控制制度，進一步完善了公司內部控制體系。

### 2.2 內部控制運行有效性評估

#### (1) 公司董事會對內控體系自我評估情況

2012年3月29日召開的第七屆董事會第五次會議上，董事會對公司2011年度內部控制的有效性進行了評估，董事會評估認為，公司內部控制制度健全，執行有效，未發現本公司存在內部控制設計或執行方面的重大缺陷。

#### (2) 公司境內註冊會計師對財務報告內控體系評估情況

公司聘請普華永道中天會計師事務所有限公司（「普華永道中天」）對財務報告內部控制有效性進行了審核評估，認為公司於2011年12月31日按照《企業內部控制基本規範》和相關規定在所有重大方面保持了有效的財務報告內部控制。

公司董事會對公司內部控制的評價報告及境內註冊會計師出具的財務報告內部控制審計報告全文載於上交所網站、香港聯交所網站和公司網站。

### 3. 外聘審計師及酬金

本年度報告所收錄之財務報表根據中國企業會計準則編制，並經普華永道中天審計。普華永道中天已為本公司連續提供審計服務10年。2011年度，本公司應向普華永道中天支付其年度財務報告審計工作的酬金為人民幣580萬元，支付其內控審計工作的酬金為人民幣180萬元，公司不承擔其差旅費及其它費用。

ministries and commissions including the Ministry of Finance, and the regulatory requirements of the place of listing, from the 3 layers of the Company, supporting departments and subsidiaries, and business circles towards the internal control procedures and internal control system, based on the 18 guides set out in the *Enterprise Internal Control Supporting Guides*, and based on the Company's actual situation, the Company amended the corresponding internal control regulations, further improving the Company's internal control system.

### 2.2 Internal control operational effectiveness valuation

#### (1) The Board's valuation to internal control system

At the fifth meeting of the 7th Board held on 29 March 2012, the Board made a valuation to the effectiveness of the Company's internal control in 2011. After the valuation, the Board was of the view that, the Company's internal control system was complete and sound, the implementations were effective, and none of the material flaws in the design or implementation of internal control was found in the Company.

#### (2) The Company's domestic public certified accountants' valuation to the internal control in financial reporting

The Company appointed PricewaterhouseCoopers Zhong Tian CPAs Limited Company ("pwc Zhong Tian") to review and value the effectiveness of internal control in financial reporting. Pwc Zhong Tian was of the view that, as at 31 December 2011, the Company had maintained effective internal control in the financial reporting in all material aspects according to the *Enterprise Internal Control Basic Standards* and related regulations.

The full text of the Board's valuation report to the Company's internal control and the auditing report of the internal control in financial reporting presented by the domestic public certified accountant are published on the websites of Shanghai Stock Exchange, the Stock Exchange and the Company.

### 3. External auditor and remuneration

The financial statements included in this annual report are prepared in accordance with CAS, and have been audited by pwc Zhong Tian, which has provided auditing services for 10 consecutive years. For 2011, the Company should pay RMB5.8 million to pwc Zhong Tian for its full-year work of auditing the financial reports, and RMB1.8 million for its auditing of internal control, but all expenses for business travels and others will not be borne by the Company.

## 企業管治報告 Corporate Governance Report

### 五. 股東及其他利益相關者

#### 1. 股東大會

本公司一直致力於維護全體股東的合法權益，股東大會的召集召開嚴格按照《公司章程》、《股東大會議事規則》的規定。公司股東大會由董事會召集，由董事長主持召開。股東大會由公司執行董事作提案報告，對提案表決的監票和計票由股東代表、監事代表及見證律師、香港執業會計師（點票監察人）共同進行，並由會議主席（董事長）宣佈表決結果，正式形成大會決議。公司聘請的律師對大會作見證並發表法律意見書。

股東大會是公司的最高權力機構，依法行使職權，決定公司重大事項。每年的股東年會為董事會與公司股東提供直接溝通的渠道。因此，本公司高度重視股東大會，於會議召開45日前發出會議通知，在股東年會上，公司董事長及其他與會執行董事就股東關注的事項進行了廣泛深入的溝通及說明。2011年2月18日和6月16日，公司分別召開一次臨時股東大會和股東年會，有關股東大會的詳情，載列於本年度報告「股東大會情況簡介」。



### V. Shareholders and Other Interest-related Parties

#### 1. General meeting

The Company has been devoting to maintain the legal rights of all shareholders. The convening and holding of general meeting are strictly pursuant to the terms in the *Articles of Association and Rules of Order of General Meeting*. The Company's general meeting is convened by the Board and hosted by the Chairman of the Board. The executive directors make reports over proposals at the general meeting, while the representatives of shareholders, representatives of supervisors, witness lawyers, profession accountant from Hong Kong (scrutineers for the vote-taking) jointly inspect and count the votes to the proposals, and have the chairperson of the meeting (Chairperson of the Board) announce the voting results and form the formal resolutions of the meeting. The lawyers appointed by the Company witnesses the meeting and present legal comments.

The general meeting is the highest authority of the Company, which legally exercises its duties and determines the significant issues for the Company. The annual general meeting is the channel of direct communication between the Board and the shareholders of the Company. Therefore, the Company pays high regards to the general meeting by dispatching the meeting notice 45 days prior to the meeting date, and the chairman and other attending executive directors make extensive and intensive communications and interpretation over the issues concerned by the shareholders at the annual general meeting. The Company held the first extraordinary general meeting and the annual general meeting respectively on 18 February and 16 June 2011. The details of general meetings held during the reporting period are set out in the section of "Profile of General Meeting" in this annual report.

## 企業管治報告 Corporate Governance Report

### 2. 投資者關係與溝通

本公司高度重視投資者關係管理工作，並努力通過各種渠道和形式加強與投資者的溝通與交流，對投資者關注的熱點問題給與及時的解答。同時，公司不斷致力於提升公司的透明度，幫助投資者加深對公司業務情況及發展前景的瞭解，並悉心聽取投資者的意見和建議，不斷提升公司治理和經營管理水平。



2011年，本公司通過接待境內外證券分析員、基金經理及其它投資機構／個人投資者現場調研及參觀，舉行現場及網上路演以及參加國內外證券公司組織的投資論壇，共計130餘次會議，與證券分析員、基金經理(主要是境外)電話會議140餘次，取得了良好的效果。

### 3. 其他利益相關者

本公司認為：企業要保持基業常青、永續經營，應堅持誠信經營，認真履行社會責任，建立與公司利益相關者和諧共贏的長期合作關係。多年來，公司在經營業績穩步增長的同時，堅持依法納稅、誠信經營、回饋社會，積極參與社會公益性活動和環境保護。

良好的企業管治有助於公司的健康發展及提高投資者的信心，而董事會的有效性是良好企業管治的核心。因此，公司董事會將致力於不斷提升決策的效率和水平，促進公司的穩健發展及增加股東價值。

### 2. Investor relations and communications

The Company pays much attention to the management of investor relations, and strives to strengthen the communications with investors through different channels and forms, and timely responds to hot issues concerned by the investors. At the same time, the Company devotes to improve its transparency, helps the investors more clearly understand the situation and prospects of the Company, carefully listens to the comments and proposals made by the investors, and helps the Company to improve corporate governance and operational management.

In 2011, the Company held over 130 conferences through arranging the site research and visits paid by the national and international securities analysts, fund managers and other investing institutions/personal investors, holding site and on-line roadshow, and participating in the investor's forums organized by domestic and overseas securities companies, and made over 140 conference calls with securities analysts, fund managers (mainly overseas), which were fruitful.

### 3. Other interest-related parties

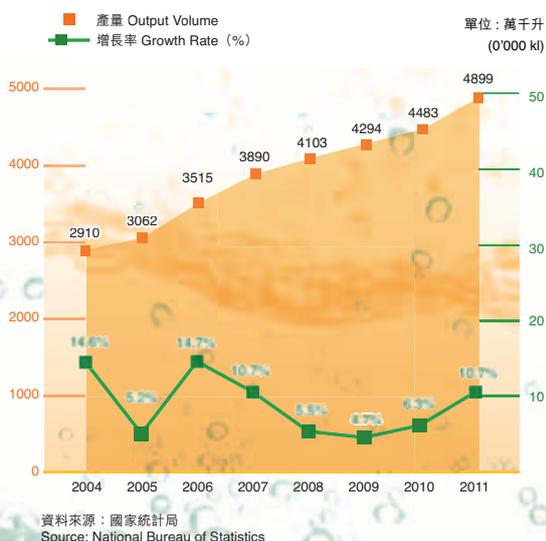
The Company is of view that, it should insist on operations with integrity and fulfillment of its social responsibilities, and establishing a harmonic, win-win and long-term cooperation with interest-related parties of the Company to ensure its long-lasting existence. For years, the Company has been insisting on making full payment of taxes, operating with integrity, rewarding the society and actively taking in part of the social welfare and environment protection activities while keeping on steady growth of its operational results.

A good corporate governance is helpful to the sound development and in raising the investors' confidence, while the effectiveness of the Board is important to the good corporate governance. Therefore, the Board will be dedicated to the continuous improvement of efficiency and qualification of decision-making, so as to promote the steady development and adding shareholder's value.

## 管理層討論與分析 Management Discussion and Analysis

### 一、行業分析 Analysis to the Industry

#### 1. 中國啤酒行業產量變動 Changes in Output Volume of China's Beer Industry



#### 2. 2011年中國啤酒市場簡況 Profile of China's Beer Market in 2011

- 在中國經濟平穩快速發展的背景下，中國啤酒行業繼續保持了較快增長，全年啤酒產量4,899萬千升，同比增長10.7%。

As China's economy realized a steady and rapid growth, China's beer industry continued to maintain a comparatively rapid growth, resulting to the full-year output volume of beer reaching 489.9 million hl, representing an increase of 10.7% on Y-o-Y basis.

- 大型啤酒企業通過收購兼併及新建、擴建擴大產能，行業集中度提升，前四大啤酒企業佔市場份額已達60%。  
The large-scaled brewing enterprises expanded their production capacity through M&A and new construction, thus increasing the degree of industry concentration. As a result, the market share of the national top 4 brewing enterprises has reached 60%.
- 市場競爭從區域性市場和品牌的競爭向全國性啤酒企業之間的正面競爭延伸，各大啤酒企業形成各自優勢區域市場。  
The market competition occurred from the competition in the regional markets and brands to the face-to-face competition among the national brewing enterprises, which has obtained their respective regional markets with their own advantages.

### 二、報告期內銷量及產品結構分析 Analysis to the Sales Volume and Product Mix during the Reporting Period

#### 1. 銷量及收入增長趨勢 Trend of Growth of Sales Volume and Incomes



孫明波先生  
Mr. SUN Ming Bo

## 管理層討論與分析 Management Discussion and Analysis

### 2. 新增產能

#### Newly Increased Production Capacity

- 收購山東新銀麥啤酒有限公司，新增年產能60萬千升。  
Acquired Shandong Xin Immense Brewery Company Limited, increasing 6 million hl of annual output volume.
- 收購杭州紫金灘酒業有限公司及實施技改擴建，新增年產能20萬千升。  
Acquired Hangzhou Zijintan Wine Co., Ltd. and implemented technical restructuring and expansion, increasing 2 million hl of annual output volume.
- 設立青島啤酒(揭陽)有限公司，新建年產30萬千升啤酒生產基地項目。  
Established Tsingtao Brewery (Jieyang) Company Limited, for the new construction project of the beer production base with annual output volume of 3 million hl.
- 收購廣東韶關活力啤酒公司資產並成立青島啤酒(韶關)有限公司，新增年產能15萬千升。  
Acquired assets of Guangdong Shaoguan Huoli Beer Co., Ltd. and established Tsingtao Brewery (Shaoguan) Company Limited, increasing 1.5 million hl of annual output volume.

### 3. 分地區啤酒銷量

#### Sales Volume of Beer in Geographical Regions



### 4. 產品結構情況

#### Product Mix



## 三. 報告期內主要財務分析(按中國企業會計準則計算)

### Analysis to Principal Finance during the Reporting Period (calculated in accordance with CAS)

#### (I) 公司主營業務及經營情況分析

##### Analysis to main operations and operational situations of the Company

單位：人民幣千元  
Unit: RMB'000

利潤構成項目 Items under profit		2011年1-12月 Jan. – Dec. 2011	2010年1-12月 Jan. – Dec. 2010	增減額 Increased/ (Decreased) amount	增減幅度(%) Increased/ (Decreased) percent
營業收入	Revenue	23,158,054	19,897,828	3,260,226	16.4%
營業成本	Cost of sales	13,416,659	11,234,490	2,182,169	19.4%
營業稅金及附加	Taxes and surcharges	2,024,413	1,663,133	361,280	21.7%
銷售費用	Selling and distribution expenses	4,414,666	3,917,918	496,748	12.7%
管理費用	General and administrative expenses	1,184,193	1,079,203	104,990	9.7%
財務費用	Financial expenses — net	(36,213)	4,873	(41,086)	(843.1%)
資產減值損失	Assets impairment losses	17,029	72,150	(55,121)	(76.4%)
投資收益	Investment income	4,261	9,654	(5,393)	(55.9%)
營業外收入	Non-operating income	469,805	245,028	224,777	91.7%
營業外支出	Non-operating expense	156,460	57,547	98,913	171.9%
所得稅費用	Income tax expenses	657,298	538,777	118,521	22.0%

## 管理層討論與分析 Management Discussion and Analysis

### (1) 營業收入 Revenue

2011年度營業收入較上年度增加16.4%，主要原因是本年度優化產品銷售結構，主品牌所佔比重增加；購買子公司股權後銷售量增加；以及本年度主營產品銷售量增長，使營業收入提高所致。

In 2011, the revenues increased 16.4% from the previous year, which was mainly due to the increase in percentage of principal brand as it optimized the product sales mix in the year; the increase in sales volume after purchasing the equity interests in the subsidiaries; the increase in revenues as the sales volume of principal products increased in the year.

### (2) 營業成本 Cost of sales

2011年度營業成本較上年度增加19.4%，主要原因是本年度銷量的增加和原材料成本上漲所致。

In 2011, the cost of sales increased 19.4% from the previous year, which was mainly due to the increase in sales volume and the price hike of raw materials in the year.

### (3) 營業稅金及附加 Taxes and surcharges

2011年度營業稅金及附加較上年度增加21.7%，主要原因是本年度稅收政策調整以及銷量增加及部分產品價格調整所致。

In 2011, the taxes and surcharges increased 21.7% from the previous year, which was mainly due to the adjustment of tax policies, increase in sales volume and the adjustment of the price of some products in the year.

### (4) 期間費用 Expenses during the period

(i) 2011年度銷售費用較上年度增加12.7%，主要原因是本年度公司產品結構優化，高端產品銷量增長較高，促銷費用等增長所致。

In 2011, the selling and distribution expenses increased 12.7% from the previous year, which was mainly due to the increase in promotional fees driven by the growth of sales volume of high-end products resulting from the optimization of product mix in the year.

(ii) 2011年度管理費用較上年度增加9.7%，主要原因是本年度公司產銷量增長，運行支出增加及新購入／設立子公司攤銷費增加所致。

In 2011, the general and administrative expenses increased 9.7% from the previous year, which was mainly due to the increase in production and sales volume, operational expenses, and amortization expenses of new purchase/establishment of subsidiaries in the year.

(iii) 2011年度財務費用較上年度減少843.1%，主要原因是由於青島啤酒財務有限責任公司（「財務公司」）成立後，利率較高的存款增加使得利息收入增加所致。

In 2011, the net financial costs decreased 843.1% from the previous year, which was mainly due to the increase in interest incomes from the deposits with higher interest rate after the establishment of Tsingtao Brewery Finance Company Liability Limited (“Finance Company”).

### (5) 資產減值損失 Assets impairment losses

2011年度資產減值損失較上年度減少76.4%，主要原因是本年度計提的固定資產減值損失及其他應收款減值損失減少所致。

In 2011, the assets impairment losses decreased 76.4% from the previous year, which was mainly due to the decrease in assets impairment losses of fixed assets and other receivables in the year.

### (6) 投資收益 Investment income

2011年度投資收益較上年度減少55.9%，主要原因是本年度公司聯營企業淨利潤減少所致。

In 2011, the investment income decreased 55.9% from the previous year, which was mainly due to the decrease in net profits of the Company's associates in the year.

### (7) 營業外收入 Non-operating income

2011年度營業外收入較上年度增加91.7%，主要原因是本年度政府補助增加所致。

In 2011, the non-operating incomes increased 91.7% from the previous year, which was mainly due to the increase in governmental grants in the year.

### (8) 營業外支出 Non-operating expense

2011年度營業外支出較上年度增加171.9%，主要原因是本年度部分子公司搬遷工廠使得處置非流動資產損失增加所致。

In 2011, the non-operating expenses increased 171.9% from the previous year, which was mainly due to the increase in losses from the disposal of non-current assets in the relocation of some subsidiaries in the year.

### (9) 所得稅費用 Income tax expenses

2011年度所得稅費用較上年度增加22.0%，主要原因是本年度利潤增加導致所得稅費用增加所致。

In 2011, the income tax expenses increased 22.0% from the previous year, which was mainly due to the increase in income tax expense caused by the increased profits in the year.

## 管理層討論與分析 Management Discussion and Analysis

### (II) 資產負債構成情況說明

#### Interpretation of composition of assets/liabilities

單位：人民幣千元  
Unit: RMB'000

項目 Items		2011年 12月31日 31 December 2011	2010年 12月31日 31 December 2010	增減額 Increased/ (Decreased) amount	增減幅度(%) Increase/ (Decrease) percent
貨幣資金	Cash at bank and on hand	6,107,611	7,597,958	(1,490,347)	(19.6%)
應收票據	Notes receivable	98,350	12,605	85,745	680.2%
預付款項	Advances to suppliers	273,209	49,776	223,433	448.9%
應收利息	Interest receivable	13,346	—	13,346	不適用 N/A
其他應收款	Other receivables	114,425	188,917	(74,492)	(39.4%)
存貨	Inventories	2,717,722	1,942,414	775,308	39.9%
其他流動資產	Other current assets	170,592	13,157	157,435	1196.6%
長期應收款	Long-term receivables	—	2,000	(2,000)	(100%)
固定資產	Fixed assets	7,204,985	5,511,053	1,693,932	30.7%
在建工程	Constructions in progress	624,331	282,566	341,765	121.0%
無形資產	Intangible assets	2,378,806	1,318,786	1,060,020	80.4%
商譽	Goodwill	1,081,685	122,816	958,869	780.7%
其他非流動資產	Other non-current assets	205,555	148,994	56,561	38.0%
應付賬款	Accounts payable	1,662,022	1,262,630	399,392	31.6%
應付股利	Dividends payable	761	9,550	(8,789)	(92.0%)
應付利息	Interest payable	2,458	—	2,458	不適用 N/A
其他應付款	Other payables	3,164,402	2,520,113	644,289	25.6%
一年內到期的 非流動負債	Current portion of non-current liabilities	2,316	17,930	(15,614)	(87.1%)
長期借款	Long-term borrowings	454,117	10,722	443,395	4135.4%
長期應付款	Long-term payables	1,000	1,625	(625)	(38.5%)
遞延所得稅負債	Deferred tax liabilities	209,569	31,094	178,475	574.0%
其他非流動負債	Other non-current liabilities	1,011,217	549,289	461,928	84.1%
外幣報表折算差額	Differences on translation of foreign currency financial statements	17,120	5,643	11,477	203.4%
少數股東權益	Minority interests	166,496	116,633	49,863	42.8%

#### (1) 貨幣資金

##### Cash at bank and on hand

2011年貨幣資金年末比年初減少19.6%，主要原因是從第三方購買子公司股權和部分公司技改擴建項目、搬遷工廠和新建廠的投入增加所致。

In 2011, the cash at bank and on hand of the year end decreased 19.6% from the year beginning, which was mainly due to the purchase of equity interests in the subsidiaries from the third parties, the increase in technical improvements and expansion projects of some subsidiaries, investment for the relocated and newly constructed plants.

#### (2) 應收票據

##### Notes receivable

2011年應收票據年末比年初增加680.2%，主要原因是本年度允許更多經銷商使用銀行承兌匯票進行結算貨款所致。

In 2011, the notes receivable of the year end increased 680.2% from the year beginning, which was mainly due to the fact that more distributors were allowed to settle the payment for the goods with bank acceptance notes throughout the year.

## 管理層討論與分析 Management Discussion and Analysis

### (3) 預付款項

#### Advances to suppliers

2011年預付款項年末比年初增加448.9%，主要原因是本年度部分子公司採購原材料預付款增加所致。

In 2011, the advances to suppliers of the year end increased 448.9% from the year beginning, which was mainly due to the increase in prepayments made by some subsidiaries for the purchase of raw materials in the year.

### (4) 應收利息

#### Interest receivable

2011年應收利息年末比年初增加人民幣13,346千元，主要原因是本年度財務公司成立後產生應收銀行存款利息所致。

In 2011, the interest receivable of the year end increased RMB13,346,000 from the year beginning, which was mainly due to the generation of receivable interest from the bank deposits after the establishment of finance company in the year.

### (5) 其他應收款

#### Other receivables

2011年其他應收款年末比年初減少39.4%，主要原因是上年度支付的收購子公司保證金於本年度收回所致。

In 2011, the other receivables of the year end decreased 39.4% from the year beginning, which was mainly due to that the deposits paid in the previous year for the purchase of subsidiaries were withdrawn in this year.

### (6) 存貨

#### Inventories

2011年存貨年末比年初增加39.9%，主要原因是本年度新購買子公司存貨及為春節銷售增加存貨儲備所致。

In 2011, the inventories of the year end increased 39.9% from the year beginning, which was mainly due to the increase in inventories from the newly purchased subsidiaries in the year and the inventory reserves for the sales during the Spring Festival.

### (7) 其他流動資產

#### Other current assets

2011年其他流動資產年末比年初增加1,196.6%，主要原因是本年度部分子公司技改擴建項目、搬遷工廠和新建廠的投入增加產生較多的待抵扣進項稅和預繳所得稅增加所致。

In 2011, the other current assets of the year end increased 1,196.6% from the year beginning, which was mainly due to the more input VAT that pending for set-off caused by the increase in the investment for certain subsidiaries' technical improvements and expansion projects, plant relocation and new construction, and the increase in pre-paid income tax in the year.

### (8) 長期應收款

#### Long-term receivables

2011年長期應收款年末比年初減少100%，主要原因是根據收回期間將其重分類至流動資產所致。

In 2011, the long-term receivables of the year end decreased by 100%, mainly due to the reclassification to current assets according to its due date.

### (9) 固定資產

#### Fixed assets

2011年固定資產年末比年初增加30.7%，主要原因是本年度部分子公司技改擴建項目、搬遷工廠和新建廠，工程完工轉入固定資產及新購買子公司增加的固定資產所致。

In 2011, the fixed assets of the year end increased 30.7% from the year beginning, which was mainly due to the transformation of fixed assets from the completion of certain subsidiaries' technical improvements and expansion projects, plant relocation and new construction, and the increase in fixed assets from the newly acquired subsidiaries in the year.

### (10) 在建工程

#### Construction in progress

2011年在建工程年末比年初增加121.0%，主要原因是本年度部分子公司技改擴建、搬遷工廠在建項目和新建廠在建項目投入增加所致。

In 2011, the construction in progress of the year end increased 121.0% from the year beginning, which was mainly due to the increase in investment in the technical improvements and expansion, plant relocation and new construction of some subsidiaries in the year.

### (11) 無形資產

#### Intangible assets

2011年無形資產年末比年初增加80.4%，主要原因是本年度新購買子公司增加的商標、營銷網絡及新建、搬遷工廠新增土地使用權所致。

In 2011, the intangible assets of the year end increased 80.4% from the year beginning, which was due to the increase in trademarks, sales networks from the newly acquired subsidiaries, and the increase in land use right from the newly constructed and relocated plants in the year.

## 管理層討論與分析 Management Discussion and Analysis

### (12) 商譽

#### Goodwill

2011年商譽年末比年初增加780.7%，主要原因是本年度購買子公司股權形成的商譽所致。

In 2011, the goodwill of the year end increased 780.7% from the year beginning, which was mainly due to the goodwill from acquiring the equity interests in the subsidiaries in the year.

### (13) 其他非流動資產

#### Other non-current assets

2011年其他非流動資產年末比年初增加38.0%，主要原因是本年度搬遷、新建工廠及技改擴建的預付工程款和設備採購款增加所致。

In 2011, the other non-current assets of the year end increased 38.0% from the year beginning, which was mainly due to the increase in prepayments for projects and purchasing equipment in plant relocation and new construction, and technical improvements and expansion in the year.

### (14) 應付賬款

#### Accounts payable

2011年應付賬款年末比年初增加31.6%，主要原因是本年度年末採購量增加所致。

In 2011, the payable accounts of the year end increased 31.6% from the year beginning, which was mainly due to the increase in purchase at the end of the year.

### (15) 應付股利

#### Dividends payable

2011年應付股利年末比年初減少92.0%，主要原因為本年度支付子公司少數股東股利所致。

In 2011, the payable dividends of the year end decreased 92.0% from the year beginning, which was mainly due to the payment of dividends to the minority shareholders of certain subsidiaries in the year.

### (16) 應付利息

#### Interest payable

2011年應付利息年末比年初增加人民幣2,458千元，主要原因為子公司應付借款利息年末尚未支付所致。

In 2011, the interest payable of the year end increased RMB2,458,000 from the year beginning, which was mainly due to the outstanding borrowings interest that should be paid by the subsidiaries at the end of the year.

### (17) 其他應付款

#### Other payables

2011年其他應付款年末比年初增加25.6%，主要原因是部分公司技改擴建項目、搬遷工廠和新建廠的投入增加使得應付工程建造款項增加；此外銷量增加也導致待付費用增加。

In 2011, the other payables of the year end increased 25.6% from the year beginning, which was mainly due to the increase in amounts for the construction caused by the increase of investment in the technical improvements, relocated and newly constructed plants of some subsidiaries, and besides, the increase of outstanding payments caused by the growth of sales volume.

### (18) 長期應付款

#### Long-term payables

2011年長期應付款年末比年初減少38.5%，主要原因是應付融資租賃款到期日為一年內重分類至流動負債所致。

In 2011, the long-term payables of the year end decreased 38.5% from the year beginning, which was mainly due to the transfer of the payable financing leasing amounts due within 1 year to current liabilities.

### (19) 銀行借款

#### Bank borrowings

2011年一年內到期的非流動負債年末比年初減少87.1%，主要原因是本年度青島啤酒(香港)貿易有限公司(「青啤香港」)1年內到期的長期借款到期並償還所致。

In 2011, the non-current liabilities due within 1 year decreased 87.1% from the year beginning, which was mainly due to the expiration and repayment of long-term borrowings due within 1 year of Tsingtao Brewery (Hong Kong) Trading Company Limited (“Tsingtao HK”) in the year.

2011年長期借款年末比年初增加4,135.4%，主要原因是本年度青啤香港新增銀行借款所致。

In 2011, the long-term borrowings of the year end increased 4,135.4% from the year beginning, which was mainly due to the increase in bank borrowings of Tsingtao HK in the year.

## 管理層討論與分析 Management Discussion and Analysis

報告期期末本集團銀行借款共為618,504千元人民幣，其中短期借款162,697千元人民幣，長期借款455,807千元人民幣。長期借款中：1年以內到期部分1,690千元人民幣，1至5年452,138千元人民幣，超過5年1,979千元人民幣。

By the end of the reporting period, the total amount of banking facilities of the Group was RMB618,504,000, in which including RMB162,697,000 of short-term borrowings and RMB455,807,000 of long-term borrowings. Among the long-term borrowings, those due within 1 year were amounted to RMB1,690,000, those due in 1-5 years were amounted to RMB452,138,000, and those due over 5 years were amounted to RMB1,979,000.

報告期期末本集團銀行借款按借款幣種分為人民幣借款59,000千元人民幣，港幣借款549,582千元人民幣，歐元借款5,754千元人民幣，丹麥克朗借款4,168千元人民幣。

By the end of the reporting period, the Group's borrowings in Renminbi were amounted to RMB59,000,000, borrowings in Hong Kong dollars were amounted to RMB549,582,000, borrowings in Euro were amounted to RMB5,754,000, and borrowings in Danish krone were amounted to RMB4,168,000.

本集團的借款均受市場利率變動的影響，人民幣與港幣的借款於結算日的有效年利率分別為5.97%、2.82%。

All borrowings of the Group are affected by the interest rate fluctuation, and the effective annual interest rate for the borrowings in Renminbi and Hong Kong dollars as at the settling date are 5.97% and 2.82% respectively.

### (20) 遞延所得稅負債

#### Deferred tax liabilities

2011年遞延所得稅負債年末比年初增加574.0%，主要原因是本年度非同一控制下企業合併購買子公司確認遞延所得稅負債所致。

In 2011, the deferred tax liabilities of the year end increased 574.0% from the year beginning, which was mainly due to the deferred tax liabilities recognized from acquisition of a subsidiary in a business combination involving entities not under common control.

### (21) 其他非流動負債

#### Other non-current liabilities

2011年其他非流動負債年末比年初增加84.1%，主要原因是本年度根據部分子公司搬遷項目的進展而確認的與資產相關的政府補助增加所致。

In 2011, the other non-current liabilities of the year end increased 84.1% from the year beginning, which was mainly due to the increase in governmental grants relating to the assets confirmed against the process of the relocation of some subsidiaries in the year.

### (22) 外幣報表折算差額

#### Differences on translation of foreign currency financial statements

2011年外幣報表折算差額年末比年初增加203.4%，主要原因是本年度人民幣對港幣匯率升值比例較大所致。

In 2011, the differences on translation of foreign currency financial statement of the year end increased 203.4% from the year beginning, which was mainly due to the higher percentage of appreciation of the exchange rate of Renminbi to Hong Kong dollars in the year.

### (23) 少數股東權益

#### Minority interests

2011年少數股東權益年末比年初增加42.8%，主要原因是本年度新購買子公司導致少數股東權益增加及少數股東增資所致。

In 2011, the minority interests of the year end increased 42.8% from the year beginning, which was mainly due to the increase of minority interests caused by the new acquisition of the subsidiaries and capital contribution by the minority shareholders in the year.

## 管理層討論與分析 Management Discussion and Analysis

### (III) 現金流量情況分析

#### Analysis of currency flow

單位：人民幣千元

Unit: RMB'000

項目 Item		2011年1-12月 Jan – Dec 2011	2010年1-12月 Jan – Dec 2010	增減額 Increased/ (Decreased) amount	增減幅度(%) Increased/ (Decreased) percent
經營活動產生的 現金淨流量	Net cash flows from operating activities	1,872,309	3,284,028	(1,411,719)	(43.0%)
投資活動產生的 現金淨流量	Net cash flows from investing activities	(3,936,578)	(764,818)	(3,171,760)	(414.7%)
籌資活動產生的 現金淨流量	Net cash flows from financing activities	54,577	(260,540)	315,117	120.9%
現金及現金等價物 淨增加額	Net increased in cash and cash equivalents	(2,012,658)	2,255,231	(4,267,889)	(189.2%)

- (1) 2011年度經營活動產生的現金流量淨額較上年度減少43.0%，主要原因是本年度公司購買商品接受勞務支付的現金增幅大於銷售商品提供勞務收到的現金增幅所致。

In 2011, the net cash flows from operating activities decreased 43.0% from the previous year, which was mainly due to the fact that, in the year, the increase in the cash paid for goods and services was higher than the cash received from sales of goods or rendering of services.

- (2) 2011年度投資活動產生的現金流量淨額較上年度減少414.7%，主要原因：一是本年度部分公司技改擴建項目支出和新建工廠固定資產項目支付的現金增加；二是本年度收購子公司支付的現金增加所致。

In 2011, the net cash flows from investing activities decreased 414.7% from the previous year, which was mainly due to, firstly, the increase in cash paid for the projects of technical improvements and expansion, and fixed assets of newly constructed plants of some subsidiaries in the year; and secondly, the increase in cash paid for acquiring the subsidiaries in the year.

- (3) 2011年度籌資活動產生的現金流量淨額較上年度增加120.9%，主要原因是青啤香港取得銀行借款增加的現金所致。

In 2011, the net cash flows from financing activities increased 120.9% from the previous year, which was mainly due to the increase in cash received from the bank borrowings obtained by Tsingtao HK.

### (IV) 其他經營情況說明

#### Interpretation of other operational situations

##### (1) 債務資本率

##### Debt/Capital Ratio

本集團2011年12月31日的債務資本率為13.9%（2010年12月31日：11.7%）。債務資本的計算方法為：長期借款總額／（長期借款總額+歸屬於母公司股東權益）。

On 31 December 2011, the Group's debt/capital ratio was 13.9% (11.7% on 31 December 2010), the calculation of debt/capital is: total amount of long-term borrowings/(total amount of long-term borrowings + total equity attributable to equity holders of the Company).

##### (2) 資產抵押

##### Assets mortgage

於2011年12月31日，本集團銀行借款均非抵押擔保借款（2010年12月31日：無）

As at 31 December 2011, none of the Group's banking facilities were the mortgaged borrowings (as at 31 December 2010, nil).

## 管理層討論與分析 Management Discussion and Analysis

(3) 匯率波動風險

**Risk of flexible exchange rate**

本集團的匯率波動風險來自於使用外幣(主要源於港幣)進行的籌資活動及商業交易。

The risk of flexible exchange rate of the Group is using the foreign currencies (mainly Hong Kong dollars) in the financing activities and commercial transactions.

(4) 資本性開支

**Capital expenses**

2011年繼續努力提升現有資產的使用效率，依據公司目前的資金狀況及盈利能力，有充足的自有資金及持續的經營現金淨流入滿足公司資本項目的資金需求。

In 2011, the Company will continue to strive to improve the utilizing efficiency of 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 in funds for the capital projects.

(5) 投資

**Investments**

詳情載於隨附財務報表附註。

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

(6) 或有負債

**Contingent liabilities**

詳情載於隨附財務報表附註。

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

## 董事、監事和高級管理人員簡介 Profiles of Directors, Supervisors and Senior Management

### 公司第七屆董事會成員簡介 Directors



金志國先生，現年55歲，中歐國際工商學院EMBA畢業，青島大學理學博士，高級經濟師。曾任青島啤酒西安有限責任公司總經理，青島啤酒北方事業部總經理，本公司總經理助理、總裁、副董事長，現任本公司董事長，青島啤酒集團有限公司董事長、首席執行官。具有豐富的戰略管理、營銷管理和資本運作經驗，2007年CCTV中國十大經濟年度人物，為第十、十一屆全國人大代表。

Mr. JIN Zhi Guo, aged 55, Senior Economist with EMBA at China Europe International Business School and Ph.D at Qingdao University. He served as General Manager of Tsingtao Brewery Xi'an Company Liability Limited, General Manager of Tsingtao Brewery North Office, and Assistant to General Manager, President and Vice Chairman of the Company. Mr. JIN is currently Chairman of the Company, Chairman and CEO of Tsingtao Brewery Group Company Limited. He has rich experience in strategic management, marketing management and capital operations, and was awarded CCTV Top Ten Economic Figures in 2007. Mr. JIN is the national representative of the 10th and 11th National People's Congress.



王帆先生，現年58歲，西安交通大學工學碩士。曾任青島市產品質量監督檢驗所所長，青島市經濟委員會副主任，青島市勞動和社會保障局局長，現任本公司副董事長、黨委書記，青島啤酒集團有限公司副董事長、黨委書記。具有豐富的經濟工作和企業管理經驗，為山東省政協第九屆、第十屆委員。

Mr. WANG Fan, aged 58, Master of Engineering at Xi'an Jiaotong University. He served as Superintendent of Qingdao Product Quality Supervision & Test Institute, Vice Director of Qingdao Economic Commission, Director of Qingdao Labor and Social Security Bureau. Mr. WANG is currently Vice Chairman, and Secretary to China Communist Party of the Company, Vice Chairman, Secretary to China Communist Party of Tsingtao Brewery Group Company Limited. He has substantial experience in economic work and enterprise management. Mr. WANG is the member of the 9th and 10th Shandong Committee of Chinese People's Political Consultative Conference.



孫明波先生，現年55歲，復旦大學—華盛頓大學EMBA，同濟大學管理科學與工程博士，工程系列應用研究員。曾任青島啤酒一廠副廠長、總工程師，本公司總經理助理兼副總工程師、常務副總裁、營銷總裁，現任本公司執行董事、總裁，青島啤酒集團有限公司董事。具有豐富的戰略管理、營銷管理、生產技術管理及並購重組經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。

Mr. SUN Ming Bo, aged 55, EMBA at Fudan University – Washington University, Doctor of Management Science and Engineering at Tongji University, and applied researcher of engineering series. Mr. SUN served as Deputy Factory Manager, and Chief Engineer of Tsingtao Brewery No. 1 Factory, Assistant to the General Manager & Vice Chief Engineer, Executive Vice President of the Company. Mr. SUN is currently Executive Director and President of the Company, and Director of Tsingtao Brewery Group Company Limited with substantial experience in strategic management, production and technical management, and M&A. He is the Top Talent in Professional Technologies in Qingdao and the expert with special allowance from the State Council.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



姜宏女士，現年55歲，南開大學EMBA畢業，高級經濟師。曾任青島啤酒二廠廠長，本公司生產部部長、企業管理部部長、總裁助理兼人力資源管理總部部長，現任本公司執行董事、副總裁。具有豐富的生產管理和人力資源管理經驗，國務院特殊津貼專家，2006年中國傑出人力資源管理者，2007年中國經濟女性成就獎，2010年中國最關注員工發展企業家。

Ms. JIANG Hong, aged 55, EMBA at Nankai University, Senior Economist. She served as Factory Manager of Tsingtao Brewery Factory No. 2, Head of Production Dept., Head of Corporate Management Dept., and Assistant to President & Head of Human Resources Dept. of the Company. Ms. JIANG is currently Executive Director, Vice President of the Company with rich experience in production and HR management. She is the expert with special allowance from the State Council, and was awarded “2006 China Outstanding HR Manager”, “2007 Achievement Award of China Economic Female” and “2010 Chinese Entrepreneur Caring Staff Development”.



孫玉國先生，現年57歲，中國註冊會計師協會和中國註冊評估師協會非執業會員。曾任青島市財政局副處長，青島市國有資產管理局處長，現任本公司執行董事、副總裁。具有豐富的財務管理和資本運作經驗，2004年中國CFO年度人物，2008年全國會計先進工作者。

Mr. SUN Yu Guo, aged 57, the non-profession member of The Chinese Institute of Certified Public Accountant and The Chinese Institute of Certified Public Valuator. He served as Deputy Department Head in Finance Bureau of Qingdao, and Department Head in State-owned Assets Administration of Qingdao. Mr. SUN is currently Executive Director and Vice President of the Company with rich experience in financial management and capital operations. Mr. SUN was awarded China Annual Figure as CFO in 2004, and National Pioneer in Accounting in 2008.



山崎史雄先生，現年61歲，畢業於日本關西學院大學商學部。曾任朝日啤酒大阪支社營銷企劃部部長、廣島支社社長，朝日啤酒執行董事、酒類業務總部銷售部長，現任本公司非執行董事，朝日集團控股株式會社常務執行董事兼中國代表部總代表，朝日啤酒(中國)投資有限公司董事長，深圳青島啤酒朝日有限公司董事，煙臺啤酒青島朝日有限公司董事長職務。

Mr. Fumio YAMAZAKI, aged 61, graduated from business administration at Kwansai Gakuin University. He served as General Manager of Sales Planning Section at Osaka Branch Office, General Manager of Hiroshima Branch Office, Executive Director and General Sales Manager of Liquor Sales & Marketing Headquarters of Asahi Breweries, and is currently Non-executive Director of the Company, Managing Executive Officer and General Representative in China of Asahi Breweries, Ltd., Director of Shenzhen Tsingtao-Asahi Company Limited, and Chairman of Yantai Brewery Tsingtao-Asahi Co. Ltd. Mr. YAMAZAKI has accumulated considerable experiences in market cultivation after being in charge of liquor sales for years.



陳志程先生，現年40歲，曾任廈門市華都百貨有限公司經理，福建新華都百貨有限責任公司總經理，現任本公司非執行董事、福建新華都購物廣場股份有限公司法定代表人及董事長、新華都實業集團股份有限公司副總裁、廈門新華都購物廣場有限公司董事長。

Mr. CHEN Zhi Cheng, aged 40. He was Manager of Xiamen Huadu Department Store Co., Ltd., and General Manager of Fujian New Huadu Department Store Co., Ltd.. He is currently Non-executive Director of the Company, legal representative and Chairman of Fujian New Huadu Shopping Mall Co., Ltd., Vice President of New Huadu Group Co., Ltd. and Chairman of Xiamen New Huadu Shopping Mall Co., Ltd..

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



王學政先生，現年62歲，北京大學法學博士畢業。曾任國家工商行政管理局條法司司長、法制司司長，國家工商行政管理總局法規司司長。現任本公司獨立非執行董事，中國人民大學、首都經濟貿易大學等大學兼職教授，中國國際經濟貿易仲裁委員會仲裁員、福建省政府法律顧問。

Mr. WANG Xue Zheng, aged 62, Doctor of Law Science at Peking University. He served as Director of Regulations and Laws Department, Laws Affairs Department of the State Administration for Industry and Commerce, and Director of Laws and Regulations Department of the State Administration for Industry and Commerce. He is currently Independent Non-executive Director of the Company, part-time Professor of the universities including Renmin University of China, and Capital University of Economics and Business, Arbitrator of China International Economic and Trade Arbitration Commission, and Legal Consultant of Fujian Provincial Government.



趙昌文先生，現年47歲，經濟學博士。曾任四川大學工商管理學院教授，公司金融博士研究生導師，四川大學金融研究所所長，四川大學副校長。現任本公司獨立非執行董事，國務院發展研究中心企業所所長，四川美豐化工股份有限公司獨立董事。

Mr. ZHAO Chang Wen, aged 47, Doctor of Economic Science. He was Professor of Industrial and Commercial Administration School, Tutor of doctoral candidate of corporate finance, Superintendent of Finance Research Centre and Vice President of Sichuan University. He is currently Independent Non-executive Director of the Company, Superintendent of Enterprise Centre of the Development Research Centre of the State Council, and Independent Director of Sichuan Meifeng Chemical Industry Co., Ltd..



吳曉波先生，現年43歲，畢業於復旦大學新聞系，財經作家。現任本公司獨立非執行董事，「藍獅子」財經圖書出版人，上海交通大學、暨南大學EMBA課程教授。2009年被《南方人物週刊》評為年度「中國青年領袖」。

Mr. WU Xiao Bo, aged 43, graduated from Major of News Science at Fudan University. He is currently Independent Non-executive Director of the Company, Publisher of financial and economic books of “Blue Lion” series, and Professor of EMBA course at Shanghai Jiaotong University and Jinan University. He was awarded in 2009 as the year’s “Chinese Youngster Pioneer” by *South China People’s Weekly*.



馬海濤先生，現年45歲，經濟學博士。現任本公司獨立非執行董事，中央財經大學財政學院院長，教授，博士生導師，煙臺新潮實業股份有限公司獨立董事。

Mr. MA Hai Tao, aged 45, Doctor of Economic Science. He is currently Independent Non-executive Director of the Company, President of Finance School, Professor and Tutor of doctoral candidates at Central University of Finance and Independent Director of Yantai Xinchao Industry Co., Ltd.

## 董事、監事和高級管理人員簡介 Profiles of Directors, Supervisors and Senior Management

### 公司第七屆監事會成員簡介 Supervisors



杜常功先生，現年58歲，曾任青島市財政局副局長、總會計師。現任本公司監事會主席，青島市市直企業監事會主席，青島啤酒集團有限公司、青島雙星集團有限公司、青島紡織總公司監事會主席。

Mr. DU Chang Gong, aged 58. He served Deputy Commissioner, Accountant-in-Chief in Qingdao Finance Bureau. He is currently Chairman of board of supervisors of the Company, Chairman of Board of Supervisors in Enterprises Directly under Qingdao Government, Chairman of Board of Supervisors of Tsingtao Brewery Group Company Limited, Qingdao Double Star Group Co., Ltd. and Qingdao Textile Co., Ltd..



本山和夫先生，現年61歲，畢業於東京理科大学工學部。曾任朝日啤酒物流系統部本部長、綜合品質部本部長、戰略企劃部本部長。現任本公司監事，朝日集團控股株式會社代表取締役副社長。

Mr. Kazuo MOTOYAMA, aged 61, graduated from Faculty of Science and Engineering at Tokyo University of Science. He served as Senior General Manager of Logistics Headquarter, Senior General Manager of Total Quality Control Headquarter, Senior General Manager of Corporate Strategy Headquarter. He is currently Supervisor of the Company, Executive Vice President of Asahi Group Holdings Ltd..



楊偉程先生，現年65歲，大專學歷，一級律師。曾任青島市司法局辦公室副主任、副局長。現任本公司監事，山東琴島律師事務所主任，聯化科技股份有限公司、山東登海種業股份有限公司、山東華泰紙業股份有限公司、青島金王應用化學股份有限公司獨立董事。獲國務院「政府特殊津貼」，司法部「全國十佳律師」。

Mr. YANG Wei Cheng, aged 65, graduated from college, lawyer of First Class. He worked as Deputy Director of the Administrative Office, Deputy Commissioner of Qingdao Justice Bureau. He is currently Supervisor of the Company, Director of Shandong Qindao Law Firm, Independent Director of Lianhe Chemical Technology Co., Ltd., Shandong Denghai Seeds Co., Ltd., Shandong Huatai Paper Industry Co., Ltd., and Qingdao Kingking Applied Chemistry Co., Ltd.. He is the expert with special allowance from the State Council, and was awarded “National Top 10 Best Lawyers” by the Ministry of Justice.



李燕女士，現年54歲，畢業於中央財政金融學院。現任本公司監事，中央財經大學財政學院副院長、教授，中國註冊會計師協會非執業會員，中國財政學會理事，中國法學會財稅法學研究會理事，北京華力創通科技股份有限公司獨立董事。

Ms. LI Yan, aged 54, graduated from Central University of Finance and Economics. She is currently Supervisor of the Company, Vice President and Professor in the Finance School at Central University of Finance and Economics, Non-profession Member of the Chinese Institute of Certified Public Accountants Commission, Member of China Finance Commission, member of China Finance and Taxation Law Society, and Independent Director of Hwa Create Co., Ltd. in Beijing.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



薛超山先生，現年53歲，廈門大學EMBA課程班畢業。曾任青島啤酒銷售分公司副總經理，青島啤酒(三水)有限公司、青島啤酒(福州)有限公司、青島啤酒(漳州)有限公司總經理，青島啤酒東南營銷有限公司總經理、董事長，青島啤酒二廠廠長。現任本公司職工監事，製造總裁助理兼青島啤酒廠廠長。具有豐富的市場營銷和企業管理經驗。

Mr. XUE Chao Shan, aged 53, graduated from EMBA class at Xiamen University. He served as Deputy Manager of Tsingtao Brewery Sales Company, General Manager of Tsingtao Brewery (Sanshui) Company Limited, Tsingtao Brewery (Fuzhou) Company Limited, Tsingtao Brewery (Zhangzhou) Company Limited, General Manager and Chairman of Tsingtao Brewery South-East Sales Company Limited, and Factory Manager of Tsingtao Brewery No. 2 Factory. He is currently Supervisor as Staff Representative of the Company and Factory Manager of Tsingtao Brewery Factory with rich experience in marketing and corporate management.



孫麗紅女士，現年36歲，青島大學經濟法系國際經濟法專業畢業，本科學歷。曾任本公司董事會秘書室副主任、法律事務部副部長。現任本公司職工監事、法律事務總部位部長。具有豐富的法律工作經驗。

Ms. SUN Li Hong, aged 36, graduated from Major of International Economic Law, Department of Economic Law, Qingdao University. She served as Deputy Head of Secretarial Office of Board of Directors, Deputy Head of Department of Law Affairs of Tsingtao Brewery Company Limited, and is currently the Company's Supervisor as Staff Representative and Head of Department of Law Affairs with sufficient experience in law affairs.



邢軍先生，現年38歲，上海財經大學會計學本科學歷，會計師。曾任本公司財務總部會計核算處處長。現任本公司職工監事、財務管理總部副部長。具有豐富的財務管理經驗。

Mr. XING Jun, aged 38, graduated from Major of Accounting Science at Shanghai University of Finance and Economics. He served as the Company's Section Head of Accounting & Auditing, and is currently the Company's Supervisor as Staff Representative and Deputy Head of Finance Department with rich experience in financial management.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management

#### 公司高級管理人員簡介 Senior Management



樊偉先生，現年52歲，江南大學碩士研究生畢業，工程系列應用研究員。曾任青島啤酒二廠副廠長、總工程師，本公司總釀酒師。現任本公司副總裁兼製造總裁。具有豐富的生產、科研及技術管理經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。

Mr. FAN Wei, aged 52, postgraduate at Southern Yangtze University, Applied Researcher of engineering series. He served as Deputy Factory Manager, Chief Engineer of Tsingtao Brewery No. 2 Factory and Chief Brewer of the Company. Mr. FAN is currently Vice President of the Company & President of Manufacturing with rich experience in production, scientific research and technical management. He is the Top Talent in Professional Technologies in Qingdao and expert with special allowance from the State Council.



劉英弟先生，現年55歲，高級工程師。曾任青島啤酒廠副廠長，本公司副總經理，青島啤酒集團有限公司副總裁。現任本公司副總裁。具有豐富的生產技術管理、信息化管理和工程項目管理經驗，2003年青島市專業技術拔尖人才，2006年國家信息化測評中心優秀CIO，為青島市第十四屆人大代表、山東省第十屆政協委員。

Mr. LIU Ying Di, aged 55, Senior Engineer. He served as Deputy Factory Manager of Tsingtao Brewery Factory, Deputy General Manager of the Company and Vice President of Tsingtao Brewery Group Company Limited. Mr. LIU is currently Executive Director of the Company with substantial experience in management of production technology, information management and engineering projects. He was awarded Top Talent of Professional Technologies in Qingdao in 2003, and 'Best CIO' by the National Information Evaluation Center in 2006. Mr. LIU is the representative of the 14th People's Congress in Qingdao and the member of the 10th Shandong Committee of Chinese People's Political Consultative Conference.



黃克興先生，現年49歲，北京大學光華管理學院EMBA畢業，高級工程師。曾任青島啤酒工程有限公司總經理、公司總裁助理兼戰略投資管理總部部長。2011年12月15日離任本公司副總裁。現任青島啤酒集團有限公司副總裁。具有豐富的啤酒行業戰略管理、投資管理及並購管理經驗。

Mr. HUANG Ke Xing, aged 49, EMBA at Guanghua School of Management of Peking University, Senior Engineer. He served as General Manager of Tsingtao Brewery Engineering Company Limited, and Assistant to President & Head of Strategic Investment Management Dept. of the Company. On 15 December 2011, he left the position as Vice President of the Company, and is currently Vice President of Tsingtao Brewery Group Company Limited with substantial experience in strategic, investing and M&A management in the beer industry.



王瑞永先生，現年46歲，北京大學工商管理碩士研究生學歷，高級工程師。曾任青島嶗山啤酒廠副廠長，青島啤酒(徐州)彭城有限公司副總經理，北京五星青島啤酒有限公司總經理，上海青島啤酒華東營銷有限公司總經理，公司營銷中心山東省區總經理，營銷中心常務副總裁。現任本公司副總裁兼營銷總裁。具有豐富的市場營銷及企業管理經驗。

Mr. WANG Rui Yong, aged 46, MBA at Peking University, senior engineer. He served as Factory Manager of Qingdao Laoshan Brewery Factory, Deputy General Manager of Tsingtao Brewery (Xuzhou) Pengcheng Company Limited, General Manager of Beijing Five-star Tsingtao Brewery Company Limited, General Manager of Shanghai Tsingtao Brewery East-China Sales Company Limited, General Manager of Shandong Area and Executive Vice President of the Marketing Center of the Company. He is currently the Company's Vice President & President of Marketing with rich experience in marketing and corporate management.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



董建軍先生，現年51歲，天津科技大學發酵工程專業博士，工程系列應用研究員。曾任青島啤酒二廠總工程師，本公司品管部部長。現任本公司總釀酒師。具有豐富的技術創新及質量管理經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。

Mr. DONG Jian Jun, aged 51, Doctor of Ferment Engineering at Tianjin University of Science & Technology, Applicable Researcher in the Engineering Series. He served as Chief Engineer of Tsingtao Brewery No. 2 Factory, and Head of Quality Management Dept. of the Company. He is currently Chief Brewer of the Company with rich experience in technical innovation and quality management. He is Top Talent in Professional Technologies in Qingdao and expert with special allowance from the State Council.



于竹明先生，現年50歲，東北財經大學EMBA畢業，碩士研究生學位，高級會計師。曾任青島啤酒四廠財務科科長，本公司財務管理總部部長、總裁助理。現任本公司總會計師。具有豐富的財務管理和資本運作經驗，2008年山東省會計先進工作者。

Mr. YU Zhu Ming, aged 50, EMBA at Dongbei University of Finance & Economics, Senior Accountant. He served as Section Head of Finance Section of Tsingtao Brewery No. 4 Factory, Head of Finance Dept., and Assistant to the President of the Company. He is currently Chief Accountant of the Company with rich experience in finance management and capital operations. He was awarded the Outstanding Accountant in Shandong Province in 2008.



張安文先生，現年54歲，西安交通大學工商管理學院EMBA畢業。曾任青島啤酒西安有限責任公司副總經理、總經理。現任本公司副總裁。具有豐富的企業生產和管理經驗。

Mr. ZHANG An Wen, aged 54, EMBA at Business Management College of Xi'an Jiaotong University. He served as Deputy Manager, General Manager of Tsingtao Brewery Xi'an Company Liability Limited. He is currently Vice President of the Company with rich experience in production and management.



于嘉平先生，現年49歲，中歐國際工商學院工商管理碩士研究生。曾任青島啤酒二廠廠長，青島啤酒廠廠長，本公司總裁助理兼青島事業總部部長。現任本公司製造副總裁。具有豐富的生產運營管理及商務管理經驗。

Mr. YU Jia Ping, aged 49, EMBA at China Europe International Business School. He served as Factory Manager of Tsingtao Brewery No. 2 Factory, Factory Manager of Tsingtao Brewery Factory, and Assistant to President & Head of Qingdao Office of the Company. He is currently Vice President of Production of the Company with rich experience in production and operations management, and business management.

## 董事、監事和高級管理人員簡介

### Profiles of Directors, Supervisors and Senior Management



楊華江先生，現年49歲，西安交通大學管理學博士，高級經濟師。曾任本公司企管部部長、市場部部長、總裁助理兼營銷管理總部部長。現任本公司營銷副總裁。具有豐富的市場營銷及企業管理經驗。

Mr. YANG Hua Jiang, aged 49, Senior Economist with Doctor's Degree of Management Science at Xi'an Jiaotong University. He served as Head of Corporate Management Dept., Head of Marketing Dept., and Assistant to President & Head of Marketing Management Dept. of the Company. He is currently Vice President of Marketing with rich experience in marketing and business management.



蔡志偉先生，現年45歲，廈門大學工商管理碩士研究生學歷，高級工程師。曾任青島啤酒二廠副廠長，青島啤酒(廈門)有限公司總經理，廈門青島啤酒東南營銷有限公司總經理，本公司營銷中心總裁助理。現任本公司營銷副總裁。具有豐富的市場營銷及企業管理經驗。

Mr. CAI Zhi Wei, aged 45, MBA at Xiamen University. He served as Deputy Factory Manager of Tsingtao Brewery No. 2 Factory, General Manager of Tsingtao Brewery (Xiamen) Company Limited, General Manager of Xiamen Tsingtao Brewery South-East Sales Company Limited, Assistant to President of Marketing Center of the Company. He is currently Vice President of Marketing of the Company with rich experience in marketing and corporate management.



張學舉先生，現年57歲，曾任本公司財務部部長、銷售公司總經理，本公司副總裁。現任本公司董事會秘書。具有豐富的營銷管理和財務管理經驗。

Mr. ZHANG Xue Ju, aged 57. He served as Head of Finance Dept., General Manager of sales company and Vice President of the Company. He is currently Board Secretary of the Company with rich experience in sales and financial management.



張瑞祥先生，現年47歲，1986年畢業於山東師範大學，本科學歷，經濟師。曾任本公司董事會秘書室主任助理、副主任、主任兼證券事務代表。現任本公司董事會秘書兼股權管理總部部長。具有豐富的上市公司運作及資本市場融資經驗。

Mr. ZHANG Rui Xiang, aged 47, Economist, graduated from Shandong Normal University in 1986. He served as Assistant to Director, Deputy Director, Director of Secretaries' Office to the Board of Directors & Representative to the Securities Affairs of the Company. He is currently the Company's Board Secretary & Head of Equity Management Department of the Company with substantial experience in the operations of listed company, financing in capital market.

## 重要事項 Significant Events

### 一. 報告期內發生的關連交易事項

按照上市規則第14A章的披露規定，在財務報表附註七所披露的若干關聯方交易根據上市規則亦構成關連交易。該等關連人士(按上市規則定義)與本集團於本部分所載的交易已於報告期內發生，而本公司已根據上市規則的規定作出相關公佈，如需要。

#### 1. 與日常經營相關的關連交易

- (1) 本公司於2009年4月22日與煙臺啤酒青島朝日有限公司(「煙臺啤酒」)簽署《產品經銷合同》，煙臺啤酒同意授予本公司銷售所有煙臺啤酒產品的獨家經銷權，合同期限自2009年4月22日起至2011年12月31日止。由於煙臺啤酒(本公司擁有其股權的39%)乃朝日啤酒株式會社(「朝日啤酒」)的間接附屬公司，朝日啤酒亦是本公司另一附屬公司的主要股東，因此，煙臺啤酒為本公司的關聯人士的聯繫人。根據《產品經銷合同》所發生的交易構成需提請本公司獨立股東投票表決的持續性關連交易。本公司於2009年6月16日召開的2008年度股東年會已審議通過了該持續關連交易議案，有關該關連交易事項的詳情請見公司於2009年4月30日向H股股東寄發的通函和在上海證券交易所網站刊發的H股公告以及6月17日在中港兩地發佈的股東年會決議公告。本公司向煙臺啤酒採購啤酒產品於2011年度的上限金額為人民幣529,730,000元，實際採購金額為人民幣528,352,495元，未超逾年度上限。



### I. Connected Transactions Occurred during the Reporting Period

In accordance with the disclosure requirements in the Chapter 14A of the Listing Rules, certain related party transactions disclosed in Note 7 to the Financial Statements also constituted connected transactions. Such transactions between the connected person (as defined in the *Listing Rules*) and the Group are as set out in this section which had occurred during the reporting period and the Company had made relevant announcements, if necessary, in accordance with the requirements of the *Listing Rules*.

#### 1. The connected transactions relating to daily operations

- (1) The Company entered into a *Product Distribution Agreement* with Yantai Beer Tsingtao-Asahi Company Limited (“Yantai Beer”) on 22 April 2009, whereby Yantai Beer agreed to grant the Company the sole distribution rights for the distribution of all products of Yantai Beer for the period from 22 April 2009 to 31 December 2011. As Yantai Beer (to which the Company is interested in 39% of its equity interest), is an indirect subsidiary of Asahi Breweries, Ltd (“Asahi Breweries”), and Asahi Breweries is a substantial shareholder of another subsidiary of the Company, Yantai Beer is therefore an associate of a connected person of the Company. The transactions contemplated under the *Product Distribution Agreement* constituted continuing connected transactions subject to the votes for approval by the independent shareholders of the Company. The said resolution for the continuing connected transaction had been considered and approved at the 2008 annual general meeting held by the Company on 16 June 2009. For details of this continuing connected transaction, please refer to the circular sent by mail to the holders of H-share on 30 April 2009, the H-share announcement published on the website of Shanghai Stock Exchange and the announcement for the resolutions passed at the annual general meeting published on 17 June 2009 in China and Hong Kong. The cap amount of the Company’s purchasing beer products from Yantai Beer for the year 2011 was RMB529,730,000, of which the actual purchasing amount was RMB528,352,495, not exceeding the annual cap amount.

## 重要事項 Significant Events

- (2) 經本公司董事會審議批准，2011年1月31日，本公司控股子公司 — 深圳青島啤酒朝日有限公司（「青啤深圳公司」）與朝日啤酒株式會社（「朝日啤酒」）及其全資擁有的朝日啤酒（中國）投資有限公司（「朝日中國投資」）簽訂兩份新的《產品經銷合同》，朝日啤酒及該附屬公司同意向青啤深圳公司繼續購買「朝日」品牌啤酒產品，合同期限為2011年1月1日至2011年12月31日。鑒於朝日啤酒持有青啤深圳公司29%的權益，並持有佔本公司全部已發行股本總數約19.99%的股份，因此，朝日啤酒及其附屬公司朝日中國投資為本公司關連人士。朝日啤酒及該附屬公司於2011年度向青啤深圳公司支付的總採購金額不超過約人民幣7,567萬元，實際採購金額為66,120,473元，未超逾年度上限。但朝日中國投資與青啤深圳公司於2011年度的實際交易金額為人民幣14,459,701元，較董事會批准之年度上限人民幣13,634,419元超逾人民幣825,282元，有關該關連交易事項的詳情請見本公司於2011年1月31日以及2012年3月13日在香港及上海交易所網站發佈的公告。
- (2) As considered and approved by the Board, on 31 January 2011, Shenzhen Tsingtao-Asahi Company Limited (“Tsingtao SZ Company”), a controlling subsidiary of the Company, entered into two new *Product Distribution Agreements* respectively with Asahi Breweries, Ltd. (“Asahi Breweries”) and its wholly-owned subsidiary Asahi Beer (China) Investing Co., Ltd. (“Asahi (China) Investing”), whereby Asahi Breweries and such subsidiary agreed to continue to purchase “Asahi” brand beer products from Tsingtao SZ Company for the period from 1 January 2011 to 31 December 2011. As Asahi Breweries holds a 29% interest in Tsingtao SZ Company and is interested in approximately 19.99% in the entire issued share capital of the Company, Asahi Breweries and its subsidiary, Asahi Beer (China) Investing are connected persons of the Company. The total purchasing amount that Asahi Breweries and such subsidiary to pay to Tsingtao SZ Company for the year 2011 shall not exceed approximately RMB75.67 million, of which the actual purchasing amount was RMB66,120,473, not exceeding the annual cap amount. However, the actual amount in 2011 for the transactions between Asahi (China) Investing and Tsingtao SZ Company was RMB14,459,701, exceeding RMB825,282 than RMB13,634,419, the annual cap amount approved by the Board. For details of such connected transaction, please refer to the announcements published by the Company on 31 January 2011 and 13 March 2012 on the websites of the exchange stock in Hong Kong and Shanghai.
- (3) 經本公司董事會審議批准，2011年4月7日，本公司與朝日啤酒附屬公司 — 北京啤酒朝日有限公司（「朝日」）簽訂一份《產品經銷合同》的補充協議，本公司同意向北京朝日繼續購買「青島」品牌啤酒產品，合同期限為2011年1月1日至2011年12月31日。由於朝日啤酒持有北京朝日72.82%的權益，同時還持有本公司已發行股本總數約19.99%的股份，北京朝日為本公司關連人士。於2011年度向北京朝日支付的總採購金額不超過約人民幣5,917萬元，實際採購金額約人民幣40,663,031元，未超逾年度上限。有關該關連交易事項的詳情請見本公司於2011年4月7日在香港及上海交易所網站發佈的公告。
- (3) As considered and approved by the Board, on 7 April 2011, the Company and Beijing Beer Asahi Co., Ltd. (“Beijing Asahi”), a subsidiary of Asahi Breweries entered into a supplementary agreement of the *Product Distribution Agreement*, whereby the Company agreed to continue to purchase “Tsingtao” brand beer products from Beijing Asahi for the period from 1 January 2011 to 31 December 2011. As Asahi Breweries holds a 72.82% interest in Beijing Asahi and has an equity of approximately 19.99% in the entire issued share capital of the Company, Beijing Asahi is a connected person of the Company. The total purchasing amount that to be paid to Beijing Asahi for the year 2011 shall not exceed RMB59.17 million, of which the actual purchasing amount was approximately RMB40,663,031, not exceeding the annual cap amount. For details of such connected transaction please refer to the announcement published by the Company on 7 April 2011 on the websites of the stock exchange in Hong Kong and Shanghai.

## 重要事項 Significant Events

股東亦請注意本公司於2009年5月18日有關深圳朝日與本集團若干成員之持續關連交易之公告。朝日啤酒乃深圳朝日之主要股東，並於2009年5月6日完成收購本公司約19.99%之全部已發行股本後成為本公司之主要股東。根據上市規則第14A.11(5)條，深圳朝日成為本公司的關連人士，深圳朝日與本集團成員之交易亦構成本公司的關連交易。有關該持續關連交易事項的其他詳情見本公司於2009年5月18日在本公司上市地交易所網站發佈的公告。

報告期內，上述持續關連交易遵照上述合同的約定執行。本公司獨立非執行董事已審核本集團上述所進行的各項持續關連交易，並確認該等交易：

- (1) 乃由本集團在日常及正常業務過程中訂立；
- (2) 乃按正常商業條款進行，或不優於本公司給予獨立第三方或不遜於來自獨立第三方之條款訂立；
- (3) 交易條款公平合理並符合本公司股東的整體利益；

本公司審計師受聘根據香港會計師公會發佈的香港鑒證準則3000「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明740「香港上市規則規定的持續關連交易的核數師函件」，對本集團持續關連交易作出報告。根據香港聯合交易所證券上市規則第14A.38條，審計師已就本年報第65-66頁所載本集團披露的持續關連交易發出函件，並載有其發現和結論。本公司已將審計師函件副本向香港聯交所提供。

Shareholders' attention is also drawn to the announcement of the Company dated 18 May 2009, regarding certain continuing connected transactions between Shenzhen Asahi and various members of the Group. Asahi Breweries is a substantial shareholder of Shenzhen Asahi and has become a substantial shareholder of the Company after the completion of the acquisition of approximately 19.99% of the entire issued share capital of the Company on 6 May 2009. Pursuant to Rule 14A.11(5) of the Listing Rules, Shenzhen Asahi has become a connected person of the Company and transaction between Shenzhen Asahi and certain member of the Group have become continuing connected transactions of the Company. For other details of these continuing connected transactions, please refer to the announcement of the Company published on 18 May 2009 on the websites of the stock exchange on which the shares of the Company are listed.

During the reporting period, the aforesaid continuing connected transactions were carried out pursuant to the terms of the above contracts or agreements. The independent non-executive directors of the Company had audited the aforesaid continuing connected transactions of the Group and confirmed such transactions were:

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms, or entered into in terms not better than those the Company providing to the independent third party or not worse than those from the independent third party;
- (3) on the terms of the agreements of the subject transactions, which the terms of the transactions were fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group from page 65 to page 66 of the Annual Report in accordance with Rule 14A.38 of the Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

## 重要事項 Significant Events

該等交易在公司日常業務過程中進行，在本公司業務運營中有必要性和持續性。該等關連交易不會影響公司獨立性。

Such transactions are in the ordinary and usual course of business of the Company, and are necessary and continuous in the business operations of the Company. Such connected transactions will not affect the independence of the Company.

### 二. 報告期內公司收購股權或資產事項

1. 經公司董事會審議批准，於2010年12月7日，本公司及青島啤酒香港貿易有限公司（「青啤香港」）與新銀麥啤酒（香港）有限公司及華祺有限公司（合稱「出讓方」）簽訂股權轉讓合同，本公司與青啤香港分別受讓出讓方持有的新銀麥啤酒75%和25%的股權。有關該收購事項的詳情請見本公司於2010年12月7日在本公司上市地交易所網站發佈的公告。上述受讓新銀麥啤酒股權之工商變更手續已於2011年3月31日完成，新銀麥啤酒成為本集團的全資子公司。
2. 經公司董事會審議批准，2011年3月26日，公司以人民幣6,600萬元的對價受讓杭州紫金灘酒業有限公司（「目標公司」）80%股權，並投資人民幣12,000萬元對目標公司進行增資，並實施技改擴建，使其達至年產20萬千升啤酒產能。公司董事會認為收購目標公司股權項目有利於公司完善華東市場的戰略佈局，提高公司在浙江市場的競爭力。於2011年4月2日，上述受讓目標公司股權之工商變更手續已辦理完畢，目標公司已變更名稱為青島啤酒（杭州）有限公司，成為本集團的控股子公司。

### II. Equity interests or assets acquisition by the Company during the reporting period

1. As considered and approved by the Board, on 7 December 2010, the Company and Tsingtao Brewery (Hong Kong) Trading Company Limited (“Tsingtao Brewery HK”) entered into an equity transfer agreement with Xin Immense Brewery (Hong Kong) Limited and China Skill Limited (collectively, the “Vendors”), whereby the Company and Tsingtao Brewery HK agreed to respectively acquire 75% and 25% equity interests held by the Vendors in Xin Immense Brewery. For details of the acquisition, please refer to the announcement published on 7 December 2010 on the websites of the stock exchanges on which the Company is listed. The change of registration at the industrial and commercial administration for the aforesaid acquired equity interests in Xin Immense Brewery had been completed on 31 March 2011, Xin Immense Brewery thus became a wholly-owned subsidiary of the Company.
2. As considered and approved by the Board, on 26 March 2011, the Company acquired 80% equity interests in Hangzhou Zijintan Wine Co., Ltd. (the “Target Company”) for a consideration of RMB66 million, and invested RMB120 million to increase the Target Company’s capital, and for the technical reconstruction and expansion for an annual output of 2 million hl. The Board is of the view that, the acquisition of the Target Company’s equity interests is beneficial for the Company to improve its strategic layout in the Eastern-China market, helps to improve the Company’s competitiveness in the market in Zhejiang Province. As at 2 April 2011, the change of registration at the industrial and commercial administration for the aforesaid acquisition of the Target Company’s equity interests had been completed, the Target Company thus became a wholly-controlled subsidiary of the Company and was renamed as Tsingtao Brewery (Hangzhou) Company Limited.



## 重要事項 Significant Events

3. 經公司董事會審議批准，本公司於2011年11月28日通過競拍取得韶關活力啤酒廠有限公司、韶關活力啤酒經營有限公司、廣東活力股份有限公司共同擁有的位於韶關市韶南大道四公里廠區內的啤酒生產機器設備、電子設備、車輛、房屋建築物、構築物、土地使用權及商標權等資產。2011年12月5日，本公司單獨投資人民幣20,000萬元成立青島啤酒(韶關)有限公司，由青島啤酒(韶關)有限公司出資人民幣19,000萬元實際受讓取得上述資產，截止報告期末，該交易已經完成。

3. As considered and approved by the Board, on 28 November 2011, the Company acquired through bidding the assets including brewing machines and equipment, electronic devices, vehicles, buildings, structures and land use right combining possessed by Shaoguan Huoli Brewery Factory Co., Ltd., Shaoguan Huoli Beer Managing Co., Ltd., and Guangdong Huoli Co., Ltd. in the factory yard at 4km of Shaonan Highway, Shaoguan, Guangdong Province. On 5 December 2011, the Company established Tsingtao Brewery (Shaoguan) Company Limited with sole investment of RMB200 million, and Tsingtao Brewery (Shaoguan) Company Limited acquired the aforesaid assets by paying RMB190 million. As at the end of the reporting period, the transaction had been completed.

## 三. 公司新建啤酒工廠情況

1. 2011年6月16日召開的公司第七屆董事會第一次會議審議批准了公司在廣東揭陽揭東經濟開發區新建啤酒廠項目的可行性報告，該項目計劃固定資產建設投資約為人民幣40,146萬元。於2011年7月8日，青島啤酒(揭陽)有限公司(「揭陽公司」)由本公司單獨投資人民幣15,000萬元正式設立。目前建廠項目進入設備安裝調試階段，預計於2012年7月投產。
2. 2011年11月24日召開的公司第七屆董事會臨時會議(通訊表決)審議批准了公司在海南新建年產啤酒20萬千升啤酒廠項目的可行性報告，該項目計劃固定資產建設投資約為人民幣32,980萬元。本公司於2012年1月6日出資人民幣2億元，設立青島啤酒(海南)有限公司，本公司持有青島啤酒(海南)有限公司100%股權。

## III. The Company's new constructions of brewing plant

1. On 16 June 2011, the Company held the first meeting of the 7th Board to discuss and approve, among others, the feasibility report of new construction project in Jiedong Economic Developing Zone, Jieyang, Guangdong Province, with an investment of estimated RMB401.46 million for the construction of fixed assets. On 8 July 2011, Tsingtao Brewery (Jieyang) Company Limited ("Jieyang Company") was formally established with the Company's sole investment of RMB150 million. At present, the construction of the plant is in the phase of equipment installing and adjusting, and is expected to be put into production in July 2012.
2. On 24 November 2011, the Company held an extraordinary meeting (voting through communications) of the 7th Board to discuss and approve, among others, the feasibility report of new construction project of brewing plant with annual output of 2 million hl in Hainan Province, with an investment of estimated RMB329.80 million for the construction of fixed assets. On 6 January 2012, the Company established Tsingtao Brewery (Hainan) Company Limited with an investment of RMB200 million for holding 100% equity interests in Tsingtao Brewery (Hainan) Company Limited.



## 重要事項 Significant Events

### 四. 關於公司獲准設立企業集團財務公司情況

為發揮資金的集中管理優勢，提升公司的財務管理水平和資本運營能力，經公司董事會審議批准，由公司單獨出資設立財務公司，註冊資本為人民幣3億元，報告期內公司已完成財務公司的籌建和開辦工作。於2011年5月26日收到中國銀行業監督管理委員會（「中國銀監會」）下發的《中國銀監會關於青島啤酒財務有限責任公司開業的批復》（銀監復[2011]155號），於2011年5月31日領取青島市工商局頒發財務公司的企業法人營業執照，並領取經中國銀監會核發的非銀行金融機構《金融許可證》，財務公司獲准開業。

### 五. 報告期內公司向子公司提供擔保及委託貸款事項

1. 經公司董事會審議批准，本公司同意為全資子公司青島啤酒進出口有限責任公司（「進出口公司」）開具信用證業務提供保證，並與中國工商銀行青島市南二支行簽訂《最高額保證合同》，合同期限自2011年3月25日至2011年12月31日，擔保金額為2,000萬元人民幣，報告期內進出口公司實際開具信用證98.6萬歐元，截止2011年12月31日已結清，公司的擔保責任解除。



### IV. Information on the approval for the Company to establish a group finance company

To fully utilize the Company's advantages at the centralized management of the funds, and to improve the Company's finance management and capital operations, as considered and approved by the Board, the Company established the Finance Company with sole investment of registered capital of RMB300 million. During the reporting period, the Company had completed the preparation and opening work of the Finance Company. The Finance Company had been permitted to open after receiving on 26 May 2011 from China Banking Regulatory Commission ("CBRC") the *Reply by CBRC on the Opening of Tsingtao Brewery Finance Company Liability Limited* (No. YJF[2011]155), receiving the license of business corporation on 31 May 2011 issued by the State Administration for Industry and Commerce of Qingdao, and receiving the *Financial License* for the non-banking financial institutes issued by CBRC.

### V. Guarantees and entrusted loans provided by the Company to the subsidiaries during the reporting period

1. As discussed and approved by the Board, the Company agreed to provide guarantee to Tsingtao Brewery Import and Export Company Limited ("I/E Company"), a wholly-owned subsidiary of the Company, for its business of opening letter of credit and entered into *Cap Amount Guarantee Contract* with Sub-branch No. 2 of Shinan District, Qingdao Branch, Industrial and Commercial Bank of China for the period from 25 March 2011 to 31 December 2011 for a guarantee amount of RMB20 million. During the reporting period, the I/E Company actually opened EUR0.986 million of letter of credit which had been settled as at 31 December 2011, therefore, the Company had been relieved of guaranteeing responsibility.

## 重要事項 Significant Events

2. 根據公司2011年第一次臨時股東大會審議通過關於公司為青啤香港融資業務提供擔保的決議，報告期內公司與國家開發銀行股份有限公司簽訂《國家開發銀行股份有限公司外匯保函反擔保合同》，公司為國家開發銀行股份有限公司向青啤香港開立港幣55,000萬元的保函提供反擔保(即公司為香港公司向國家開發銀行香港分行申請的貸款港幣55,000萬元提供擔保)，期限自2011年5月25日至2014年6月24日。
3. 經公司董事會審議批准，公司同意為青啤香港向中國交通銀行青島市北第一支行借款港幣5,500萬元提供擔保，期限自2009年7月20日至2011年7月19日。報告期內青啤香港償還借款港幣1,617萬元，鑒於該借款已全部償還，公司的擔保責任解除。
4. 報告期內，本公司沒有發生委託理財事項。為保障子公司的生產經營，經本公司董事會批准，本公司為下屬控股子公司合計發放的委託貸款總金額約為人民幣98,188萬元。
2. In accordance with the resolution of the Company's provision of guarantee for the financing business of Tsingtao Brewery HK as considered and approved at the Company's first extraordinary general meeting held in 2011, during the reporting period, the Company and China Development Bank Co., Ltd. entered into *Contract of Counter-guarantee of Foreign Exchanges L/G of China Development Bank Co., Ltd.*, whereby the Company agreed to provide counter-guarantee for the HKD550 million of L/G (letter of guarantee) issued by China Development Bank Co., Ltd. to Tsingtao Brewery HK (that is, the Company agreed to provide guarantee for the HKD550 million of loan applied by Tsingtao Brewery HK to Hong Kong Branch, China Development Bank) for the period from 25 May 2011 to 24 June 2014.
3. As considered and approved by the Board, the Company agreed to provide guarantee for the borrowing of HKD55 million borrowed by Tsingtao Brewery HK from Sub-branch No. 1 of Shibe District, Qingdao Branch, China Communications Bank for the period from 20 July 2009 to 19 July 2011. During the reporting period, Tsingtao Brewery HK repaid HKD16.17 million of the borrowing. As the borrowing had been totally paid off, the Company had been relieved of guaranteeing responsibilities.
4. During the reporting period, no event relating to the trusted wealth management had occurred. To secure the production and operation of its subsidiaries, upon the approval by the Board, approximately RMB981.88 million in aggregate of entrusted loans was provided by the Company to its controlling subsidiaries.

## 六. 報告期內其他事項

1. 報告期內，本公司並無涉及新發生的任何重大訴訟、仲裁事項。
2. 根據本公司與青啤集團簽訂的《委託經營管理協議》及其補充協議，報告期內本公司繼續對青啤集團在青島啤酒(揚州)有限公司(「揚州公司」)中持有的80%股權進行受託管理，並將揚州公司納入財務報表合併範圍。除此之外本公司並無其它託管事項。
1. During the reporting period, the Company did not involve in any significant litigations or arbitration affairs newly arisen.
2. Under the *Entrusted Operation and Management Agreement* and its supplementary agreement entered into between the Company and Tsingtao Group, during the reporting period, the Company continued to manage the 80% equity interests held by Tsingtao Group in Tsingtao Brewery (Yangzhou) Company Limited ("Yangzhou Company") as its custodian and included Yangzhou Company into the consolidated scope of financial statements. Save as the above, there are no other custodian affairs relating to the Company.

## Auditor's Report



普华永道

### TO THE SHAREHOLDERS OF TSINGTAO BREWERY COMPANY LIMITED

We have audited the accompanying financial statements of Tsingtao Brewery Company Limited (hereinafter the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated and company income statements, the consolidated and company statements of changes in shareholders' equity and the consolidated and company cash flow statements for the year then ended and the notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as of 31 December 2011, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

#### PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Shanghai, the People's Republic of China  
29 March 2012

普華永道中天會計師事務所有限公司

PricewaterhouseCoopers Zhong Tian CPAs Limited Company, 11/F PricewaterhouseCoopers Center  
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## Consolidated and Company Balance Sheets

As at 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 5 (unless otherwise stated)	As at 31 December			
		2011 Consolidated	2010 Consolidated	2011 Company	2010 Company
<b>Current assets</b>					
Cash at bank and on hand	(1)	6,107,611,258	7,597,958,091	2,634,082,939	4,772,872,985
Notes receivable	(2)	98,350,000	12,605,000	71,520,000	2,005,000
Accounts receivable	(3), 15(1)	88,097,460	89,810,071	195,603,812	169,209,978
Advances to suppliers	(5)	273,208,801	49,775,991	115,338,796	65,500,190
Interest receivable		13,346,298	—	20,629,915	20,214,662
Other receivables	(4), 15(2)	114,425,093	188,917,414	205,733,327	236,941,202
Inventories	(6)	2,717,721,790	1,942,413,649	666,203,531	305,481,888
Other current assets	(7)	170,592,062	13,157,293	—	—
<b>Total current assets</b>		<b>9,583,352,762</b>	<b>9,894,637,509</b>	<b>3,909,112,320</b>	<b>5,572,225,905</b>
<b>Non-current assets</b>					
Long-term receivables	(8), 15(3)	—	2,000,000	782,585,325	703,130,064
Long-term equity investments	(9), 15(4)	151,965,192	153,017,377	7,055,507,829	4,448,935,964
Investment properties	15(5)	—	—	20,271,596	19,131,371
Fixed assets	(11), 15(6)	7,204,985,036	5,511,053,295	865,203,049	843,186,767
Construction in progress	(12), 15(7)	624,331,319	282,565,821	249,953,621	12,816,320
Fixed assets pending for disposal	(13)	3,426,554	3,148,488	3,374,490	1,921,306
Intangible assets	(14), 15(8)	2,378,806,001	1,318,785,832	406,034,650	311,503,442
Goodwill	(15)	1,081,684,918	122,816,301	—	—
Long-term prepaid expenses	(16)	7,582,630	7,906,289	1,451,505	2,120,820
Deferred tax assets	(17)	392,464,144	332,191,308	218,315,282	166,324,833
Other non-current assets	(19)	205,555,005	148,993,638	21,227,106	18,579,426
<b>Total non-current assets</b>		<b>12,050,800,799</b>	<b>7,882,478,349</b>	<b>9,623,924,453</b>	<b>6,527,650,313</b>
<b>TOTAL ASSETS</b>		<b>21,634,153,561</b>	<b>17,777,115,858</b>	<b>13,533,036,773</b>	<b>12,099,876,218</b>

**Consolidated and Company Balance Sheets** (Continued)

As at 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 5 (unless otherwise stated)	As at 31 December			
		2011 Consolidated	2010 Consolidated	2011 Company	2010 Company
<b>Current liabilities</b>					
Short-term borrowings	(20)	162,696,637	196,216,646	170,000,000	170,000,000
Notes payable	(21)	83,893,730	70,711,200	32,100,000	50,900,000
Accounts payable	(22), 15(10)	1,662,021,869	1,262,629,805	882,877,957	529,459,786
Advances from customers	(23)	751,128,688	775,414,619	373,625,564	538,600,817
Employee benefits payable	(24)	757,810,303	648,993,939	224,869,250	213,453,382
Taxes payable	(25)	568,596,400	514,219,277	216,284,524	210,953,135
Interest payable		2,458,418	—	309,107	—
Dividends payable	(26)	761,458	9,549,729	—	—
Other payables	(27)	3,164,401,766	2,520,112,525	1,100,542,605	948,179,486
Current portion of non-current liabilities	(28)	2,315,634	17,930,254	—	—
<b>Total current liabilities</b>		<b>7,156,084,903</b>	<b>6,015,777,994</b>	<b>3,000,609,007</b>	<b>2,661,546,606</b>
<b>Non-current liabilities</b>					
Long-term borrowings	(29)	454,116,834	10,722,061	—	—
Debentures payable	(30)	1,334,692,717	1,264,646,258	1,334,692,717	1,264,646,258
Long-term payables		1,000,000	1,625,414	—	—
Payables for specific projects	(31)	190,538,407	184,215,175	90,000,000	—
Deferred tax liabilities	(17)	209,569,271	31,094,094	—	—
Other non-current liabilities	(32)	1,011,216,862	549,289,390	14,751,273	7,264,130
<b>Total non-current liabilities</b>		<b>3,201,134,091</b>	<b>2,041,592,392</b>	<b>1,439,443,990</b>	<b>1,271,910,388</b>
<b>Total liabilities</b>		<b>10,357,218,994</b>	<b>8,057,370,386</b>	<b>4,440,052,997</b>	<b>3,933,456,994</b>
<b>Shareholders' equity</b>					
Share capital	(33)	1,350,982,795	1,350,982,795	1,350,982,795	1,350,982,795
Capital surplus	(34)	4,017,938,901	4,016,839,641	4,315,189,317	4,314,547,068
Surplus reserve	(35)	808,735,661	691,825,740	808,735,661	691,825,740
Undistributed profits	(36)	4,915,661,595	3,537,820,385	2,618,076,003	1,809,063,621
Difference on translation of foreign currency financial statements		17,119,722	5,643,471	—	—
<b>Total equity attributable to equity holders of the Company</b>		<b>11,110,438,674</b>	<b>9,603,112,032</b>	<b>9,092,983,776</b>	<b>8,166,419,224</b>
Minority interests	(37)	166,495,893	116,633,440	—	—
<b>Total shareholders' equity</b>		<b>11,276,934,567</b>	<b>9,719,745,472</b>	<b>9,092,983,776</b>	<b>8,166,419,224</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>21,634,153,561</b>	<b>17,777,115,858</b>	<b>13,533,036,773</b>	<b>12,099,876,218</b>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
JIN ZhiguoPrincipal in charge of accounting  
(Chief Accountant):  
YU ZhumingHead of accounting department:  
YU Zhuming

## Consolidated and Company Income Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5 (unless otherwise stated)	Year ended 31 December			
		2011 Consolidated	2010 Consolidated	2011 Company	2010 Company
<b>Revenue</b>	(38),15(12)	<b>23,158,054,330</b>	19,897,827,765	<b>13,396,354,691</b>	11,533,182,760
Less: Cost of sales	(38),15(12)	<b>(13,416,658,758)</b>	(11,234,490,165)	<b>(9,325,820,227)</b>	(7,992,923,809)
Taxes and surcharges	(39)	<b>(2,024,413,362)</b>	(1,663,133,370)	<b>(345,215,803)</b>	(317,718,982)
Selling and distribution expenses	(40)	<b>(4,414,666,287)</b>	(3,917,917,893)	<b>(2,428,078,928)</b>	(2,288,373,274)
General and administrative expenses	(41)	<b>(1,184,193,076)</b>	(1,079,202,647)	<b>(310,515,990)</b>	(311,627,618)
Financial expenses — net	(42),15(13)	<b>36,212,900</b>	(4,872,515)	<b>(43,656,050)</b>	(31,141,056)
Asset impairment losses	(44),15(15)	<b>(17,028,876)</b>	(72,149,797)	<b>(20,500,971)</b>	(164,750,177)
Add: Investment income	(43),15(14)	<b>4,261,371</b>	9,654,001	<b>476,351,966</b>	531,240,342
Including: Share of profit of associates and joint venture	(43),15(14)	<b>4,499,264</b>	9,690,511	<b>4,224,790</b>	9,589,576
<b>Operating profit</b>		<b>2,141,568,242</b>	1,935,715,379	<b>1,398,918,688</b>	957,888,186
Add: Non-operating income	(45)	<b>469,804,738</b>	245,027,758	<b>18,013,461</b>	7,154,127
Less: Non-operating expenses	(46)	<b>(156,460,416)</b>	(57,547,428)	<b>(16,666,083)</b>	(6,449,165)
Including: Losses on disposal of non-current assets	(46)	<b>(136,610,344)</b>	(39,213,622)	<b>(9,550,401)</b>	(3,651,043)
<b>Total profit</b>		<b>2,454,912,564</b>	2,123,195,709	<b>1,400,266,066</b>	958,593,148
Less: Income tax expenses	(47),15(16)	<b>(657,298,005)</b>	(538,776,594)	<b>(231,166,860)</b>	(175,759,631)
<b>Net profit</b>		<b>1,797,614,559</b>	1,584,419,115	<b>1,169,099,206</b>	782,833,517
Attributable to equity holders of the Company		<b>1,737,928,034</b>	1,520,484,350	<b>1,169,099,206</b>	782,833,517
Minority interests		<b>59,686,525</b>	63,934,765	<b>Not Applicable</b>	Not Applicable
<b>Earnings per share</b>					
Basic earnings per share	(48)	<b>1.286</b>	1.125	<b>Not Applicable</b>	Not Applicable
Diluted earnings per share	(48)	<b>1.286</b>	1.125	<b>Not Applicable</b>	Not Applicable
<b>Other comprehensive income</b>	(49)	<b>12,575,511</b>	2,277,889	<b>1,099,260</b>	2,666,204
<b>Total comprehensive income</b>		<b>1,810,190,070</b>	1,586,697,004	<b>1,170,198,466</b>	785,499,721
Attributable to equity holders of the Company		<b>1,750,503,545</b>	1,522,762,239	<b>1,170,198,466</b>	785,499,721
Minority interests		<b>59,686,525</b>	63,934,765	<b>Not Applicable</b>	Not Applicable

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**JIN Zhiguo**

Principal in charge of accounting  
(Chief Accountant):  
**YU Zhuming**

Head of accounting department:  
**YU Zhuming**

## Consolidated and Company Cash Flow Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5 (unless otherwise stated)	Year ended 31 December			
		2011 Consolidated	2010 Consolidated	2011 Company	2010 Company
<b>Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		25,309,649,880	22,865,120,700	14,580,471,938	13,171,728,525
Refund of taxes and surcharges		121,874,526	105,671,110	4,045,619	—
Cash received relating to other operating activities	(50)(a)	1,166,686,056	924,863,156	301,993,796	446,599,796
<b>Sub-total of cash inflows</b>		<b>26,598,210,462</b>	<b>23,895,654,966</b>	<b>14,886,511,353</b>	<b>13,618,328,321</b>
Cash paid for goods and services		(14,274,996,349)	(11,804,187,500)	(10,588,194,836)	(8,815,137,996)
Cash paid to and on behalf of employees		(2,437,876,003)	(1,972,363,366)	(727,006,597)	(616,732,497)
Payments of taxes and surcharges		(4,931,596,220)	(4,302,079,616)	(1,281,704,464)	(1,183,849,759)
Cash paid relating to other operating activities	(50)(b)	(3,081,432,868)	(2,532,996,806)	(1,635,581,369)	(1,453,464,518)
<b>Sub-total of cash outflows</b>		<b>(24,725,901,440)</b>	<b>(20,611,627,288)</b>	<b>(14,232,487,266)</b>	<b>(12,069,184,770)</b>
<b>Net cash flows from operating activities</b>	(51)(a), 15(17)(a)	<b>1,872,309,022</b>	<b>3,284,027,678</b>	<b>654,024,087</b>	<b>1,549,143,551</b>
<b>Cash flows from investing activities</b>					
Cash received from disposal of investments		—	—	1,370,384,488	540,713,389
Cash received from returns on investments		5,551,449	7,830	469,466,541	511,142,047
Net cash received from disposal of fixed assets and intangible assets		36,864,412	17,158,103	4,251,595	1,529,049
Net cash received from disposal of subsidiaries		—	—	14,716,469	—
Net cash received from acquisition of a subsidiary	(51)(b)	—	1,216,081	—	—
Cash received relating to other investing activities	(50)(c)	762,360,853	660,726,958	183,303,566	69,049,642
<b>Sub-total of cash inflows</b>		<b>804,776,714</b>	<b>679,108,972</b>	<b>2,042,122,659</b>	<b>1,122,434,127</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,441,700,057)	(1,103,495,951)	(491,708,510)	(153,335,209)
Cash paid to acquire investments		—	(174,160,000)	(2,577,130,000)	(1,040,320,000)
Net cash paid to acquisition of subsidiaries	(51)(b)	(1,768,717,960)	—	(1,470,558,400)	—
Cash paid relating to other investing activities	(50)(d)	(530,936,534)	(166,271,174)	(30,414,000)	(145,071,174)
<b>Sub-total of cash outflows</b>		<b>(4,741,354,551)</b>	<b>(1,443,927,125)</b>	<b>(4,569,810,910)</b>	<b>(1,338,726,383)</b>
<b>Net cash flows from investing activities</b>		<b>(3,936,577,837)</b>	<b>(764,818,153)</b>	<b>(2,527,688,251)</b>	<b>(216,292,256)</b>

## Consolidated and Company Cash Flow Statements (Continued)

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5 (unless otherwise stated)	Year ended 31 December			
		2011 Consolidated	2010 Consolidated	2011 Company	2010 Company
<b>Cash flows from financing activities</b>					
Cash received from capital contributions		30,000,000	—	—	—
Including: Cash received from capital contributions by minority shareholders of subsidiaries		30,000,000	—	—	—
Cash received from borrowings		731,933,466	308,795,796	170,000,000	170,000,000
Cash received relating to other financing activities	(50)(e)	22,401,507	14,115,705	—	—
<b>Sub-total of cash inflows</b>		<b>784,334,973</b>	<b>322,911,501</b>	<b>170,000,000</b>	<b>170,000,000</b>
Cash repayments of borrowings		(373,280,873)	(309,098,227)	(170,000,000)	(170,000,000)
Cash payments for interest expenses and distribution of dividends or profits		(335,658,086)	(261,674,353)	(263,830,505)	(232,946,183)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(65,757,286)	(29,989,359)	—	—
Cash payments relating to other financing activities	(50)(f)	(20,818,931)	(12,679,296)	—	—
<b>Sub-total of cash outflows</b>		<b>(729,757,890)</b>	<b>(583,451,876)</b>	<b>(433,830,505)</b>	<b>(402,946,183)</b>
<b>Net cash flows from financing activities</b>		<b>54,577,083</b>	<b>(260,540,375)</b>	<b>(263,830,505)</b>	<b>(232,946,183)</b>
<b>Effect of foreign exchange rate changes on cash</b>		<b>(2,966,520)</b>	<b>(3,438,213)</b>	<b>(240,432)</b>	<b>(2,414,317)</b>
<b>Net (decrease)/increase in cash</b>		<b>(2,012,658,252)</b>	<b>2,255,230,937</b>	<b>(2,137,735,101)</b>	<b>1,097,490,795</b>
Add: Cash at beginning of year		7,562,805,978	5,307,575,041	4,744,305,113	3,646,814,318
<b>Cash at end of year</b>	(51)(c), 15(17)(b)	<b>5,550,147,726</b>	<b>7,562,805,978</b>	<b>2,606,570,012</b>	<b>4,744,305,113</b>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**JIN Zhiguo**

Principal in charge of accounting  
(Chief Accountant):  
**YU Zhuming**

Head of accounting department:  
**YU Zhuming**

## Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5	Attributable to equity holders of the Company				Difference on translation of foreign currency financial statements	Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Surplus reserves	Undistributed profits			
Balance at 1 January 2010		1,350,982,795	4,105,965,759	613,542,388	2,311,776,634	6,031,786	174,854,785	8,563,154,147
<b>Movements for the year ended 31 December 2010</b>		—	(89,126,118)	78,283,352	1,226,043,751	(388,315)	(58,221,345)	1,156,591,325
Net profit		—	—	—	1,520,484,350	—	63,934,765	1,584,419,115
Other comprehensive income	(49)	—	2,666,204	—	—	(388,315)	—	2,277,889
Capital contribution and withdrawal by shareholders	(34)	—	(91,792,322)	—	—	—	(82,617,022)	(174,409,344)
Others		—	(91,792,322)	—	—	—	(82,617,022)	(174,409,344)
Profit distribution	(36)	—	—	78,283,352	(294,440,599)	—	(39,539,088)	(255,696,335)
Appropriation to surplus reserves		—	—	78,283,352	(78,283,352)	—	—	—
Profit distribution to shareholders		—	—	—	(216,157,247)	—	(39,539,088)	(255,696,335)
<b>Balance at 31 December 2010</b>		<u>1,350,982,795</u>	<u>4,016,839,641</u>	<u>691,825,740</u>	<u>3,537,820,385</u>	<u>5,643,471</u>	<u>116,633,440</u>	<u>9,719,745,472</u>
Balance at 1 January 2011		1,350,982,795	4,016,839,641	691,825,740	3,537,820,385	5,643,471	116,633,440	9,719,745,472
<b>Movements for the year ended 31 December 2011</b>		—	1,099,260	116,909,921	1,377,841,210	11,476,251	49,862,453	1,557,189,095
Net profit		—	—	—	1,737,928,034	—	59,686,525	1,797,614,559
Other comprehensive income	(49)	—	1,099,260	—	—	11,476,251	—	12,575,511
Capital contribution and withdrawal by shareholders	(34)	—	—	—	—	—	47,144,943	47,144,943
Capital contribution		—	—	—	—	—	30,000,000	30,000,000
Others		—	—	—	—	—	17,144,943	17,144,943
Profit distribution	(36)	—	—	116,909,921	(360,086,824)	—	(56,969,015)	(300,145,918)
Appropriation to surplus reserves		—	—	116,909,921	(116,909,921)	—	—	—
Profit distribution to shareholders		—	—	—	(243,176,903)	—	(56,969,015)	(300,145,918)
<b>Balance at 31 December 2011</b>		<u>1,350,982,795</u>	<u>4,017,938,901</u>	<u>808,735,661</u>	<u>4,915,661,595</u>	<u>17,119,722</u>	<u>166,495,893</u>	<u>11,276,934,567</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**JIN Zhiguo**

Principal in charge of accounting  
(Chief Accountant):  
**YU Zhuming**

Head of accounting department:  
**YU Zhuming**

## Company Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5	Share capital	Capital surplus	Surplus reserves	Undistributed profits	Total shareholders' equity
<b>Balance at 1 January 2010</b>		1,350,982,795	4,311,880,864	613,542,388	1,320,670,703	7,597,076,750
<b>Movement for the year ended 31 December 2010</b>		—	2,666,204	78,283,352	488,392,918	569,342,474
Net profit		—	—	—	782,833,517	782,833,517
Other comprehensive income		—	2,666,204	—	—	2,666,204
Profit distribution	(36)	—	—	78,283,352	(294,440,599)	(216,157,247)
Appropriation to surplus reserves		—	—	78,283,352	(78,283,352)	—
Profit distribution to shareholders		—	—	—	(216,157,247)	(216,157,247)
<b>Balance at 31 December 2010</b>		<u>1,350,982,795</u>	<u>4,314,547,068</u>	<u>691,825,740</u>	<u>1,809,063,621</u>	<u>8,166,419,224</u>
<b>Balance at 1 January 2011</b>		<u>1,350,982,795</u>	<u>4,314,547,068</u>	<u>691,825,740</u>	<u>1,809,063,621</u>	<u>8,166,419,224</u>
<b>Movement for the year ended 31 December 2011</b>		—	642,249	116,909,921	809,012,382	926,564,552
Net profit		—	—	—	1,169,099,206	1,169,099,206
Other comprehensive income		—	1,099,260	—	—	1,099,260
Capital contribution and withdrawal by shareholders		—	(457,011)	—	—	(457,011)
Others		—	(457,011)	—	—	(457,011)
Profit distribution	(36)	—	—	116,909,921	(360,086,824)	(243,176,903)
Appropriation to surplus reserves		—	—	116,909,921	(116,909,921)	—
Profit distribution to shareholders		—	—	—	(243,176,903)	(243,176,903)
<b>Balance at 31 December 2011</b>		<u>1,350,982,795</u>	<u>4,315,189,317</u>	<u>808,735,661</u>	<u>2,618,076,003</u>	<u>9,092,983,776</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
**JIN Zhiguo**

Principal in charge of accounting  
(Chief Accountant):  
**YU Zhuming**

Head of accounting department:  
**YU Zhuming**

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 1 General information

Tsingtao Brewery Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 16 June 1993. The Company obtained business license as a Sino-foreign joint stock limited company on 27 December 1995. The Company was incorporated in Qingdao, Shandong province, the PRC, with a total share capital of RMB482,400,000 at establishment.

The Company’s H shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 15 July 1993, and its A shares have been listed on the Shanghai Stock Exchange since 27 August 1993. The total share capital upon issue amounted to RMB900,000,000. Subsequently, the Company increased its total share capital to RMB1,308,219,178 after issue of new RMB ordinary shares, issue of corporate convertible bonds and conversion of such bonds into H shares.

Approved by the Circular [2008] No. 445 issued by the China Securities Regulatory Commission, the Company issued convertible bonds with detachable warrants subscription rights on 2 April 2008 at a total size of RMB1,500 million with the term of 6 years. Upon the exercise period ended on 19 October 2009, 42,763,617 A shares of the Company were issued and the total number of the Company’s shares was increased from 1,308,219,178 to 1,350,982,795.

Pursuant to the A share reform proposal approved at the Shareholders’ Meeting of the Company held on 16 October 2006, all shareholders of non-circulating shares of the Company shall pay shares and cash to all shareholders of circulating A shares of the Company registered on the register of China Securities Registration and Clearing Company limited Shanghai branch on the record date for the implementation of the reform proposal (18 December 2006) as consideration arrangements. After completion of the consideration arrangement, the non-circulating shares held by the shareholders of the Company would obtain trading rights immediately. However, the shareholders of state-owned shares of the Company had undertaken not to transfer such shares within 5 years after obtaining the trading rights, and had undertaken to put forward proposal for profit appropriation at a ratio not lower than 70% of the distributable profit of the Company realized for the year at the Shareholders’ Meeting of the Company in the following three years, and vote for the resolution on a poll at the Shareholders’ Meeting of the Company. According to the stipulated sale restrictions, 417,394,505 corporate legal shares held by the original shareholders of non-circulating shares have been subject to trading during the current year. Hence, all of the shares of the Company are tradable as at 31 December 2011.

The Company and its subsidiaries (together the “Group”) are principally engaged in the production and distribution of beer products.

These financial statements have been approved for issue by the Company’s Board of Directors on 29 March 2012.

### 2 Summary of significant accounting policies and accounting estimates

#### (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) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2011 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 31 December 2011 and of their financial performance, cash flows and other information for the year then ended.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (3) Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

#### (4) Recording currency

The recording currency of the Company and the subsidiaries incorporated and operated in mainland China is Renminbi (RMB), while the recording of the subsidiaries in Hong Kong and Macau is Hong Kong Dollar (HKD) and Macau Pataca (MOP) respectively. The consolidated financial statement of the Group is represented in RMB.

#### (5) Business combinations

##### (a) *Business combinations involving enterprises under common control*

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

##### (b) *Business combinations involving enterprises not under common control*

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

##### (c) *Transactions with minority interests*

After obtaining the control over a subsidiary, out of all or part of the minority interests in the subsidiary obtained from its minority shareholders, the assets and liabilities of the subsidiary shall be stated at the amounts calculated continuously from the date of acquisition or merger in the consolidated financial statements. The difference between the increase in the cost of long-term equity investments as a result of acquisition of minority interests and the share of net assets of the subsidiary calculated continuously from the date of the acquisition or merger based on the new shareholding proportion shall be adjusted against the capital surplus. If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining difference shall be adjusted against retained earnings.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profits and losses for the period not attributable to Company are recognised as minority interests and presented separately in the consolidated financial statements under equity and net profits respectively. Where the amount of losses for the current period attributed to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against minority interests.

#### (7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (8) Foreign currency translation

##### (a) Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

##### (b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented separately in the shareholders' equity. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (9) Financial instruments

##### (a) Financial assets

##### (i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term. They are presented as financial assets held for trading on the balance sheet.

**Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months of the balance sheet date.

**Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that management has the positive intention and ability to hold to maturity. Held-to-maturity investments with maturities over 12 months when the investments were made but are due within 12 months at the balance sheet date are included in the current portion of non-current assets; held-to-maturity investments with maturities no more than 12 months when the investments were made are included in other current assets.

##### (ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initially recognised amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (9) Financial instruments *(continued)*

##### (a) Financial assets *(continued)*

##### (ii) Recognition and measurement *(continued)*

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity are recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

##### (iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If there is objective evidence that an impairment loss on available-for-sale financial assets incurred, the cumulative losses arising from the decline in fair value that had been recognised directly in equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

##### (iv) Derecognition of financial assets

A financial asset is derecognised when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (9) Financial instruments (continued)

##### (b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings and debentures payable.

Payables, including accounts payable and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

##### (c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis, etc. When a valuation technique is used to establish the fair value of a financial instrument, it makes the maximum use of observable market inputs and relies as little as possible on entity-specific inputs.

#### (10) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

##### (a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to assessment for impairment on the individual basis. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for impairment of that receivable is made.

The criterion for determining “individually significant” amounts is that any individual amount is more than RMB10,000,000.

The method of providing for bad debts for those individually significant amounts is as follows: the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (10) Receivables (continued)

##### (b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Basis for grouping is as follows:

Group A	Receivables of government etc.
Group B	Amounts due from subsidiaries
Group C	All other amounts remaining

Methods of determining provision for bad debts by grouping are as follows:

Group A	Low credit risk upon assessment, no bad debts provided
Group B	Low credit risk upon assessment, no bad debts provided
Group C	Ageing analysis method

The provision ratios used under the ageing analysis method for the above groupings are as follows:

	Provision ratios used for accounts receivable	Provisions ratios used for other receivables
Within 6 months	0%	0%
6 months to 1 year	5%	5%
1 to 2 years	50%	50%
Over 2 years	100%	100%

##### (c) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

##### (d) When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (11) Inventories

##### (a) Classification

Inventories include raw materials, work in progress, finished goods and turnover materials, and are measured at the lower of cost and net realisable value.

##### (b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

##### (c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

##### (d) The Group adopts the perpetual inventory system.

##### (e) Amortisation methods of low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials. They are amortised into expenses based upon periods of usage.

#### (12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates, as well as the long-term equity investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other venturers. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method. Other long-term equity investments, where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured, are accounted for using the cost method.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (12) Long-term equity investments *(continued)*

##### (a) *Determination of investment cost*

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of shareholders' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

##### (b) *Subsequent measurement and recognition of related profit and loss*

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in shareholders' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

##### (c) *Basis for determining existence of control, jointly control or significant influence over investees*

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities. In determining whether the Company is able to exercise control over the investee, the effect of potential voting rights over the investee is considered, such as convertible debts and warrants currently exercisable, etc.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (12) Long-term equity investments (continued)

##### (d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2 (19)). For other long-term equity investments which are not quoted in an active market and whose fair values cannot be reliably measured, the excess of their carrying amounts over the present values of future cash flows discounted at the prevailing market yield rate for similar financial assets is recognised as impairment loss and cannot be reversed once recognised.

#### (13) Investment properties

Investment properties, including buildings that are held for the purpose of leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings are depreciated to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	40 years	3%	2.4%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of investment properties shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (19)).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (14) Fixed assets

##### (a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganisation of the Company into a corporation entity are recognised based on the revaluated amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

##### (b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	20-40 years	3% to 5%	2.4% to 4.9%
Machinery and equipment	5-14 years	3% to 5%	6.8% to 19.4%
Motor vehicles	5-12 years	3% to 5%	7.9% to 19.4%
Other equipment	5-10 years	3% to 5%	9.5% to 19.4%

The estimated useful lives, the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each year-end.

- (c) The carrying amount of fixed assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2 (19)).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (14) Fixed assets *(continued)*

##### *(d) Basis for identification of fixed assets held under finance lease and related measurement*

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note 2 (26)(b)).

Fixed assets held under a finance lease are depreciated on a basis consistent with the depreciation policy adopted for fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the leased asset is depreciated over the shorter period of the lease term and the period of expected use.

##### *(e) Disposal of fixed assets*

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

#### (15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (19)).

#### (16) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (17) Intangible assets

Intangible assets include land use rights, trademarks, sales networks, computer software, technology known-how and others. All intangible assets are measured at cost. The intangible assets contributed by the State shareholders at the reorganisation of the Company into a corporation are recognised based on the revaluated amounts as approved by the state-owned assets administration department.

##### (a) Land use rights

Land use rights are amortised on the straight-line basis over their approved useful period from 30 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

##### (b) Trademarks

Trademarks mainly include the “TSINGTAO BEER” trademark which was injected by the founding shareholders into the Company on 16 June 1993 as their capital contributions. The recorded value of the trademark was assessed based on the results of the valuation as approved by state-owned assets administration department. Based on the forecast of beer industry and the business position of the Company, the directors are of the view that the “TSINGTAO BEER” trademark has an indefinite useful life, accordingly, it is not subject to amortisation but annual impairment assessments.

Other trademarks were acquired as a result of acquisitions of certain subsidiaries. They are amortised over their estimated useful lives ranging from 5 to 10 years.

##### (c) Sales networks

Sales networks include the sales network of Yantai Brewery Tsingtao Asahi Co., Ltd. (“Yantai Asahi”), the sales network of Tsingtao Beer (Jinan) Baotuquan Sales Co., Ltd. (“Tsingtao Baotuquan”) and the sales network of Shandong Xin Immense Brewery Company Limited (“Immense Brewery”). Amortisation is calculated using the straight-line method over the estimated useful lives of 10 years.

##### (d) Computer software

Computer software are amortised over their estimated useful lives ranging from 5 to 10 years.

##### (e) Technology known-how

Technology known-how is amortised on the straight-line basis over their estimated useful lives of 10 years.

##### (f) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (17) Intangible assets (continued)

##### (g) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and to use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

##### (h) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (19)).

#### (18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

#### (20) Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

Employees of the Group participate in the defined contribution pension plan set up and administered by government authorities. Based on salaries of the employees, basic pensions are provided for monthly according to stipulated proportions (10% to 22%) and not exceeding the stipulated upper limit, which is paid to local labour and social security institutions. Apart from this, the Group has no other post-retirement benefit commitments.

Where the Group terminates the employment relationship with employees before the end of the employment contract or offers compensation for encouraging employees to accept voluntary redundancy, a provision for termination benefits for the compensation arising from termination of the employment relationship with employees is recognised, with a corresponding charge to profit or loss when the Group has made a formal plan for termination of the employment relationship or an offer for voluntary redundancy which will be implemented immediately and cannot be withdrawn by the Group unilaterally.

The Group provides internal retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefits means wages paid to and social insurance charges paid for those employees who voluntarily remove themselves from their posts with the approval of the management of the Group before their statutory retirement ages. The Group accounts for internal retirement benefits as termination benefits. When the recognition criteria in respect of termination benefits are met, the internal retirement benefits proposed to be paid by the Group for the period from the discontinuation of service by the employee to his normal retirement date are recognised as estimated liabilities, with a corresponding charge to profit or loss for the period.

Except for the compensation to employees for termination of the employment relationship, the employee benefits are recognised in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (21) Dividends distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

#### (22) Convertible bonds with detachable warrants subscription rights

The convertible bonds with detachable warrants subscription rights issued are split into liability and equity components at initial recognition. The liability component is determined as the discounted amount of future cash flows, and the equity component is determined as the amount after deducting liability amount from proceeds of the issue. The transaction costs incurred on the issue of the convertible bonds are allocated between the liability component and equity component based on the proportion of their amounts at initial recognition. The liability amount of the convertible bonds is measured at amortized cost using the effective interest method.

#### (23) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

##### (a) Sale of goods

The Group manufactures and sells beer products to the regional distributors. Revenue is recognised when the Group has delivered the beer products to the location specified in the sales contract and the distributor has confirmed the acceptance of the products. Upon confirming the acceptance, the distributor has the right to sell the beer products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

##### (b) Rendering of services

The Group provides construction service to external parties. The related revenue is recognised using the percentage of completion method, with the stage of completion being determined based on proportion of costs incurred to date to the estimated total costs.

##### (c) Transfer of asset use rights

Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.

Income from an operating lease is recognised on a straight-line basis over the period of the lease.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates *(continued)*

#### (24) Government Grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including relocation compensation, refund of taxes and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

#### (25) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (26) Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

##### (a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

##### (b) Finance leases

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

#### (27) Held for sale and discontinued operations

A non-current asset or a component of the Group satisfying the following conditions is classified as held for sale: (1) the Group has made a resolution for disposal of the non-current asset or the component; (2) an irrevocable contract with the transferee has been signed and; (3) the transfer will be completed within one year.

Non-current assets, except for financial assets and deferred tax assets, that meet the recognition criteria for held for sale are included in other current assets at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as an asset impairment loss.

Discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and can be distinguished from other components within the Group in the business operations and in the preparation of financial statements.

#### (28) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (29) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

##### (a) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

##### (i) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 5 (15)).

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups and groups of asset groups, and the revised gross margin is lower than the one currently used, the Group would need to recognize further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against goodwill.

If the actual gross margin/pre-tax discount rate is higher/lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

##### (ii) Accounting estimates on impairment of fixed assets

According to the accounting policies stated in Note 2 (19), the Group tests whether fixed assets, for example, buildings and Machinery have suffered any impairment, on the balance sheet date. The recoverable amounts of the fixed assets have been determined based on the higher of an asset's fair value less costs to sell and value in use calculations. These calculations require the use of accounting estimates.

For the year ended 31 December 2011, the Group recorded impairment losses amounting to RMB8,248,044 (2010: RMB41,004,789) for fixed assets based on such evaluation (Note 5 (11)).

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups and groups of asset groups, and the revised gross margin is lower than the one currently used, the Group would need to recognize further impairment against fixed assets.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognize further impairment against fixed assets.

If the actual gross margin/pre-tax discount rate is higher/lower than management's estimates, the impairment loss of fixed assets previously provided for is not allowed to be reversed by the Group.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 2 Summary of significant accounting policies and accounting estimates (continued)

#### (29) Critical accounting estimates and judgments (continued)

##### (a) Critical accounting estimates and key assumptions (continued)

##### (iii) Accounting estimates on recognition of deferred tax assets

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The realisation of deferred tax assets depends on the realisation of sufficient profitability (taxable profit) of the Group. The change in future income tax rates and timing of reversals of taxable temporary differences would affect income tax expenses or benefits and balances of deferred tax. Deviation of aforesaid estimates could result in material adjustment to the carrying amount of deferred income tax.

As at 31 December 2011, deferred tax assets of RMB392,464,144 has been recognised in the Group's balance sheet. As stated in Note 5 (17), the Group had unrecognised deferred tax assets aggregated to approximately RMB375,026,000 as at 31 December 2011, which mainly attributable to accumulated tax losses of certain subsidiaries, depreciation differences of fixed assets acquired in business combinations and provision for impairment losses. Deferred tax assets had not been recognised due to the fact that there is no certainty of obtaining approval from local tax authorities or there is no certainty of their respective realisation of these tax benefits through available future taxable profits of the subsidiaries concerned. In cases where the actual future assessable profits generated are more or less than expected or approval from local tax authorities are obtained, a recognition or reversal of deferred tax assets may arise accordingly.

##### (iv) Useful lives of fixed assets and intangible assets

The Group revisited the estimated useful lives for its fixed assets and intangible assets annually. The estimated useful lives are determined by management by reference to the historical experience of similar assets, the estimation generally used by other companies in the same industry and anticipated renovation in technologies. When there are significant changes in previous estimates, the Group should adjust the depreciation and amortization expense in future periods.

##### (v) Net realizable values of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realizable value. The Group determines the estimates on net realizable values of inventories based on the estimated selling price of similar inventories less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. When the realized selling price or costs or expenses are different with previous estimates, the Group should adjust the net realizable values of inventories. Therefore, the estimates based on current experience may be different with the actual situation, which could result in adjustment to the carrying amount of inventories on balance sheet.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 3 Taxation

(1) The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate	
Enterprise income tax	Taxable income	3% to 25%	
Value added tax (“VAT”)	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	17%	
Business tax	Taxable turnover amount	3% to 5%	
Consumption tax	<p><b>Sales Price of Beer</b></p> <p>More than or equal to RMB3,000 per ton</p> <p>Less than RMB3,000 per ton</p>	<p><b>Consumption Tax per Unit</b></p> <p>RMB250 per ton</p> <p>RMB220 per ton</p>	Not Applicable
City maintenance and construction tax	Amount of VAT, business tax and consumption tax paid	5% to 7%	
Education surcharge	Amount of VAT, business tax and consumption tax paid	3%	

(2) **Preferential tax treatment and approval documents**

(i) *Enterprise income tax of the Company*

In accordance with an approval document dated 18 April 1994 issued by the State Administration for Taxation (“SAT”) of the PRC, net profit earned by the Company was subject to enterprise income tax at 15%, which was effective from the date of establishment of the Company until there is further changes of the relevant laws and regulations. The Company also received a confirmation from the Finance Bureau of Qingdao on 23 March 1997 that this preferential tax treatment would not be terminated until further notice.

On 5 July 2007, the Company became aware of a notice (Guoshuihan [2007] No.664) which was issued by SAT (the “Notice”) regarding the preferential tax treatment granted to nine state-owned enterprises listed on the Stock Exchange of Hong Kong Limited in 1993 (including the Company). According to the Notice, the relevant local tax authorities were required to immediately rectify the expired preferential tax treatments adopted by the Company and take appropriate action on the differences of income taxes collected in prior years arising therefore in accordance with the applicable rules and provisions under the promulgated Law on Tax Collection and Administration of the PRC. For this purpose, the Company issued an announcement in relation to such matter on the websites of stock exchanges in the PRC and overseas, and in domestic newspapers on 6 July 2007.

On April 2008, the Company was informed by the governing local tax bureau that the applicable enterprise income tax rate for the year ended 31 December 2007 was adjusted from 15% to 33%. The Company has not been notified by any tax authorities regarding the exposure of prior years. The directors are of the view that the final outcome cannot be reliably estimated and, therefore, no provision for potential enterprise income tax exposure in prior years had been made in the financial statements.

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

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 3 Taxation (continued)

#### (2) Preferential tax treatment and approval documents (continued)

##### (ii) Enterprise income tax of the subsidiaries

The applicable enterprise income tax rate of the subsidiaries incorporated and operated in mainland China is 25% except the following subsidiaries which enjoy tax preference:

Name of the subsidiary	Preferential tax rate	Tax preference enjoyed	Tax approval document
Shenzhen Huanan Tsingtao Brewery Sales Company Limited	24%	Transitional preferential policy on enterprise income tax	Guofa [2007] No. 39
Shenzhen Tsingtao Brewery Huanan Holding Company Limited	24%	Transitional preferential policy on enterprise income tax	Guofa [2007] No. 39
Shenzhen Tsingtao Beer Asahi Company Limited	24%	Transitional preferential policy on enterprise income tax	Guofa [2007] No. 39
Tsingtao Brewery (Xiamen) Company Limited	24%	Transitional preferential policy on enterprise income tax	Guofa [2007] No. 39
Xiamen Tsingtao Brewery Dongnan Sales Company Limited	24%	Transitional preferential policy on enterprise income tax	Guofa [2007] No. 39
Tsingtao Brewery Yulin Company Limited	12.5%	Second year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Yukaiguoshuihan [2008] No. 1
Tsingtao Brewery (Nanning) Company Limited ("Nanning Company")	12.5%	Second year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Nanguowaihuifa [1996] No. 95
Beijing Five Star Tsingtao Brewery Company Limited ("Five Star Company")	12.5%	Second year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Has not obtained document of tax authority.
Beijing Tsingtao Brewery Three Ring Company Limited ("Three Ring Company")	12.5%	Second year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Has not obtained document of tax authority.
Tsingtao Brewery (Changsha) Company Limited	12.5%	Third year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises	Ningxianguoshuijianmianzi [2008] No. 14
Tsingtao Brewery (Fuzhou) Company Limited	12.5%	Third year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises	Rongguoshuizhihan [2007] No. 68

(a) Nanning Company, Five Star Company and Three Ring Company still have not made up their losses of prior years.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 3 Taxation (continued)

#### (3) 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 year at a progressive rate scale ranging from 3% to 12%.

#### (4) VAT

According to “the People’s Republic of China Value-added Tax Temporary Regulations” (“VAT Regulations”), the Group is subject to output VAT calculated at 17% of the domestic sales value of tangible goods. In addition, it is subject to a refund of 15% on its export sales of products based on an “exempt, credit, refund” policy enacted. The Group also pays input VAT on its purchases of raw materials and auxiliary materials, machineries and VAT taxable service which is deductible against output VAT on its sales in order to arrive at the net VAT amount payable to the PRC government.

Tsingtao Brewery (Yangzhou) Company Limited, the subsidiaries of the Company, had outstanding VAT taxes in respect of prior years amounting to approximately RMB20,537,000. The VAT taxes in default were the preferential treatment on the holding over of tax given by local governments.

#### (5) Consumption tax

Beers production, manufacturing consignment and beer product importation activities undertaken by the Group are subject to consumption tax in the PRC. For beer with an ex-factory price (including packaging materials and related deposits) of RMB3,000 or above per ton, the consumption tax is RMB250 per ton. For all other beer sold below that price, the consumption tax is levied at RMB220 per ton.

Tsingtao Brewery (Yangzhou) Company Limited, Tsingtao Brewery (Xuzhou) Company Limited and Tsingtao Brewery (Langfang) Company Limited, the subsidiaries of the Company, had outstanding consumption taxes in respect of prior years amounting to approximately RMB61,502,000. The consumption taxes in default were the preferential treatment on the holding over of tax given by local governments.

#### (6) Withholding Tax

According to Circular Guoshuihan [2008] No. 897 “Notice on the issue about withholding Enterprise Income Tax on the dividends paid by Chinese resident enterprises to overseas non-resident enterprises H-share holders” issued by State Administration of Taxation on 6 November 2008, where a Chinese resident enterprise pays dividends to its H-share holders which are overseas non-resident enterprises, it shall withhold the enterprise income tax on the basis of 10% of the dividends.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements

#### (1) Information of subsidiaries

##### (a) Subsidiaries obtained through incorporation

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Shenzhen Tsingtao Brewery Huanan Holding Company Limited ("Huanan Holding Company")	Directly	Shenzhen, the PRC	Finance	RMB200,000	Investment holding	Company limited	Wang Xinhong	73414323-8
Tsingtao Brewery (Zhuhai) Company Limited ("Zhuhai Company")	Indirectly	Zhuhai, the PRC	Manufacturing	RMB60,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	71223785-8
Tsingtao Brewery (Huangshi) Company Limited ("Huangshi Company")	Directly & Indirectly	Huangshi, the PRC	Manufacturing	RMB5,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	17841848-X
Tsingtao Brewery (Yingcheng) Company Limited ("Yingcheng Company")	Directly & Indirectly	Yingcheng, the PRC	Manufacturing	RMB5,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	70695005-9
Shenzhen Huanan Tsingtao Brewery Sales Company Limited ("Huanan Sales Company")	Directly	Shenzhen, the PRC	Wholesale and retail sale	RMB20,000	Domestic trading of beer	Company limited	Wang Xinhong	70841245-7
Tsingtao Brewery (Changsha) Company Limited ("Changsha Company")	Directly & Indirectly	Changsha, the PRC	Manufacturing	RMB68,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	75580445-3
Tsingtao Brewery Huadong Holding Company Limited ("Huadong Holding Company")	Directly	Shanghai, the PRC	Finance	RMB100,000	Investment holding	Company limited	Wang Ruiyong	13213047-2
Tsingtao Brewery Huadong Shanghai Sales Company Limited ("Shanghai Sales Company")	Directly & Indirectly	Shanghai, the PRC	Wholesale and retail sale	RMB50,300	Domestic trading of beer	Company limited	Wang Ruiyong	63171279-2
Tsingtao Brewery Huadong Nanjing Sales Company Limited ("Nanjing Sales Company")	Indirectly	Nanjing, the PRC	Wholesale and retail sale	RMB1,000	Domestic trading of beer	Company limited	Cao Xiangdong	72457556-3
Tsingtao Brewery (Wuhu) Company Limited ("Wuhu Company")	Directly & Indirectly	Wuhu, the PRC	Manufacturing	RMB114,290	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	71396978-6
Tsingtao Brewery (Maanshan) Company Limited ("Maanshan Company")	Directly & Indirectly	Maanshan, the PRC	Manufacturing	RMB85,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	71171745-4

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Shouguang) Company Limited ("Shouguang Company")	Directly	Shouguang, the PRC	Manufacturing	RMB60,610	Manufacture and domestic trading of beer	Company limited	Dong Jianjun	72621713-7
Tsingtao Brewery (Weifang) Company Limited ("Weifang Company")	Directly	Weifang, the PRC	Manufacturing	RMB75,000	Manufacture and domestic trading of beer	Company limited	Dong Jianjun	72074366-2
Tsingtao Brewery No. 3 Company Limited ("No. 3 Company") (4)	Directly	Qingdao, the PRC	Manufacturing	RMB446,110	Manufacture and domestic trading of beer	Company limited	Fan Wei	70648696-2
Tsingtao Brewery (Xuzhou) Huaihai Sales Company Limited ("Huaihai Sales Company")	Directly	Xuzhou, the PRC	Wholesale and retail sale	RMB55,000	Domestic trading of beer	Company limited	Wang Ruiyong	78435470-3
Tsingtao Brewery (Xuzhou) Company Limited ("Xuzhou Company")	Indirectly	Peixian, the PRC	Manufacturing	RMB39,340	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	70358441-X
Tsingtao Brewery (Xuzhou) Pengcheng Company Limited ("Pengcheng Company")	Directly & Indirectly	Xuzhou, the PRC	Manufacturing	RMB245,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	72061880-2
Tsingtao Brewery (Xuecheng) Company Limited ("Xuecheng Company")	Indirectly	Xuecheng, the PRC	Manufacturing	RMB45,000	Manufacture and domestic trading of beer	Company limited	Yu Jiaping	70617665-7
Tsingtao Brewery (Tengzhou) Company Limited ("Tengzhou Company")	Directly & Indirectly	Tengzhou, the PRC	Manufacturing	RMB61,020	Manufacture and domestic trading of beer	Company limited	Yu Jiaping	72071609-0
Tsingtao Brewery (Heze) Company Limited ("Heze Company")	Directly & Indirectly	Heze, the PRC	Manufacturing	RMB130,000	Manufacture and domestic trading of beer	Company limited	Yu Jiaping	16892261-5
Tsingtao Brewery (Suqian) Company Limited ("Suqian Company")	Directly & Indirectly	Suqian, the PRC	Manufacturing	RMB25,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	72220045-0
Tsingtao Brewery (Taierzhuang) Malt Company Limited ("Taierzhuang Malt")	Indirectly	Taierzhuang, the PRC	Manufacturing	RMB5,000	Manufacture and domestic trading of Malt	Company limited	Qu Jun	72329576-2
Tsingtao Brewery (Langfang) Company Limited ("Langfang Company")	Directly & Indirectly	Langfang, the PRC	Manufacturing	RMB99,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	60117924-5

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery Xi'an Han's Group Company Limited ("Xi'an Company")	Directly	Xi'an, the PRC	Manufacturing & Wholesale and retail sale	RMB287,900	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	29446305-0
Tsingtao Brewery Hansi Baoji Company Limited ("Hansi Baoji")	Indirectly	Baoji, the PRC	Manufacturing	RMB30,000	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	78367236-3
Tsingtao Brewery (Anshan) Company Limited ("Anshan Company")	Directly	Anshan, the PRC	Manufacturing	RMB50,000	Manufacture and domestic trading of beer	Company limited	Dong Jianjun	72370443-1
Tsingtao Brewery (Xingkaihu) Company Limited ("Xingkaihu Company")	Directly	Jixi, the PRC	Manufacturing	RMB130,000	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	70287259-1
Tsingtao Brewery (Mishan) Company Limited ("Mishan Company")	Directly	Mishan, the PRC	Manufacturing	RMB23,400	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	72135373-8
Tsingtao Brewery (Haerbin) Company Limited ("Haerbin Company")	Directly	Haerbin, the PRC	Manufacturing	RMB52,000	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	72367275-9
Tsingtao Brewery Import/Export Company Limited ("Import/Export Company")	Directly	Qingdao, the PRC	Wholesale and retail sale	RMB11,000	Import/Export trading of beer	Company limited	Jin Zhiguo	70643063-5
Tsingtao Brewery (No. 5) Company Limited ("No. 5 Company")	Directly	Qingdao, the PRC	Manufacturing	RMB34,610	Manufacture and domestic trading of beer	Company limited	Fan Wei	71806771-4
Tsingtao Brewery (Pingyuan) Company Limited ("Pingyuan Company")	Directly	Pingyuan, the PRC	Manufacturing	RMB25,000	Manufacture and domestic trading of beer	Company limited	Huang Zujiang	16741611-2
Tsingtao Brewery (Rizhao) Company Limited ("Rizhao Company")	Directly	Rizhao, the PRC	Manufacturing	RMB290,000	Manufacture and domestic trading of beer	Company limited	Fan Wei	61380406-0
Chengdu Tsingtao Brewery Xinan Sales Company Limited ("Xinan Sales Company")	Directly	Chengdu, the PRC	Wholesale and retail sale	RMB100,000	Domestic trading of beer	Company limited	Huang Yinbo	73238966-4
Tsingtao Brewery (Luzhou) Company Limited ("Luzhou Company")	Indirectly	Luzhou, the PRC	Manufacturing	RMB111,110	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	72323962-1

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Taizhou) Company Limited ("Taizhou Company")	Directly & Indirectly	Taizhou, the PRC	Manufacturing	RMB70,000	Manufacture and domestic trading of beer	Company limited	Huang Zujiang	72585057-1
Tsingtao Brewery (Hong Kong) Trading Company Limited ("Hong Kong Company")	Directly	HongKong, the PRC	Wholesale and retail sale	HKD40,500	Trading of beer in Hong Kong	Company limited	Jin Zhiguo	Not Applicable
Tsingtao Brewery (Hanzhong) Company Limited ("Hanzhong Company")	Indirectly	Hanzhong, the PRC	Manufacturing	RMB29,410	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	71977863-0
Beijing Tsingtao Brewery Beifang Sales Company Limited ("Beifang Sales Company")	Directly & Indirectly	Beijing, the PRC	Wholesale and retail sale	RMB89,980	Domestic trading of beer	Company limited	Yang Huajiang	72261954-2
Tsingtao Brewery (Xiamen) Company Limited ("Xiamen Company")	Indirectly	Xiamen, the PRC	Manufacturing	RMB90,000	Manufacture and domestic trading of beer	Company limited	Sui Zhanping	70549981-7
Xiamen Tsingtao Brewery Dongnan Sales Company Limited ("Dongnan Sales Company")	Directly	Xiamen, the PRC	Wholesale and retail sale	RMB215,000	Domestic trading of beer	Company limited	Wang Ruiyong	73786016-0
Tsingtao Brewery (Jinan) Company Limited ("Jinan Company")	Directly	Jinan, the PRC	Manufacturing	RMB560,000	Manufacture and domestic trading of beer	Company limited	Fan Wei	79261928-1
Tsingtao Brewery (Chengdu) Company Limited ("Chengdu Company")	Directly	Chengdu, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	66301928-X
Tsingtao Brewery (Yulin) Company Limited ("Yulin Company")	Indirectly	Yulin, the PRC	Manufacturing	RMB55,000	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	78695254-7
Tsingdao Brewery Chengyang Sales Company Limited ("Chengyang Sales Company")	Directly	Qingdao, the PRC	Manufacturing	RMB8,000	Pre-packaged food	Company limited	Cai Zhiwei	69715829-6
Tsingtao Brewery Chenzhou Sales Company Limited ("Chenzhou Sales Company")	Indirectly	Chenzhou, the PRC	Wholesale and retail sale	RMB1,000	Domestic trading of beer	Company limited	Wang Xinhong	73474630-3

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery Machinery and Equipment Company Limited ("Machinery and Equipment Company")	Indirectly	Qingdao, the PRC	Construction	RMB2,000	Manufacture and trading of machinery, electrical equipment accessory	Company limited	Wang Bing	68257486-0
Tsingtao Brewery (Shijiazhuang) Company Limited ("Shijiazhuang Company") (4)	Directly	Shijiazhuang, the PRC	Manufacturing	RMB321,010	Manufacture and domestic trading of beer	Company limited	Huang Kexing	55607563-0
Tsingtao Brewery (Taiyuan) Company Limited ("Taiyuan Company")	Directly	Taiyuan, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	56132576-1
Tsingtao Brewery Finance Company Liability Limited ("Finance Company") (2)	Directly	Qingdao, the PRC	Financing	RMB300,000	Corporate financing	Company limited	Sun Yuguo	57575577-0
Tsingtao Brewery Sifang Sales Company Limited ("Sifang Sales") (2)	Directly	Qingdao, the PRC	Wholesale and retail sale	RMB10,000	Pre-packaged food	Company limited	Cai Zhiwei	57976276-7
Tsingtao Brewery (Jieyang) Company Limited ("Jieyang Company") (2)	Directly	Jieyang, the PRC	Manufacturing	RMB150,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	57791531-X
Tsingtao Brewery (Shaoguan) Company Limited ("Shaoguan Company") (2)	Directly	Shaoguan, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	58636851-4

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (a) Subsidiaries obtained through incorporation (continued)

	Ending balance of actual contribution	Ending balance of other items which forms substantially part of the net investment in the subsidiary (i)	Share holding (%)	Voting rights (%)	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Huanan Holding Company	208,790,000	—	100%	100%	Yes	—	—
Zhuhai Company	111,679,356	—	99.47%	100%	Yes	—	—
Huangshi Company	12,928,201	—	100%	100%	Yes	—	—
Yingcheng Company	9,848,084	—	100%	100%	Yes	—	—
Huanan Sales Company	45,070,000	—	100%	100%	Yes	—	—
Changsha Company	68,000,000	—	100%	100%	Yes	—	—
Huadong Holding Company	96,855,102	—	100%	100%	Yes	—	—
Shanghai Sales Company	50,300,000	—	100%	100%	Yes	—	—
Nanjing Sales Company	1,000,000	—	99.93%	100%	Yes	—	—
Wuhu Company	114,516,072	16,000,000	100%	100%	Yes	—	—
Maanshan Company	85,626,047	35,000,000	99.76%	100%	Yes	—	183,922
Shouguang Company	60,000,000	—	99%	99%	Yes	1,428,212	—
Weifang Company	73,620,001	—	100%	100%	Yes	—	—
No. 3 Company	446,452,300	—	100%	100%	Yes	—	—
Huaihai Sales Company	55,000,000	—	100%	100%	Yes	—	—
Xuzhou Company	33,467,142	10,000,000	66%	66%	Yes	15,099,488	2,837,744
Pengcheng Company	275,547,373	—	100%	100%	Yes	—	—
Xuecheng Company	2,078,659	130,000,000	85%	85%	Yes	(11,351,423)	—
Tengzhou Company	49,158,799	50,000,000	100%	100%	Yes	—	—
Heze Company	128,549,814	24,000,000	100%	100%	Yes	—	—
Suqian Company	23,017,507	—	100%	100%	Yes	—	—
Taierzhuang Malt Company	5,000,000	14,000,000	90.20%	100%	Yes	—	—
Langfang Company	80,830,288	—	100%	100%	Yes	—	—
Xi'an Company	392,627,114	—	100%	100%	Yes	—	—
Hansi Baoji	30,000,000	—	100%	100%	Yes	—	—
Anshan Company	30,000,000	—	60%	60%	Yes	5,903,238	—
Xingkaihu Company	129,430,000	39,760,000	100%	100%	Yes	—	—
Mishan Company	23,920,000	40,100,000	100%	100%	Yes	—	—
Haerbin Company	109,940,000	44,600,000	100%	100%	Yes	—	—
Import/Export Company	11,210,000	—	100%	100%	Yes	—	—
No. 5 Company	43,719,251	—	100%	100%	Yes	—	—
Pingyuan Company	21,730,001	5,500,000	100%	100%	Yes	—	—
Rizhao Company	339,239,300	—	100%	100%	Yes	—	—
Xinan Sales Company	99,200,000	—	100%	100%	Yes	—	—
Luzhou Company	110,518,371	—	95%	95%	Yes	6,567,141	—
Taizhou Company	62,808,167	—	100%	100%	Yes	—	—
Subtotal	3,441,676,949	408,960,000				17,646,656	3,021,666

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (a) Subsidiaries obtained through incorporation (continued)

	Ending balance of actual contribution	Ending balance of other items which forms substantially part of the net investment in the subsidiary (i)	Share holding (%)	Voting rights (%)	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Hongkong Company	41,728,681	—	100%	100%	Yes	—	—
Hanzhong Company	46,093,340	—	66%	66%	Yes	15,702,977	—
Beifang Sales Company	88,481,000	—	100%	100%	Yes	—	—
Xiamen Company	92,289,095	—	100%	100%	Yes	—	—
Dongnan Sales company	293,862,688	—	100%	100%	Yes	—	—
Jinan Company	560,000,000	—	100%	100%	Yes	—	—
Chengdu Company	200,000,000	18,000,000	100%	100%	Yes	—	—
Yulin Company	54,442,237	—	100%	100%	Yes	—	—
Chengyang Sales Company	8,000,000	—	100%	100%	Yes	—	—
Chenzhou Sales Company	50,000	—	100%	100%	Yes	—	—
Machinery and Equipment Company	2,000,000	—	100%	100%	Yes	—	—
Shijiazhuang Company	321,010,000	—	100%	100%	Yes	—	—
Taiyuan Company	200,000,000	30,000,000	100%	100%	Yes	—	—
Finance Company	300,000,000	—	100%	100%	Yes	—	—
Sifang Sales	10,000,000	—	100%	100%	Yes	—	—
Jieyang Company	150,000,000	—	100%	100%	Yes	—	—
Shaoguan Company	200,000,000	—	100%	100%	Yes	—	—
Subtotal	2,567,957,041	48,000,000				15,702,977	—
Total	6,009,633,990	456,960,000				33,349,633	3,021,666

(i) Represents the entrusted loans to subsidiaries entrusted by the Company through banks.

As at 31 December 2011, there is no debenture issued by the subsidiaries of the Company.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (b) Subsidiaries acquired through business combination involving enterprises not under common control

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Sanshui) Company Limited ("Sanshui Company")	Indirectly	Sanshui, the PRC	Manufacturing	USD5,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	71923008-5
Tsingtao Brewery (Chenzhou) Company Limited ("Chenzhou Company")	Directly & Indirectly	Chenzhou, the PRC	Manufacturing	RMB70,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	71700298-6
Shenzhen Tsingtao Brewery Asahi Company Limited ("Shenzhen Asahi")	Directly	Shenzhen, the PRC	Manufacturing	USD30,000	Manufacture and trading of beer	Company limited	Sun Mingbo	61884189-9
Tsingtao Brewery (Nanning) Company Limited ("Nanning Company")	Indirectly	Nanning, the PRC	Manufacturing	RMB730,000	Manufacture and domestic trading of beer	Company limited	Sun Mingbo	61930976-5
Tsingtao Brewery (Songjiang) Company Limited ("Songjiang Company")	Directly & Indirectly	Shanghai, the PRC	Manufacturing	USD36,640	Manufacture and domestic trading of beer	Company limited	Wang Ruiyong	60733504-2
Beijing Tsingtao Brewery Three Ring Company Limited ("Three Ring Company")	Directly & Indirectly	Beijing, the PRC	Manufacturing	USD29,800	Manufacture and domestic trading of beer	Company limited	Huang Kexing	10296842-6
Beijing Five Star Tsingtao Brewery Company Limited ("Five Star Company")	Directly & Indirectly	Beijing, the PRC	Manufacturing	RMB862,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	60002535-9
Tsingtao Brewery (Weinan) Company Limited ("Weinan Company")	Directly & Indirectly	Weinan, the PRC	Manufacturing	RMB50,000	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	99496209-6
Tsingtao Brewery (Gansu) Nongken Company Limited ("Gansu Nongken Company")	Indirectly	Lanzhou, the PRC	Manufacturing	RMB174,420	Manufacture and domestic trading of beer	Stock corporation	Zhang Anwen	71020161-6
Tsingtao Brewery (Wuwei) Company Liability Limited ("Wuwei Company")	Indirectly	Lanzhou, the PRC	Manufacturing	RMB36,100	Manufacture and domestic trading of beer	Company Limited	Zhang Anwen	72022229-3
Tsingtao Brewery (Rongcheng) Company Limited ("Rongcheng Company")	Directly	Rongcheng, the PRC	Manufacturing	RMB20,000	Manufacture and domestic trading of beer	Company Limited	Huang Zujiang	26712457-1
Tsingtao Brewery (Suizhou) Company Limited ("Suizhou Company")	Indirectly	Suizhou, the PRC	Manufacturing	RMB24,000	Manufacture and domestic trading of beer	Company Limited	Wang Xinhong	72829922-8
Tsingtao Brewery (Fuzhou) Company Limited ("Fuzhou Company")	Indirectly	Fuzhou, the PRC	Manufacturing	USD26,830	Manufacture and domestic trading of beer	Company Limited	Sui Zhanping	61131714-6

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (b) Subsidiaries acquired through business combination involving enterprises not under common control (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Zhangzhou) Company Limited ("Zhangzhou Company")	Indirectly	Zhangzhou, the PRC	Manufacturing	RMB100,000	Manufacture and domestic trading of beer	Company Limited	Sui Zhanping	72971694-3
Tsingtao Brewery Construction Company Limited ("Construction Company")	Directly	Qingdao, the PRC	Construction	RMB13,140	Indoor decoration, industrial equipment fixing	Company Limited	Liu Yingdi	26480798-3
Tsingtao Brewery (Penglai) Company Limited ("Penglai Company")	Directly	Penglai, the PRC	Manufacturing	RMB37,500	Manufacture and domestic trading of beer	Company Limited	Huang Zujiang	72073544-3
Tsingtao Brewery Cultural Communication Company Limited ("Cultural Communication Company")	Directly	Qingdao, the PRC	Manufacturing	RMB3,500	Pre-packaged food, accommodation and design	Company Limited	Liu Yingdi	26462903-X
Tsingtao Brewery Beverage Company Limited ("Beverage Company")	Directly	Qingdao, the PRC	Manufacturing	RMB110,000	Manufacture and domestic trading of beverage	Company Limited	Hu Zhihong	72402575-6
Tsingtao Beer (Jinan) Baotuquan Sales Company Limited ("Baotuquan Company")	Directly	Jinan, the PRC	Wholesale and retail sale	RMB20,000	Domestic trading of beer	Company Limited	Yan Zhengguang	67727382-8
Shandong Xin Immense Brewery Company Limited ("Immense Brewery Company") (2)/(3)	Directly	Mengyin, the PRC	Manufacturing	USD18,760	Manufacture and domestic trading of beer	Company Limited	Huang Kexing	78715752-9
Tsingtao Brewery (Hangzhou) Company Limited ("Hangzhou Company") (2)/(4)	Directly	Jiande, the PRC	Manufacturing	RMB230,000	Manufacture and domestic trading of beer	Company Limited	Wang Ruiyong	67399878-4
Asia Brewery (Macau) Company Limited ("Macau Company") (ii)	Indirectly	Macau, the PRC	Wholesale and retail sale	MOP200	Trading of beer in Macau	Company limited	Yuan Li	Not Applicable
Tsingtao Brewery (Yangzhou) Company Limited ("Yangzhou Company") (iii)	Directly	Yangzhou, the PRC	Manufacturing	RMB5,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	84088001-2

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (1) Information of subsidiaries (continued)

##### (b) Subsidiaries acquired through business combination involving enterprises not under common control (continued)

	Ending balance of actual contribution	Ending balance of other items which forms substantially a part of net investment in the subsidiary (i)	Share holding (%)	Voting rights (%)	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Sanshui Company	58,789,877	—	75%	75%	Yes	27,231,784	—
Chenzhou Company	71,921,877	—	100%	100%	Yes	—	—
Shenzhen Asahi	126,746,680	—	51%	51%	Yes	199,668,835	—
Nanning Company	270,495,918	—	75%	75%	Yes	38,171,153	—
Songjiang Company	204,972,676	—	100%	100%	Yes	—	—
Three Ring Company	73,846,179	145,000,000	54%	54%	Yes	(41,581,133)	674,004
Five Star Company	75,917,538	98,000,000	62.64%	62.64%	Yes	(28,848,934)	5,449,372
Weinan Company	50,693,709	—	100%	100%	Yes	—	—
Gansu Nongken Company	64,292,092	167,000,000	55.06%	55.06%	Yes	(61,437,302)	—
Wuwei Company	35,710,000	58,471,872	54.91%	99.72%	Yes	122,423	—
Rongcheng Company	65,103,434	—	70%	70%	Yes	(1,868,020)	—
Suizhou Company	9,000,000	—	90%	90%	Yes	(1,466,128)	173,518
Fuzhou Company	68,094,738	—	100%	100%	Yes	—	—
Zhangzhou Company	69,367,401	—	90%	90%	Yes	10,504,502	—
Construction Company	2,490,000	—	100%	100%	Yes	—	—
Penglai Company	30,000,000	53,600,000	80%	80%	Yes	(11,184,499)	964,618
Cultural Communication Company	5,290,000	—	100%	100%	Yes	—	—
Beverage Company	44,000,001	—	100%	100%	Yes	—	—
Baotouan Company	174,160,000	—	100%	100%	Yes	—	—
Immense Brewery	1,874,866,697	—	100%	100%	Yes	—	—
Hangzhou Company	186,000,000	—	80%	80%	Yes	40,794,335	5,340,749
Macau Company (ii)	90,875	—	45%	100%	Yes	7,975,404	—
Yangzhou Company (iii)	1,017,142	—	20%	100%	Yes	(52,499,541)	2,809,999
Total	3,562,866,834	522,071,872				125,582,879	15,412,260

(i) Represents the entrusted loans to subsidiaries entrusted by the Company through banks.

(ii) Hongkong Company, a subsidiary of the Company owns 45% of Macau Company's shares. Pursuant to the shareholders agreement of Macau Company, shareholders other than Hongkong Company do not have the rights to be directly or indirectly involved in the management or be authorized to function the rights of management or operation of Macau Company, and all administrative members responsible for the operation of Macau Company are appointed by Hongkong Company. Directors of the Company believe that the Group has essential control over Macau Company, hence Macau Company has been consolidated as subsidiary of the Group.

(iii) Pursuant to the agreements entered into between the Company and Tsingtao Brewery Group Company ("TB Group Company") in January 2003 and December 2004 respectively, TB Group Company, being the 80% equity owner of Yangzhou Company, entrusted the Company to control the operations and management of Yangzhou Company. In addition, a majority of the members of the board of directors of Yangzhou Company are also appointed by the Company. Accordingly, Yangzhou Company and its subsidiary Yangzhou Zhongdan Brewery Materials Recycling Company Limited have been consolidated as subsidiaries of the Group because the Group has control over their financial and operating decisions.

As at 31 December 2011, there is no debenture issued by the subsidiaries of the Company.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (2) Entities newly included in the consolidation scope in the current year

	Net assets on 31 December 2011	Net profits/(losses) for the current year
Sifang Sales (i)	19,041,380	9,041,380
Finance Company (i)	330,981,955	30,981,955
Jieyang Company (i)	145,691,979	(4,308,021)
Shaoguan Company (i)	198,361,291	(1,638,709)
Immense Brewery Company (ii)	936,031,794	20,033,714
Hangzhou Company (iii)	203,971,675	(26,703,747)

- (i) Sifang Sales, Finance Company, Jieyang Company and Shaoguan Company are newly incorporated wholly-owned subsidiaries in the current year.
- (ii) Immense Brewery Company was acquired in a business combination involving enterprises not under common control. The net profit for the current year is the net profit earned from the acquisition date to 31 December 2011.
- (iii) Hangzhou Company is a subsidiary acquired in a business combination involving entities not under common control. The fair value of net assets acquired at the date of acquisition was RMB80,675,422. Upon the completion of the acquisition, the Company and the minority shareholder contributed capital of RMB120,000,000 and RMB30,000,000 respectively to Hangzhou Company. The net loss for the year represents the net loss for the period from the date of acquisition to 31 December 2011.

#### (3) Business combination involving entities not under common control

The significant business combination involving entity not under common control occurred during the period is disclosed as follows:

	Amount of goodwill	Calculation of goodwill
Immense Brewery Company	958,868,617	The amount of the cost of combination over the acquirer's interests in the fair value of the acquiree's identifiable net assets acquired is recognised as goodwill. The calculation is as follow:

The Company and Hong Kong Company entered into an agreement with the transferors Xin Immense Brewery (Hong Kong) Company Limited and China Skill Limited to acquire 75% and 25% equity interest in Immense Brewery Company held by the transferors respectively. The completion date of this acquisition was 31 March 2011, on which the Group effectively obtains the rights to control Immense Brewery.

- (i) Details of the cost of combination and goodwill recognised are as follows:

Cost of combination — Cash paid	1,874,866,697
Less: Fair value of the identifiable net assets acquired	<u>(915,998,080)</u>
Goodwill	<u>958,868,617</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (3) Business combination involving entities not under common control (continued)

- (ii) The assets and liabilities of Immense Brewery Company at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Fair value	Carrying amount	
	Date of acquisition	Date of acquisition	31 December 2010
Cash at bank and on hand	168,729,136	168,729,136	141,644,983
Accounts receivable	33,977,640	33,977,640	7,072,601
Advances to suppliers	20,621,560	20,614,402	44,230,175
Other Receivables	6,447,531	6,447,531	7,629,698
Inventories	161,125,001	157,339,625	136,511,871
Fixed assets	323,895,973	286,774,147	285,422,452
Construction in progress	—	—	104,160
Intangible assets	782,422,385	31,323,682	31,297,536
Deferred tax assets	309,708	309,708	113,678
Less: Accounts payable	(92,202,787)	(92,202,787)	(56,428,851)
Notes payable	—	—	(5,600,000)
Advances from customers	(37,700,893)	(37,700,893)	(57,400,874)
Employee benefits payable	(58,753,264)	(58,753,264)	(52,194,017)
Taxes payable	(19,225,840)	(19,225,840)	(22,105,340)
Other payables	(172,040,804)	(172,040,804)	(129,831,148)
Deferred tax liabilities	(198,003,266)	—	—
Payables for specific projects	(3,604,000)	(3,604,000)	(3,604,000)
Net assets	915,998,080	321,988,283	326,862,924
Less: Minority interest	—	—	—
Net assets acquired	915,998,080	321,988,283	326,862,924
Consideration settled in cash	1,874,866,697		
Less: cash and cash equivalents in the subsidiary acquired	(168,729,136)		
Net cash outflow on acquisition of the subsidiary	1,706,137,561		

The fair value of the assets and liabilities of Immense Brewery Company at the acquisition date are determined by the Group using valuation techniques. According to the valuation report of Qingdao Tianhe Appraisal Company Limited, The valuation method and critical assumptions applied are as follows:

The valuation method used for fixed assets is Depreciated Replacement Cost approach, using the following critical assumptions:

Assets in category of house and buildings are continued to be used for the existing purpose, the houses which have no Property Ownership Certificate may legally obtain the Property Ownership Certificate; assets in category of machines and equipment are continued to be used for the existing purpose.

The valuation methods used for intangible assets are as follows:

The valuation methods used for land use right are the Adjusted Benchmarking Land Price Scale Method and the Cost Approximation, using the following critical assumptions: The use purpose will not be changed.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 4 Business combination and the consolidated financial statements (continued)

#### (3) Business combination involving entities not under common control (continued)

- (ii) The assets and liabilities of Immense Brewery Company at the acquisition date, and the cash flows relating to the acquisition are as follows: (continued)

The valuation methods used for sales network is the Income Approach, using the following critical assumptions: It will strive to maintain and develop the customer relations, especially the relationship with the key customer by being based on the current customer relations of Immense Brewery Company and the established marketing policies, but disregard the contribution made by the new customers to the marketing network during the future operations.

The valuation methods used for trademarks is the Income Approach, using the following critical assumptions: The trademarks are continued to be used for the current purpose, in the current manner, size, frequency and circumstance, or used on the minor-changed basis; the trademarks can be duly extended in the future years, and may be extended by the enterprises which use the trademarks pursuant to the relevant laws and regulations.

- (iii) The revenue, net profit and cash flows of Immense Brewery Company for the period from the acquisition date to 31 December 2011 are as follows:

Revenue	759,670,447
Net profit	20,033,714
Cash flows from operating activities	37,045,150
Net cash flows	(15,176,385)

#### (4) Increase in registered capital of subsidiaries

In May 2011, June 2011 and November 2011, the Company increased its investments in Hangzhou Company, No. 3 Company and Shijiazhuang Company with amount of RMB120,000,000, RMB216,110,000 and RMB121,010,000 respectively. All the investments are paid in cash.

#### (5) Entities excluded from the consolidation scope in the current year

	Net assets at the disposal date	Net profit from 1 January 2011 to the disposal date
Tsingtao Brewery (Chongqing) Company Limited (“Chongqing Company”)	(70,930,983)	—
Haerbin Northeast Tsingtao Brewery Sales Company Limited (“Northeast Sales Company”)	(16,806,314)	—

Chongqing Company and Northeast Sales Company are deregistered in the current year.

#### (6) Exchange rate applied to financial statements items of foreign operation entities

	Assets and liabilities	
	31 December 2011	31 December 2010
Hong Kong Company	HKD1 = RMB 0.8107	HKD1 = RMB 0.8509
Macau Company	MOP1 = RMB 0.7886	MOP1 = RMB 0.8265

The shareholders' equity items other than “undistributed profits”, income and expense items, and the cash flows items are translated at the spot exchange rates at the dates of the transactions.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements

#### (1) Cash at bank and on hand

	31 December 2011			31 December 2010		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash on hand						
RMB	—	—	473,233	—	—	581,281
HKD	21,676	0.8107	17,573	42,491	0.8509	36,156
MOP	209,376	0.7886	165,114	—	—	—
			<u>655,920</u>			<u>617,437</u>
Bank deposits						
RMB	—	—	5,485,196,263	—	—	7,535,273,954
USD	6,007,207	6.3009	37,850,811	1,149,857	6.6227	7,615,158
HKD	25,738,591	0.8107	20,866,276	22,651,285	0.8509	19,273,978
EUR	6,732	8.1625	54,950	2,890	8.8065	25,451
MOP	7,004,192	0.7886	5,523,506	—	—	—
			<u>5,549,491,806</u>			<u>7,562,188,541</u>
Deposits with central bank						
RMB	—	—	521,570,000	—	—	—
Other cash balances						
RMB	—	—	35,893,532	—	—	35,152,113
			<u>6,107,611,258</u>			<u>7,597,958,091</u>

As at 31 December 2011, deposits with central bank of RMB521,570,000 (31 December 2010: nil) represents statutory deposit reserves with the People's Bank of China by Finance Company. According to the circular Yinfa [2011] No.280 promulgated by the People's Bank of China, as at 31 December 2011, the statutory deposit reserve ratio for RMB deposits of Finance Company is 16%.

As at 31 December 2011, other cash balances of RMB4,130,453 (31 December 2010: RMB2,707,986) is pledged as collateral for issuing of bank acceptance (Note 5(21)); other cash balances of RMB749,769 (31 December 2010: RMB394,315) represents guarantee deposits of the Company for the purpose of applying for letter of credit; other cash balances of RMB31,013,310 (31 December 2010: RMB32,049,812) represents housing maintenance fund deposited in the bank.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (2) Notes receivable

	31 December 2011	31 December 2010
Bank acceptance notes	<b>98,350,000</b>	12,605,000

As at 31 December 2011, the five largest notes receivable that are not mature but have been endorsed and other analysis are as follows:

Issued Company	Issuance date	Maturity date	Amount
Qingdao Xinkangjian Brewery Company Limited ("Xinkangjian Company")	26/12/2011	26/06/2012	21,000,000
Jinjiang Dashixiong Brewery Company Limited	06/07/2011	06/01/2012	10,000,000
Zhangpu Suiyuan Huashun Trading Company Limited	15/07/2011	15/01/2012	10,000,000
Xinkangjian Company	23/11/2011	23/05/2012	8,400,000
Xinkangjian Company	26/07/2011	26/01/2012	7,000,000
Others			<u>205,588,020</u>
			<u>261,988,020</u>

As at 31 December 2011, there are no pledged notes receivables and no discounted trade acceptance notes that were not mature.

#### (3) Accounts receivable

	31 December 2011	31 December 2010
Accounts receivable	<b>325,048,799</b>	337,912,495
Less: provision for bad debts	<b>(236,951,339)</b>	(248,102,424)
	<b>88,097,460</b>	89,810,071

The majority of the Company's domestic sales are made with advances from customers. The remainings are settled by letters of credit, bank acceptance notes or credit terms from 30 to 150 days.

(a) The ageing of accounts receivable based on their recording dates is analysed below:

	31 December 2011	31 December 2010
Within 6 months	<b>87,799,273</b>	88,718,287
6 months to 1 year	<b>137,349</b>	329,036
1 to 2 years	<b>335,411</b>	1,558,400
2 to 3 years	<b>186,438</b>	1,891,312
Over 3 years	<b>236,590,328</b>	245,415,460
	<b>325,048,799</b>	337,912,495

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (3) Accounts receivable (continued)

(b) Accounts receivable by categories are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and subject to separate provision	45,101,710	13.88%	(45,101,710)	100%	45,101,710	13.35%	(45,101,710)	100%
Subject to provision by groups								
Group C	279,947,089	86.12%	(191,849,629)	68.53%	292,810,785	86.65%	(203,000,714)	69.33%
	<u>325,048,799</u>	<u>100%</u>	<u>(236,951,339)</u>	<u>72.90%</u>	<u>337,912,495</u>	<u>100%</u>	<u>(248,102,424)</u>	<u>73.42%</u>

(c) As at 31 December 2011, accounts receivable with amounts that are individually significant and the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Tsingtao Brewery (Guangzhou) General Agency Company Limited (“Guangzhou General Agency”)	18,859,690	(18,859,690)	100%	(i)
Gansu Nongken Brewery Company Limited (“Nongken Brewery Company”)	14,996,236	(14,996,236)	100%	(ii)
Beijing Tsingtao Brewery Sales Company Limited (“Beijing Sales Company”)	11,245,784	(11,245,784)	100%	(iii)
	<u>45,101,710</u>	<u>(45,101,710)</u>		

- (i) As Guangzhou General Agency had ceased operation, the management of the Company is of the view that it is hard to collect the receivable amount, therefore full bad debt provision has been made accordingly.
- (ii) As Nongken Brewery Company had been deregistered, the management of the Group is of the view that it is hard to collect the receivable amount, therefore full bad debt provision has been made accordingly.
- (iii) The Company had ceased all business transactions with Beijing Sales Company since year 2002, The management of the Company is of the view that it is hard to collect the receivable amount, therefore full bad debt provision has been made accordingly.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (3) Accounts receivable (continued)

- (d) Accounts receivable that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	87,799,273	31.36%	—	—	88,718,287	30.30%	—	—
6 months to 1 year	137,349	0.05%	(6,867)	5%	329,036	0.11%	(16,452)	5%
1 to 2 years	335,411	0.12%	(167,706)	50%	1,558,400	0.53%	(779,200)	50%
2 to 3 years	186,438	0.07%	(186,438)	100%	1,891,312	0.65%	(1,891,312)	100%
Over 3 years	191,488,618	68.40%	(191,488,618)	100%	200,313,750	68.41%	(200,313,750)	100%
	<u>279,947,089</u>	<u>100%</u>	<u>(191,849,629)</u>	<u>68.53%</u>	<u>292,810,785</u>	<u>100%</u>	<u>(203,000,714)</u>	<u>69.33%</u>

- (e) There are no accounts receivable that related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year (2010: nil).

- (f) Accounts receivable that are written off in the current year are summarised as follows:

	Nature	Amount	Reason	Arising from related party transactions or not
Wuxian Shenghe Company Limited, etc.	Sales of beer	10,203,241	Deregistration etc.	No
Others	Others	901,023	Deregistration etc.	No
		<u>11,104,264</u>		

- (g) Accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

	31 December 2011		31 December 2010	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Asahi Breweries, Ltd. ("Asahi Breweries")	<u>7,778,782</u>	<u>—</u>	<u>4,298,310</u>	<u>—</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (3) Accounts receivable (continued)

(h) As at 31 December 2011, the five largest accounts receivable are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Guangzhou General Agency	Associate	18,859,690	Over 3 years	5.80%
Nongken Brewery Company	Third party	14,996,236	Over 3 years	4.61%
Tsingtao Brewery Import & Export S.A.R.L (“European Company”)	Associate	12,336,949	Within 6 months	3.80%
Beijing Sales Company	Associate	11,245,784	Over 3 years	3.46%
Nanjing Jiahongda Brewery Company Limited	Third party	8,341,734	Over 3 years	2.57%
		<u>65,780,393</u>		<u>20.24%</u>

(i) Accounts receivable from related parties are analysed as follows (Note 7(5)):

	Relationship with the Group	31 December 2011			31 December 2010		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Guangzhou General Agency	Associate	18,859,690	5.80%	(18,859,690)	18,859,690	5.57%	(18,859,690)
European Company	Associate	12,336,949	3.80%	—	8,837,901	2.62%	—
Beijing Sales Company	Associate	11,245,784	3.46%	(11,245,784)	11,245,784	3.33%	(11,245,784)
Asahi Breweries	Shareholder of the Company	7,778,782	2.39%	—	4,298,310	1.27%	—
Asahi Beer (China) Investment Co., Ltd. (“Asahi Investment”)	Asahi Breweries’ subsidiary	1,869,327	0.58%	—	—	—	—
Asahi Brewery (Shanghai) Product Services Ltd. (“Asahi Brewery Shanghai”)	Asahi Breweries’ subsidiary	—	—	—	1,675,014	0.50%	—
		<u>52,090,532</u>	<u>16.03%</u>	<u>(30,105,474)</u>	<u>44,916,699</u>	<u>13.29%</u>	<u>(30,105,474)</u>

(j) As at 31 December 2011, there are no accounts receivable derecognised due to the transfer of financial assets (31 December 2010: nil).

(k) As at 31 December 2011, there are no accounts receivable pledged as collateral for the Group’s short-term borrowings (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (3) Accounts receivable (continued)

(l) Accounts receivable dominated in foreign currency are as follows:

	31 December 2011			31 December 2010		
	Amount	Exchange rate	RMB	Amount	Exchange rate	RMB
HKD	37,025,643	0.8107	30,016,689	66,266,016	0.8509	56,385,753
USD	4,109,317	6.3009	25,892,395	2,538,734	6.6227	16,813,274
EUR	1,511,418	8.1625	12,336,949	1,043,201	8.8065	9,186,950
MOP	5,142,001	0.7886	4,054,982	—	—	—
CAD	141,055	6.1777	871,395	197,411	6.6043	1,303,761
			<u>73,172,410</u>			<u>83,689,738</u>

#### (4) Other receivables

	31 December 2011	31 December 2010
Staff advance	33,768,594	30,481,977
Refund for prepayment of land use rights	27,441,647	27,441,647
Deposits	17,758,496	16,364,000
Payment on behalf for recycled bottles	17,735,716	1,960,390
Refund for prepayment of property	13,000,000	13,000,000
VAT refund	4,369,605	6,471,098
Deposit for acquisition of a subsidiary (i)	—	85,000,000
Others	93,708,491	96,324,180
	<u>207,782,549</u>	<u>277,043,292</u>
Less: provision for bad debts	<u>(93,357,456)</u>	<u>(88,125,878)</u>
	<u>114,425,093</u>	<u>188,917,414</u>

(i) Represents the deposit paid by the Company in year 2010 to Xin Immense Brewery (Hong Kong) Company Limited for the acquisition of 100% equity interest in Immense Brewery Company, which has been collected the current year.

(a) The ageing of other receivables is analysed below:

	31 December 2011	31 December 2010
Within 6 months	80,325,704	164,234,944
6 months to 1 year	19,084,650	6,698,022
1 to 2 years	6,566,790	7,264,516
2 to 3 years	4,169,427	2,229,615
Over 3 years	97,635,978	96,616,195
	<u>207,782,549</u>	<u>277,043,292</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (4) Other receivables (continued)

(b) Other receivables by categories are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and subject to separate provision	30,441,647	14.65%	(30,441,647)	100%	30,441,647	10.99%	(30,441,647)	100%
Subject to provision by groups								
Group A	16,166,320	7.78%	—	—	104,802,522	37.83%	—	—
Group C	161,174,582	77.57%	(62,915,809)	39.04%	141,799,123	51.18%	(57,684,231)	40.68%
	<u>207,782,549</u>	<u>100%</u>	<u>(93,357,456)</u>	<u>44.93%</u>	<u>277,043,292</u>	<u>100%</u>	<u>(88,125,878)</u>	<u>31.81%</u>

(c) As at 31 December 2011, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Refund for prepayment of land use rights	17,441,647	(17,441,647)	100%	(i)
Refund for prepayment of property	13,000,000	(13,000,000)	100%	(ii)
	<u>30,441,647</u>	<u>(30,441,647)</u>		

(i) Represents the land premium prepaid to the government years ago. The government undertook to refund the land premium in case of failure to obtain related land use right. The management of the Company considers that the possibility of recovery is low, and full bad debt provision has been made accordingly.

(ii) Represents the deposit for purchase of a property paid to Qingdao Municipal Local Taxation Bureau No. 2 Branch years ago. Refund for the deposit had not been made after the termination of the transaction. The management of the Company considers that the possibility of recovery is low, and full bad debt provision has been made accordingly.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (4) Other receivables (continued)

(d) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	80,325,704	49.83%	—	—	77,047,565	54.34%	—	—
6 months to 1 year	15,978,910	9.91%	(798,946)	5%	5,196,956	3.67%	(259,849)	5%
1 to 2 years	5,506,210	3.42%	(2,753,105)	50%	4,260,439	3.00%	(2,130,219)	50%
2 to 3 years	4,169,427	2.59%	(4,169,427)	100%	2,229,615	1.57%	(2,229,615)	100%
Over 3 years	55,194,331	34.25%	(55,194,331)	100%	53,064,548	37.42%	(53,064,548)	100%
	<u>161,174,582</u>	<u>100%</u>	<u>(62,915,809)</u>	<u>39.04%</u>	<u>141,799,123</u>	<u>100%</u>	<u>(57,684,231)</u>	<u>40.68%</u>

(e) There are no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year (2010: nil).

(f) Other receivables that were written off in current year are as follows:

Nature	Amount	Reason	Arising from related party transactions or not
Deposits	718,261	Cessation of business, deregistration or bankruptcy	No
Staff advance	222,130	Amount due from individuals, no collection evidenced	No
Other	<u>1,648,331</u>		No
	<u>2,588,722</u>		

(g) As at 31 December 2011, there are no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (4) Other receivables (continued)

(h) As at 31 December 2011, the five largest other receivables are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Qingdao Bureau of Land and Resources of Economic Technical Development Area	Third party	17,441,647	Over 3 years	8.40%
Qingdao Municipal Local Taxation Bureau No. 2 Branch	Third party	13,000,000	Over 3 years	6.26%
Shanghai Songjiao Trading Company Limited	Third party	11,098,255	Within 6 months	5.34%
Heze Mudan Finance Bureau	Third party	10,000,000	Over 3 years	4.81%
Chengdu Decheng Materials Recycling Company Limited	Third party	6,637,196	2 to 3 years	3.19%
		<u>58,177,098</u>		<u>28.00%</u>

(i) Other receivables from related parties are analysed as follows (Note 7(5)):

	Relationship with the Group	31 December 2011			31 December 2010		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Tsingtao Brewery Equipment Manufacture Company Limited ("Equipment Manufacture")	Jointly controlled entity	—	—	—	2,187,379	0.79%	—
Beijing Brewery Asahi Company Limited ("Beijing Asahi")	Asahi Breweries' subsidiary	—	—	—	454,936	0.16%	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>2,642,315</u>	<u>0.95%</u>	<u>—</u>

(j) As at 31 December 2011, there are no other receivables derecognised due to transfer of financial assets (31 December 2010: nil).

(k) Other receivables dominated in foreign currency are as follows:

	31 December 2011			31 December 2010		
	Amount	Exchange rate	RMB	Amount	Exchange rate	RMB
HKD	1,110,915	0.8107	900,619	—	—	—
MOP	215,376	0.7886	169,846	—	—	—
			<u>1,070,465</u>			<u>—</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

	31 December 2011		31 December 2010	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	273,004,885	99.93%	47,048,229	94.52%
1 to 2 years	40,926	0.01%	1,722,738	3.46%
2 to 3 years	—	—	109,461	0.22%
Over 3 years	162,990	0.06%	895,563	1.80%
	<b>273,208,801</b>	<b>100%</b>	<b>49,775,991</b>	<b>100%</b>

As at 31 December 2011, advances to suppliers over 1 year with a carrying amount of RMB203,916 (31 December 2010: RMB2,727,762) are mainly advances paid for materials, which are not fully settled due to production plan.

(b) As at 31 December 2011, the five largest advances to suppliers are analysed as follows:

	Relationship with the Group	Amount	% of total balance	Recognition date	Reason for unsettled
Yancheng Haiyue Malt Company Limited	Third party	70,791,492	25.91%	2011	Goods not received
Tsingtao Brewery (Baoji) Company Limited	Shareholding	67,323,134	24.64%	2011	Goods not received
YanTai Haiyue Malt Company Limited	Third party	29,005,129	10.62%	2011	Goods not received
Jining Beihui Glass Manufacturing Limited	Third party	15,000,000	5.49%	2011	Goods not received
Laiwu Luzhong Beer Material Limited	Third party	10,083,714	3.69%	2011	Goods not received
		<b>192,203,469</b>	<b>70.35%</b>		

(c) As at 31 December 2011, there are no advances to shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

(d) As at 31 December 2011, there are no advances to related parties (31 December 2010: nil).

(e) As at 31 December 2011, there are no advances to suppliers dominated in foreign currency (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (6) Inventories

(a) Classification of inventories is as follow:

	31 December 2011			31 December 2010		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	735,484,791	(4,608,459)	730,876,332	535,181,417	(6,085,447)	529,095,970
Packaging materials	955,314,707	(17,334,891)	937,979,816	850,681,277	(33,720,444)	816,960,833
Low-value consumption goods	69,274,861	—	69,274,861	43,765,829	—	43,765,829
Material on consignment for further processing	54,894,188	—	54,894,188	14,080,882	—	14,080,882
Work in progress	343,148,204	—	343,148,204	247,491,492	—	247,491,492
Finished goods	581,566,743	(18,354)	581,548,389	291,036,997	(18,354)	291,018,643
	<u>2,739,683,494</u>	<u>(21,961,704)</u>	<u>2,717,721,790</u>	<u>1,982,237,894</u>	<u>(39,824,245)</u>	<u>1,942,413,649</u>

(b) Provision for decline in the value of inventories are analysed as follows:

	31 December 2010	Increase in current year	Decrease in current year		31 December 2011
			Reversal	Write-off	
Raw materials	(6,085,447)	(647,082)	783,446	1,340,624	(4,608,459)
Packaging materials	(33,720,444)	(1,968,463)	824,746	17,529,270	(17,334,891)
Finished goods	(18,354)	—	—	—	(18,354)
	<u>(39,824,245)</u>	<u>(2,615,545)</u>	<u>1,608,192</u>	<u>18,869,894</u>	<u>(21,961,704)</u>

(c) Provision for decline in the value of inventories are as follows:

	Basis for provision	Reason for reversal	% of total balance
Raw materials	Amount of carrying amount over net realisable value	Increase in net realisable value	0.11%
Packaging materials	Amount of carrying amount over net realisable value	Increase in net realisable value	0.09%
Finished goods	Amount of carrying amount over net realisable value	Not applicable	Not applicable

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (7) Other current assets

	31 December 2011	31 December 2010
Input VAT	127,079,352	—
Prepaid enterprise income tax	41,129,441	13,157,293
Others	2,383,269	—
	<u>170,592,062</u>	<u>13,157,293</u>

#### (8) Long-term receivables

	31 December 2011	31 December 2010
Deposits	—	2,000,000
Less: provisions for bad debts	—	—
	<u>—</u>	<u>2,000,000</u>

#### (9) Long-term equity investments

	31 December 2011	31 December 2010
Jointly controlled entity — unlisted (a)	—	—
Associates — unlisted (b)	151,876,550	152,928,735
Other long-term equity investments — unlisted (c)	10,116,821	10,116,821
	<u>161,993,371</u>	<u>163,045,556</u>
Less: Provision for impairment of long-term equity investments (d)	<u>(10,028,179)</u>	<u>(10,028,179)</u>
	<u>151,965,192</u>	<u>153,017,377</u>

There is no limitation on sales of the long-term equity investments held by the Group.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (9) Long-term equity investments (continued)

##### (a) Jointly controlled entity — unlisted

	Accounting Method	Investment cost	Current year movement					31 December 2011	Equity interest held	Voting rights held	Explanation of disparity between percentages of share holding and Provision for impairment	Impairment provided in the current year
			31 December 2010	Increase/Decrease in investment	Share of net profit using the equity method	Cash dividend declared	Other changes in equity					
Equipment Manufacture	Equity Method	577,406	—	—	—	—	—	50%	50%	Not applicable	—	—

Equipment Manufacture had been loss-making with negative net assets, while the Group does not have any obligation for its additional losses. Accordingly, in the recognition of the Group's share of its net loss, the carrying value of the long-term equity investment is only reduced to zero. The unrecognised investment profit for the year amounted to RMB499,010 (2010: unrecognised investment loss RMB384,292). As at 31 December 2011, the cumulative unrecognised investment losses amounted to RMB789,918 (31 December 2010: RMB1,288,928).

##### (b) Associates — unlisted

	Accounting Method	Investment cost	Current year movement				31 December 2011	Equity interest held	voting rights held	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current year
			31 December 2010	Increase/Decrease in investment	Share of net profit using the equity method	Other changes in equity						
Yantai Asahi	Equity Method	120,024,598	125,120,802	1,151,846	—	126,272,648	39%	39%	Not Applicable	—	—	
Qingdao Zhaoshang Logistics Company Limited ("Zhaoshang Logistics")	Equity Method	6,000,000	21,701,059	2,915,621	(5,551,449)	19,065,231	30%	30%	Not Applicable	—	—	
Liaoning Shengqing Tsingtao Brewery Company Limited ("Liaoning Shengqing")	Equity Method	600,000	3,206,609	157,323	—	3,363,932	30%	30%	Not Applicable	—	—	
European Company	Equity Method	584,166	1,680,265	274,474	—	1,954,739	40%	40%	Not Applicable	—	—	
Others	Equity Method	—	1,220,000	—	—	1,220,000	—	—	—	(1,220,000)	—	
			152,928,735	4,499,264	(5,551,449)	151,876,550				(1,220,000)	—	

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (9) Long-term equity investments (continued)

##### (c) Other long-term equity investments — unlisted

	Accounting Method	Investment cost	31 December 2010	Increase/Decrease in investment	31 December 2011	Provision for impairment	Impairment provided in the current year	Cash dividends declared in the current year
Guangxi Beihai Real Estate Company Limited ("Beihai Real Estate Company")	Cost Method	3,610,000	3,610,000	—	3,610,000	(3,610,000)	—	—
Qingdao Yingxiao Club (Yingxiao Club)	Cost Method	3,985,261	3,985,261	—	3,985,261	(3,985,261)	—	—
Others	Cost Method	2,521,560	2,521,560	—	2,521,560	(1,212,918)	—	—
			10,116,821	—	10,116,821	(8,808,179)	—	—

##### (d) Provision for impairment of long-term equity investments

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Beihai Real Estate Company	(3,610,000)	—	—	(3,610,000)
Yingxiao Club	(3,985,261)	—	—	(3,985,261)
Others	(2,432,918)	—	—	(2,432,918)
	(10,028,179)	—	—	(10,028,179)

#### (10) Investments in jointly controlled entity and associates

	Share holding (%)	Voting rights (%)	31 December 2011			2011	
			Total assets	Total liabilities	Net assets	Revenue	Net profit
Jointly controlled entity —							
Equipment Manufacture	50%	50%	14,878,625	16,458,702	(1,580,077)	21,289,111	998,021
Associates —							
Yantai Asahi Zhaoshang Logistics	39%	39%	421,678,221	181,926,405	239,751,816	541,724,973	6,813,450
Liaoning Shenqing	30%	30%	109,381,083	46,005,145	63,375,938	231,248,474	9,718,736
European Company	30%	30%	82,564,077	70,945,939	11,618,138	368,147,818	524,410
	40%	40%	21,592,963	18,209,843	3,383,120	65,437,176	686,184

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Cost	12,615,986,806	2,400,002,091	(628,176,113)	<b>14,387,812,784</b>
Buildings	3,891,626,875	843,596,749	(174,184,780)	<b>4,561,038,844</b>
Machinery and equipment	7,931,243,444	1,418,459,198	(384,740,574)	<b>8,964,962,068</b>
Motor vehicles	349,358,321	49,770,727	(34,017,103)	<b>365,111,945</b>
Other equipment	443,758,166	88,175,417	(35,233,656)	<b>496,699,927</b>
Accumulated depreciation	(6,357,404,173)	(570,888,585)	440,326,352	<b>(6,487,966,406)</b>
Buildings	(1,249,502,675)	(105,927,314)	80,103,084	<b>(1,275,326,905)</b>
Machinery and equipment	(4,608,539,003)	(396,418,073)	298,545,925	<b>(4,706,411,151)</b>
Motor vehicles	(202,107,219)	(18,798,807)	29,082,280	<b>(191,823,746)</b>
Other equipment	(297,255,276)	(49,744,391)	32,595,063	<b>(314,404,604)</b>
Net book value	6,258,582,633			<b>7,899,846,378</b>
Buildings	2,642,124,200			<b>3,285,711,939</b>
Machinery and equipment	3,322,704,441			<b>4,258,550,917</b>
Motor vehicles	147,251,102			<b>173,288,199</b>
Other equipment	146,502,890			<b>182,295,323</b>
Provision for impairment	(747,529,338)	(8,248,044)	60,916,040	<b>(694,861,342)</b>
Buildings	(116,500,835)	(3,013,904)	23,713,098	<b>(95,801,641)</b>
Machinery and equipment	(609,128,233)	(5,145,773)	34,464,827	<b>(579,809,179)</b>
Motor vehicles	(21,482,661)	(28,058)	2,680,584	<b>(18,830,135)</b>
Other equipment	(417,609)	(60,309)	57,531	<b>(420,387)</b>
Carrying amount	5,511,053,295			<b>7,204,985,036</b>
Buildings	2,525,623,365			<b>3,189,910,298</b>
Machinery and equipment	2,713,576,208			<b>3,678,741,738</b>
Motor vehicles	125,768,441			<b>154,458,064</b>
Other equipment	146,085,281			<b>181,874,936</b>

As at 31 December 2011, there is no fixed assets pledged as collateral for borrowings (31 December 2010: nil).

In 2011, depreciation charged to fixed assets amounts to RMB570,888,585 (2010: RMB510,064,475), of which RMB514,242,626, RMB6,776,344 and RMB49,869,615 (2010: RMB455,268,671, RMB12,143,077 and RMB42,652,727) has been charged in cost of sales, selling and distribution expenses and general and administrative expenses, respectively.

The costs of fixed assets transferred from construction in progress amount to RMB1,609,940,427 (2010: RMB321,851,482).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets (continued)

##### (a) Temporarily idle fixed assets

As at 31 December 2011, the buildings and the machinery and equipment with carrying amount of RMB11,528,046 (cost of RMB45,725,847) are temporarily idle for the reason of products update (31 December 2010: carrying amount of RMB8,948,033 (cost of RMB50,329,160)), which are analysed as follow:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	2,338,559	(1,128,583)	(111,446)	1,098,530
Machinery and equipment	43,387,288	(29,462,841)	(3,494,931)	10,429,516
	<u>45,725,847</u>	<u>(30,591,424)</u>	<u>(3,606,377)</u>	<u>11,528,046</u>

##### (b) Fixed assets held under finance leases

As at 31 December 2011, the fixed assets with carrying amount of RMB6,964,305 (cost of RMB10,214,224) are held under finance leases (31 December 2010: carrying amount of RMB7,655,763 (cost of RMB10,214,224)). The analysis is as follow:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
31 December 2011				
Machinery and equipment	<u>10,214,224</u>	<u>(3,249,919)</u>	<u>—</u>	<u>6,964,305</u>
31 December 2010				
Machinery and equipment	<u>10,214,224</u>	<u>(2,558,461)</u>	<u>—</u>	<u>7,655,763</u>

Fixed assets held under finance leases represented machinery and equipment leased from Meilianxin Finance & Leasing Company Limited (“Meilianxin”) by Shenzhen Asahi, a subsidiary of the Company (Note 11).

##### (c) Held-for-sale fixed assets

As at 31 December 2011, there are no significant held-for-sale fixed assets(31 December 2010: nil).

##### (d) Provision for impairment

According to the accounting policies stated in Note 2(19), the Group tests whether fixed assets, for example, buildings, machinery and equipment have suffered any impairment at the balance sheet date, and impairment amounts to RMB8,248,044 has been provided.

##### (e) Fixed assets rented out under operating lease

As at 31 December 2011, there are no significant fixed assets rented out under operating lease (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (11) Fixed assets (continued)

##### (f) Fixed assets with pending certificates of ownership

The ownership certificates of the Group's certain buildings have not been obtained. The analysis are as follows:

Reason	31 December 2011		31 December 2010	
	Cost	Carrying amount	Cost	Carrying amount
In the application process	816,981,000	719,927,000	475,759,000	372,663,000
Unable to obtain	127,859,000	59,724,000	135,189,000	67,410,000
	<b>944,840,000</b>	<b>779,651,000</b>	610,948,000	440,073,000

Per consultation with the Company's legal adviser, the Company's directors are of the view that this situation will not prevent the Group from legal possession of such facilities as there is no legal restriction for the Group to apply for and obtain the building ownership certificates, there are no significant adverse impact on the operations of the Group, therefore, no provision for fixed assets impairment is provided. In addition, certain buildings of the Group are still located on parcels of allocated land owned by certain local municipal governments (Note 5 (14)).

	Reason	Estimated date
Partial buildings of No. 3 Company	In progress	2012
Partial buildings of Sanshui Company	In progress	2012
Partial buildings of Three Ring Company	In progress	2012
Partial buildings of Taiyuan Company	In progress	2012
Partial buildings of Mishan Company	In progress	2012
Partial buildings of Chengdu Company	In progress	2012
Partial buildings of Hangzhou Company	In progress	2012
Partial buildings of Yulin Company	In progress	2012
Partial buildings of Wuwei Company	In progress	2012
Partial buildings of Shanzhen Asahi Company	In progress	2012
Partial buildings of Weinan Company	In progress	2012
Partial buildings of Gansu Nongken Company	In progress	2012
Partial buildings of Wuhu Company	In progress	2012
Partial buildings of Suizhou Company	In progress	2012
Partial buildings of Immense Brewery Company	In progress	2012
Partial buildings of Luzhou Company	In progress	2012
Partial buildings of Zhangzhou Company	In progress	2012
Partial buildings of Zhuhai Company	In progress	2012
Partial buildings of Shijiazhuang Company	In progress	2012
Partial buildings of Xiamen Company	In progress	2012
Partial buildings of Shaoguan Company	In progress	2012
Partial buildings of Shaoguan Company	Temporary building	Not applicable
Partial buildings of Five Star Company	Temporary building	Not applicable
Partial buildings of Xiamen Company	Lack of document	Not applicable
Partial buildings of No.1 Factory	Lack of document	Not applicable
Partial buildings of Malt Factory	Lack of document	Not applicable

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (12) Construction in progress

	31 December 2011			31 December 2010		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Production Line Improvement of No. 2 Factory	241,612,576	(462,515)	241,150,061	11,896,017	(462,515)	11,433,502
New Factory Project of Fuzhou Company	77,399,700	—	77,399,700	31,803,969	—	31,803,969
New Factory Project of Jieyang Company	63,214,000	—	63,214,000	—	—	—
Production Line Improvement of Shaoguan Company	52,816,403	—	52,816,403	—	—	—
New Factory Project of Tengzhou Company	35,524,256	—	35,524,256	55,734,609	—	55,734,609
Production Line Improvement of No. 3 Company	35,267,350	—	35,267,350	271,116	—	271,116
Production Line Improvement of Songjiang Company	19,075,827	—	19,075,827	—	—	—
Production Line Improvement of Immense Brewery Company	18,565,957	—	18,565,957	—	—	—
Production Line Improvement of Changsha Company	15,727,766	—	15,727,766	1,198,718	—	1,198,718
Production Line Improvement of Shenzhen Asahi	12,616,693	—	12,616,693	52,850,731	—	52,850,731
New Factory Project of Suqian Company	8,807,317	—	8,807,317	—	—	—
Production Line Improvement of Hangzhou Company	6,542,459	—	6,542,459	—	—	—
Production Line Improvement of Chengdu Company	6,359,151	—	6,359,151	—	—	—
Production Line Improvement of No. 1 Factory	5,246,689	—	5,246,689	—	—	—
Production Line Improvement of Xi'an Company	4,290,980	—	4,290,980	6,565,259	—	6,565,259
New Factory Project of Zhuhai Company	3,612,076	—	3,612,076	29,915,875	—	29,915,875
Production Line Improvement of Pingyuan Company	2,167,059	—	2,167,059	1,291,144	—	1,291,144
Production Line Improvement of Yulin Company	1,922,650	—	1,922,650	15,385	—	15,385
Production Line Improvement of Pengcheng Company	1,629,003	—	1,629,003	105,859	—	105,859
New Factory Project of Yangzhou Company	1,149,984	—	1,149,984	346,496	—	346,496
Production Line Improvement of Malt Factory	1,086,095	—	1,086,095	1,197,381	—	1,197,381

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (12) Construction in progress (continued)

	31 December 2011			31 December 2010		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Production Line Improvement of Sanshui company	1,067,486	—	1,067,486	1,772,265	—	1,772,265
Production Line Improvement of No. 5 Company	959,000	—	959,000	7,348,940	—	7,348,940
Production Line Improvement of Taizhou Company	886,748	—	886,748	1,367,283	—	1,367,283
Production Line Improvement of Three Ring Company	871,779	—	871,779	1,768,041	—	1,768,041
Production Line Improvement of Taiyuan Company	317,415	—	317,415	6,321,959	—	6,321,959
Production Line Improvement of Jinan Company	209,898	—	209,898	5,106,292	—	5,106,292
New Factory Project of Shijiazhuang Company	—	—	—	40,124,674	—	40,124,674
Production Line Improvement of Luzhou Company	—	—	—	14,499,890	—	14,499,890
Production Line Improvement of Xiamen Company	—	—	—	1,459,642	—	1,459,642
Other projects	5,847,517	—	5,847,517	10,066,791	—	10,066,791
	<b>624,793,834</b>	<b>(462,515)</b>	<b>624,331,319</b>	<b>283,028,336</b>	<b>(462,515)</b>	<b>282,565,821</b>

## Notes to Financial Statements

For the Year Ended 31 December 2011  
(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (12) Construction in progress (continued)

##### (a) Movement in significant construction in progress

Name	Budget	31 December 2010	Increase in current year	Transfer to fixed assets	31 December 2011	Proportion of expenditures incurred to budgeted amount	Progress of construction	Source of funds
Production Line Improvement of No. 2 Factory	531,879,285	11,896,017	299,839,888	(70,123,329)	241,612,576	59%	58%	Self-funding
New Factory Project of Fuzhou Company	284,700,000	31,803,969	245,405,002	(199,809,271)	77,399,700	97%	95%	Self-funding
New Factory Project of Jieyang Company	98,935,348	—	63,214,000	—	63,214,000	64%	62%	Self-funding
Production Line Improvement of Shaoguan Company	67,436,403	—	52,816,403	—	52,816,403	78%	78%	Self-funding
New Factory Project of Tengzhou Company	205,857,065	55,734,609	144,142,589	(164,352,942)	35,524,256	97%	97%	Self-funding
Production Line Improvement of No. 3 Company	224,645,651	271,116	208,359,502	(173,363,268)	35,267,350	93%	91%	Self-funding
Production Line Improvement of Songjiang Company	217,107,300	—	43,703,200	(24,627,373)	19,075,827	59%	60%	Self-funding
Production Line Improvement of Immense Brewery Company	104,600,000	—	18,565,957	—	18,565,957	18%	19%	Self-funding
Production Line Improvement of Changsha Company	42,000,000	1,198,718	32,378,145	(17,849,097)	15,727,766	81%	80%	Self-funding
Production Line Improvement of Shenzhen Asahi	172,377,621	52,850,731	93,865,942	(134,099,980)	12,616,693	85%	83%	Self-funding
New Factory Project of Suqian Company	200,000,000	—	8,809,112	(1,795)	8,807,317	18%	19%	Self-funding
Production Line Improvement of Hangzhou Company	172,540,000	—	16,092,230	(9,549,771)	6,542,459	9%	12%	Self-funding
Production Line Improvement of Chengdu Company	85,192,722	—	10,276,226	(3,917,075)	6,359,151	12%	10%	Self-funding
Production Line Improvement of No. 1 Factory	297,660,000	—	13,621,552	(8,374,863)	5,246,689	5%	3%	Self-funding
Production Line Improvement of Xi'an Company	30,239,800	6,565,259	14,462,533	(16,736,812)	4,290,980	70%	68%	Self-funding
New Factory Project of Zhuhai Company	392,000,000	29,915,875	353,283,946	(379,587,745)	3,612,076	98%	98%	Self-funding
Production Line Improvement of Pingyuan Company	8,098,000	1,291,144	5,014,702	(4,138,787)	2,167,059	78%	76%	Self-funding
Production Line Improvement of Yulin Company	7,875,131	15,385	3,349,890	(1,442,625)	1,922,650	43%	45%	Self-funding
Production Line Improvement of Pengcheng Company	5,472,000	105,859	4,053,406	(2,530,262)	1,629,003	89%	90%	Self-funding
New Factory Project of Yangzhou Company	247,780,000	346,496	1,142,220	(338,732)	1,149,984	1%	1%	Self-funding
Production Line Improvement of Malt Factory	26,000,000	1,197,381	434,130	(545,416)	1,086,095	6%	6%	Self-funding
Production Line Improvement of Sanshui company	19,263,102	1,772,265	12,761,959	(13,466,738)	1,067,486	92%	90%	Self-funding
Production Line Improvement of No. 5 Company	11,800,410	7,348,940	4,065,559	(10,455,499)	959,000	97%	96%	Self-funding
Production Line Improvement of Taizhou Company	12,904,300	1,367,283	10,092,834	(10,573,369)	886,748	89%	87%	Self-funding
Production Line Improvement of Three Ring Company	16,276,600	1,768,041	10,583,458	(11,479,720)	871,779	85%	83%	Self-funding
Production Line Improvement of Taiyuan Company	24,577,339	6,321,959	1,954,839	(7,959,383)	317,415	34%	32%	Self-funding
Production Line Improvement of Jinan Company	31,740,055	5,106,292	8,791,428	(13,687,822)	209,898	99%	99%	Self-funding
New Factory Project of Shijiazhuang Company	374,500,000	40,124,674	107,217,343	(147,342,017)	—	100%	100%	Funding from the exercise of bonds
Production Line Improvement of Luzhou Company	22,821,485	14,499,890	3,097,455	(17,597,345)	—	100%	100%	Self-funding
Production Line Improvement of Xiamen Company	187,610,000	1,459,642	88,471,398	(89,931,040)	—	100%	100%	Self-funding
Production Line Improvement of Hans Baoji Company	14,333,918	—	12,330,607	(12,330,607)	—	100%	100%	Self-funding
Other projects	—	10,066,791	59,508,470	(63,727,744)	5,847,517	—	—	Self-funding
		283,028,336	1,951,705,925	(1,609,940,427)	624,793,834			

In 2011, there are no borrowing costs eligible for capitalisation (2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (12) Construction in progress (continued)

##### (b) Provision for impairment

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011	Reason for provision
Tin Seamer Installation Project	(462,515)	—	—	(462,515)	Project terminated

(c) The construction progress of significant construction in progress is set out in Note(a). The construction progress is estimated based on construction work quantity.

#### (13) Fixed assets pending for disposal

	31 December 2011	31 December 2010	Reason for transfer to assets pending for disposal
Machinery and equipment	3,426,554	3,148,488	Old machinery and equipment for disposal

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (14) Intangible assets

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Original cost	1,700,209,177	1,212,649,965	(56,908,968)	<b>2,855,950,174</b>
Land use rights	1,231,677,374	341,052,176	(56,908,968)	<b>1,515,820,582</b>
Patents	124,945,726	253,072,860	—	<b>378,018,586</b>
Proprietary	18,629,100	—	—	<b>18,629,100</b>
Marketing network	189,751,203	577,112,835	—	<b>766,864,038</b>
others	135,205,774	41,412,094	—	<b>176,617,868</b>
Accumulated amortisation	(376,019,564)	(122,763,515)	21,638,906	<b>(477,144,173)</b>
Land use rights	(225,798,115)	(31,328,228)	21,638,906	<b>(235,487,437)</b>
Patents	(56,745,878)	(18,649,861)	—	<b>(75,395,739)</b>
Proprietary	(18,629,100)	—	—	<b>(18,629,100)</b>
Marketing network	(32,405,825)	(62,225,783)	—	<b>(94,631,608)</b>
others	(42,440,646)	(10,559,643)	—	<b>(53,000,289)</b>
Net book value	1,324,189,613			<b>2,378,806,001</b>
Land use rights	1,005,879,259			<b>1,280,333,145</b>
Patents	68,199,848			<b>302,622,847</b>
Proprietary	—			<b>—</b>
Marketing network	157,345,378			<b>672,232,430</b>
others	92,765,128			<b>123,617,579</b>
Provision for impairment	(5,403,781)	—	5,403,781	<b>—</b>
Land use rights	(5,403,781)	—	5,403,781	<b>—</b>
Carrying amount	1,318,785,832			<b>2,378,806,001</b>
Land use rights	1,000,475,478			<b>1,280,333,145</b>
Patents	68,199,848			<b>302,622,847</b>
Proprietary	—			<b>—</b>
Marketing network	157,345,378			<b>672,232,430</b>
others	92,765,128			<b>123,617,579</b>

In 2011, amortisation of intangible assets amount to RMB122,763,515 in total, which is recognised in profit or loss for the current year (2010: RMB45,713,558).

As at 31 December 2011, there are no land use rights pledged as collateral for bank borrowings (31 December 2010: nil).

Intangible assets from combination of Immense Brewery Company with original cost of more than RMB1,000,000 are recognised based on a valuation value in the current year (Note 4(3)(ii)).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (14) Intangible assets (continued)

As at 31 December 2011, the relevant legal procedures for certificates application of the Group's land use rights with carrying value of approximately RMB138,152,000 (31 December 2010: RMB31,454,000) are still in process. According to the legal adviser's opinion, the directors of the Company are of the view that, there is no substantial legal restriction for the acquisition of the certificates, which does not have significant impact on the Group's operation and no provision for impairment of intangible assets is considered necessary. In addition, as at 31 December 2011, buildings of certain subsidiaries of the Group were located on parcels of allocated land owned by certain local municipal governments. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying values of the associated buildings constructed thereon were approximately RMB78,267,000 as at 31 December 2011 (31 December 2010: RMB79,835,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

Expenditures on research and development are set out as follows:

	31 December 2010	Increase in current year	Decrease in current year		31 December 2011
			Charged to losses	Recognised as intangible assets	
Beer production process improvement project	—	10,969,856	(10,969,856)	—	—

In 2011, expenditures on research and development incurred amount to RMB10,969,856 (2010: RMB10,989,420) in total, which is recognised in profits and losses for the current year.

Land use rights by locations and approved land use periods are analysed as follows:

	31 December 2011	31 December 2010
In China mainland — 10 to 50 years	1,280,333,145	1,000,475,478

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (15) Goodwill

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Goodwill —				
Immense Brewery Company	—	958,868,617	—	<b>958,868,617</b>
Huanan Region — Nanning Company	130,895,740	—	—	<b>130,895,740</b>
Huabei Region — Three Ring Company/ Beifang Sales Company	24,642,782	—	—	<b>24,642,782</b>
Dongnan Region — Fuzhou Company/ Xiamen Company/Zhangzhou company/ Dongnan Sales Company	114,031,330	—	—	<b>114,031,330</b>
Others	50,657,188	—	—	<b>50,657,188</b>
	<u>320,227,040</u>	<u>958,868,617</u>	<u>—</u>	<u><b>1,279,095,657</b></u>
Less: provision for impairment (a) —				
Immense Brewery Company	—	—	—	—
Huanan Region — Nanning Company	(130,895,740)	—	—	<b>(130,895,740)</b>
Huabei Region — Three Ring Company/ Beifang Sales Company	(24,642,782)	—	—	<b>(24,642,782)</b>
Dongnan Region — Fuzhou Company/ Xiamen Company/Zhangzhou company/ Dongnan Sales Company	—	—	—	—
Others	(41,872,217)	—	—	<b>(41,872,217)</b>
	<u>(197,410,739)</u>	<u>—</u>	<u>—</u>	<u><b>(197,410,739)</b></u>
	<u>122,816,301</u>	<u>958,868,617</u>	<u>—</u>	<u><b>1,081,684,918</b></u>

Increased goodwill in current year is due to the purchase of 100% equity interest of Immense Brewery Company (Note 4(3)).

#### (a) Impairment

The goodwill allocated to the asset groups and groups of asset groups are summarised by operating segments as follows:

	31 December 2011	31 December 2010
Huanan Region	<b>(130,895,740)</b>	(130,895,740)
Huabei Region	<b>(24,642,782)</b>	(24,642,782)
Other regions	<b>(41,872,217)</b>	(41,872,217)
	<u><b>(197,410,739)</b></u>	<u>(197,410,739)</u>

The recoverable amounts of asset groups and groups of asset groups are calculated using the estimated cash flows determined according to the five-year financial budgets approved by management. Cash flows beyond the five-year period are calculated using the estimated growth rate of 3% which does not exceed the long-term average growth rate of the brewery industry in the PRC.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (15) Goodwill (continued)

##### (a) Impairment (continued)

The main assumptions applied in calculating discounted future cash flows are as follows:

	Immense Brewery Company	Dongnan Region	Other Regions
Gross margin	43.6%	27.2%	24.1%
Pretax discount rate	17.9%	23.4%	18.0%
After tax discount rate	14.6%	14.6%	14.6%

Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups.

#### (16) Long-term prepaid expenses

	31 December 2010	Increase in current year	Amortisation in current year	31 December 2011
Occupancy expense	2,240,000	—	(160,000)	<b>2,080,000</b>
Gardening expense	1,512,713	724,089	(675,180)	<b>1,561,622</b>
Rental charge	869,906	2,397,529	(1,884,242)	<b>1,383,193</b>
Advertising expense	165,858	189,968	(223,826)	<b>132,000</b>
Others	3,117,812	522,382	(1,214,379)	<b>2,425,815</b>
	<u>7,906,289</u>	<u>3,833,968</u>	<u>(4,157,627)</u>	<u><b>7,582,630</b></u>

#### (17) Deferred tax assets and deferred tax liabilities

##### (a) Deferred tax assets without taking into consideration the offsetting of balances

	31 December 2011		31 December 2010	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for assets impairment	<b>8,798,589</b>	<b>35,194,356</b>	9,395,818	37,583,273
Business combination involving entities not under common control	<b>985,299</b>	<b>3,941,196</b>	1,337,163	5,348,654
Deferred government grants	<b>6,799,069</b>	<b>27,196,276</b>	4,042,574	16,170,296
Accruals not tax deductible	<b>419,458,008</b>	<b>1,677,832,032</b>	378,504,189	1,530,913,420
	<u><b>436,040,965</b></u>	<u><b>1,744,163,860</b></u>	<u>393,279,744</u>	<u>1,590,015,643</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (17) Deferred tax assets and deferred tax liabilities (continued)

##### (b) Deferred tax liabilities without taking into consideration the offsetting of balances

	31 December 2011		31 December 2010	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Business combination involving entities not under common control	209,569,271	838,277,084	31,094,094	124,376,376
The difference between carrying amount and tax base of convertible bonds	43,576,821	174,307,284	61,088,436	244,353,744
	<b>253,146,092</b>	<b>1,012,584,368</b>	92,182,530	368,730,120

##### (c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2011	31 December 2010
Deductible temporary differences	609,407,297	901,693,397
Deductible losses	914,000,823	575,663,278
	<b>1,523,408,120</b>	1,477,356,675

Given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against which such deductible losses can be utilised is highly uncertain. Therefore, the Group has not recognised deferred tax assets of approximately RMB222,674,000 (31 December 2010: RMB135,059,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2012 to 2016. In addition, given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against which temporary differences can be utilised is highly uncertain or the possibility of obtaining approval on the losses from tax authorities is low. Therefore, the Group also has not recognised deferred tax assets of approximately RMB152,352,000 (31 December 2010: RMB225,423,000) arising from the deductible temporary differences resulting from the impacts of provision for impairment losses and business combination on fair value.

##### (d) Deductible losses that are not recognised as deferred tax assets will be overdue in the following years:

	31 December 2011	31 December 2010
2011	—	80,849,150
2012	138,380,361	146,398,898
2013	188,186,709	190,462,815
2014	73,759,599	74,126,224
2015	118,654,504	83,826,191
2016	395,019,650	—
	<b>914,000,823</b>	575,663,278

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (17) Deferred tax assets and deferred tax liabilities (continued)

(e) Offsetting of balances of deferred tax assets and liabilities:

	31 December 2011	31 December 2010
Deferred tax assets	43,576,821	61,088,436
Deferred tax liabilities	43,576,821	61,088,436

Net amounts of deferred assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	31 December 2011		31 December 2010	
	Net amounts	Deductible/ taxable temporary differences after offsetting	Net amounts	Deductible/ taxable temporary differences after offsetting
Deferred tax assets	392,464,144	1,569,856,576	332,191,308	1,345,661,899
Deferred tax liabilities	209,569,271	838,277,084	31,094,094	124,376,376

#### (18) Provision for asset impairment

	31 December 2010	Increase in current year	Decrease in current year		31 December 2011
			Reversal	Write-off	
Provision for bad debts	336,228,302	9,843,036	(2,069,557)	(13,692,986)	330,308,795
Including:					
Provision for bad debts of accounts receivable	248,102,424	179,870	(226,691)	(11,104,264)	236,951,339
Provision for bad debts of other receivables	88,125,878	9,663,166	(1,842,866)	(2,588,722)	93,357,456
Provision for decline in value of inventories	39,824,245	2,615,545	(1,608,192)	(18,869,894)	21,961,704
Provision for impairment of long-term equity investments	10,028,179	—	—	—	10,028,179
Provision for impairment of fixed assets	747,529,338	8,248,044	—	(60,916,040)	694,861,342
Provision for impairment of construction in progress	462,515	—	—	—	462,515
Provision for impairment of intangible assets	5,403,781	—	—	(5,403,781)	—
Provision for impairment of goodwill	197,410,739	—	—	—	197,410,739
	1,336,887,099	20,706,625	(3,677,749)	(98,882,701)	1,255,033,274

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (19) Other non-current assets

Other non-current assets represent prepayments for construction and machinery and equipment.

As at 31 December 2011, there are no other non-current assets from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

#### (20) Short-term borrowings

##### Classification of short-term borrowings

	Currency	31 December 2011	31 December 2010
Unsecured	RMB	—	32,840,000
Unsecured	HKD	103,696,637	94,376,646
Guaranteed (i)	RMB	2,000,000	2,000,000
Entrusted (ii)	RMB	57,000,000	67,000,000
		<b>162,696,637</b>	<b>196,216,646</b>

(i) As at 31 December 2011, bank guaranteed borrowings with amount of RMB2,000,000 are guaranteed by TB Group Company (Note 7(4)(d)).

(ii) Represents short-term borrowings entrusted to Yangzhou Company by TB Group Company through bank (Note 7(5)).

As at 31 December 2011, the weighted average interest rate of short-term borrowings is 4.33% annually (31 December 2010: 4.30%).

As at 31 December 2011, there are no short-term borrowings that are due but have not been paid (31 December 2010: nil).

#### (21) Notes payable

	31 December 2011	31 December 2010
Trade acceptance notes	32,100,000	50,900,000
Bank acceptance notes	51,793,730	19,811,200
	<b>83,893,730</b>	<b>70,711,200</b>

As at 31 December 2011, other cash balances of RMB4,130,453 (31 December 2010: RMB2,707,986) is pledged as collateral for insurance of acceptance notes (Note 5(1)).

As at 31 December 2011, the Group's bank acceptance notes with amount of RMB7,318,780 (31 December 2010: RMB8,111,200) are guaranteed by TB Group Company (Note 7(4)(d)).

As at 31 December 2011, all notes payable are due within six months.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (22) Accounts payable

	31 December 2011	31 December 2010
Amount for purchase materials	1,619,007,766	1,228,861,166
Amount for purchase beer from related parties	22,335,742	18,952,243
Amount for purchase promotion goods	17,272,500	12,373,124
Others	3,405,861	2,443,272
	<u>1,662,021,869</u>	<u>1,262,629,805</u>

(a) As at 31 December 2011, there are no accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

(b) Accounts payable to related parties are analysed as follows (Note 7(5)):

	31 December 2011	31 December 2010
Yantai Asahi	22,335,742	12,075,464
Beijing Asahi	—	6,721,120
Hangzhou West Lake Asahi Company Limited (“Hangzhou Asahi”)	—	155,659
	<u>22,335,742</u>	<u>18,952,243</u>

(c) As at 31 December 2011, accounts payable over 1 year with carrying amount of RMB30,504,135 (31 December 2010: RMB20,993,634) are mainly payables on materials, for which final settlement has not yet been completed. As at the date on which the financial statements are authorised for issue, the aforesaid accounts payable have been paid with the amount of RMB6,607,369 (Note 10 (1)).

(d) Accounts payable dominated in foreign currency are summarised as follows:

	31 December 2011			31 December 2010		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
USD	—	—	—	38,141	6.6227	252,596
AUD	23,615	5.8162	137,350	23,615	6.7139	158,549
			<u>137,350</u>			<u>411,145</u>

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

	31 December 2011	31 December 2010
Within 1 year	1,631,517,734	1,241,636,171
1 to 2 years	11,031,540	6,420,787
2 to 3 years	5,507,092	2,713,839
Over 3 years	13,965,503	11,859,008
	<u>1,662,021,869</u>	<u>1,262,629,805</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (23) Advances from customers

	<b>31 December 2011</b>	31 December 2010
Advances on sales of beer	<b>751,128,688</b>	775,414,619

(a) As at 31 December 2011, there are no advances from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

(b) Advances from related parties are analysed as follows (Note 7 (5)):

	<b>31 December 2011</b>	31 December 2010
Liaoning Shenqing	<b>21,336,053</b>	42,628,369

(c) As at 31 December 2011, advances from customers over 1 year with carrying amount of approximately RMB15,321,032 (31 December 2010: RMB10,293,000) are mainly purchase deposits received from customers in advance. The amount has not been settled as the Group still maintains cooperative relationship with these customers. As at the date on which the financial statements are authorised for issue, revenue carried forward amounts to RMB1,588,338.

(d) As at 31 December 2011, there are no advances from customers denominated in foreign currency.

#### (24) Employee benefits payable

	31 December 2010	Increase in current year	Decrease in current year	<b>31 December 2011</b>
Salaries, bonuses, allowances and subsidies	279,267,702	1,775,946,633	(1,718,572,992)	<b>336,641,343</b>
Staff welfare	1,042,531	179,588,766	(180,375,394)	<b>255,903</b>
Social insurances	16,244,263	395,877,252	(370,688,844)	<b>41,432,671</b>
Including:				
Medical insurance	4,021,366	105,986,346	(96,082,493)	<b>13,925,219</b>
Pension insurance	9,095,822	244,152,820	(233,325,969)	<b>19,922,673</b>
Unemployment insurance	2,828,983	23,549,295	(20,928,225)	<b>5,450,053</b>
Other insurances	298,092	22,188,791	(20,352,157)	<b>2,134,726</b>
Housing funds	7,181,390	127,501,845	(116,427,192)	<b>18,256,043</b>
Labor union fund and employee education fund	93,460,388	65,647,310	(49,549,361)	<b>109,558,337</b>
Internal retirement benefits	251,797,665	65,893,595	(66,025,254)	<b>251,666,006</b>
	<b>648,993,939</b>	<b>2,610,455,401</b>	<b>(2,501,639,037)</b>	<b>757,810,303</b>

As at 31 December 2011, no defaulted payables are included in the balance of employee benefits payable and the balance (other than partial bonuses, internal retirement benefits, social assurance and housing funds for temporary staff, labor union funds and employee education funds) is estimated to be used up in 2012. Bonuses will be paid according to payment plan, internal retirement benefits will be paid in instalments in the period up to the employees' statutory retirement, social assurance and housing funds for temporary staff will be paid based on actual usage, while labour union funds and employee education funds will be paid in instalments based on usage plans.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (25) Taxes payable

	31 December 2011	31 December 2010
Enterprise income tax	263,498,047	221,380,547
Consumption tax	147,133,279	180,420,205
VAT	77,343,931	29,117,597
Business tax	32,849,680	18,275,637
Education surcharge	15,739,792	6,420,056
City maintenance and construction tax	14,274,948	13,052,402
Withholding income tax	2,283,348	12,686,892
Others	15,473,375	32,865,941
	<u>568,596,400</u>	<u>514,219,277</u>

#### (26) Dividends payable

	31 December 2011	31 December 2010
Payable to YWJ Enterprise Inc	—	8,800,000
Payable to SITC Logistic (HK) Limited	761,458	749,729
	<u>761,458</u>	<u>9,549,729</u>

#### (27) Other payables

	31 December 2011	31 December 2010
Marketing expenses	1,238,615,498	1,187,315,116
Guarantee deposits	696,548,813	581,610,008
Payables to vendors of construction and machinery and equipment	583,344,169	216,082,793
Accruals for transportation expenses	104,763,827	76,925,142
Accruals for advertising expenses	95,923,946	47,943,409
Accruals for general and administrative expenses	37,675,863	23,484,356
Accruals for labor expenses	16,045,553	19,210,447
Accruals for electricity expenses	11,529,868	10,683,642
Withholding overall social planning expenses for staff	6,912,888	6,943,363
Borrowings from related party	5,000,000	—
Others	368,041,341	349,914,249
	<u>3,164,401,766</u>	<u>2,520,112,525</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (27) Other payables (continued)

- (a) Other payables to shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows (Note 7(5)):

	31 December 2011	31 December 2010
TB Group Company	<u>5,000,000</u>	<u>—</u>

- (b) Other payables to related parties are analysed as follows (Note 7(5)):

	31 December 2011	31 December 2010
Zhaoshang Logistics	31,858,161	5,837,219
TB Group Company	5,000,000	—
Yantai Asahi	<u>1,501,875</u>	<u>82,500</u>
	<u>38,360,036</u>	<u>5,919,719</u>

- (c) As at 31 December 2011, other payables over 1 year with carrying amount of RMB328,516,321 (31 December 2010: RMB328,308,323) are mainly liabilities incurred on acquisition of subsidiaries. As at the date on which the financial statements are authorised for issue, the aforesaid other payables have been repaid with the amount of 18,699,051 (Note 10(1)).

- (d) Other payables denominated in foreign currency are as follows:

	31 December 2011			31 December 2010		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
USD	582,850	6.3009	3,672,480	—	—	—
HKD	725,349	0.8107	588,040	4,173,729	0.8509	3,551,426
MOP	300,000	0.7886	<u>236,580</u>	—	—	—
			<u>4,497,100</u>			<u>3,551,426</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (28) Current portion of non-current liabilities

	31 December 2011	31 December 2010
Current portion of long-term borrowings (a)	1,690,220	15,579,933
Current portion of long-term payables (b)	625,414	2,350,321
	<u>2,315,634</u>	<u>17,930,254</u>

#### (a) Current portion of long-term borrowings

	31 December 2011	31 December 2010
Guaranteed	<u>1,690,220</u>	<u>15,579,933</u>

As at 31 December 2011, there are no overdue borrowings (31 December 2010: nil). Guarantee details please refer to Note 5(29).

Current portion of long-term borrowings are set out as follows:

	Starting date	Ending date	Currency	Interest rate (%)	31 December 2011		31 December 2010	
					Amount in foreign currency	Amount in RMB	Amount in foreign currency	Amount in RMB
Import and Export Bank of China	1996.10.01	2012.04.01	DKK	—	391,739	430,639	397,409	468,148
Import and Export Bank of China	1996.12.31	2012.12.31	EUR	—	154,313	1,259,581	153,394	1,350,862
Communications Bank of China, Hong Kong Branch	2009.07.14	2011.07.14	HKD	1.07	—	—	16,165,034	13,760,923
						<u>1,690,220</u>		<u>15,579,933</u>

#### (b) Current portion of long-term payables

As at 31 December 2011, current portion of long-term payables represents fixed assets finance lease payable to Meilianxin, a third party, which is the amount of the minimum lease payments for the finance lease less the unrecognised finance charge (Note (11)).

No third parties guaranteed for the finance lease of the Group.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (29) Long-term borrowings

	Currency	31 December 2011	31 December 2010
Guaranteed	HKD	445,885,000	—
Guaranteed	EUR	4,494,214	6,245,661
Guaranteed	DKK	3,737,620	4,476,400
		<u>454,116,834</u>	<u>10,722,061</u>

As at 31 December 2011, guaranteed long-term borrowings include:

Bank guaranteed borrowing of RMB445,885,000 (Original foreign currency: HKD550,000,000) (31 December 2010: RMB13,760,923 (Original foreign currency: HKD16,165,034)) is guaranteed by the Company to Hong Kong company, a subsidiary. Of which HKD100,000 falls due on 26 May 2013, while the principal left falls due on 26 May 2014 (31 December 2010: The amount due within one year amounted to RMB13,760,923).

Bank guaranteed borrowing of RMB5,753,795 (Original foreign currency: EUR704,906) (31 December 2010: RMB7,596,523 (Original foreign currency: EUR862,604)) guaranteed by the Beijing Branch of Bank of China. The principal amount shall be repaid annually based on the matching principal method, with the last repayment falling due on 31 December 2016. The amount due within one year amounted to RMB1,259,581 (31 December 2010: RMB1,350,862);

Bank guaranteed borrowing of RMB4,168,259 (Original foreign currency: DKK3,791,739) (31 December 2010: RMB4,944,548 (Original foreign currency: DKK4,197,409)) guaranteed by Beijing Development and Reform Commission. The principal amount shall be repaid twice annually based on the matching principal method, with the last repayment falling due on 1 April 2021. The amount due within one year amounted to RMB430,639 (31 December 2010: RMB468,148);

(a) Long-term borrowings are set out as follows:

	Starting date	Ending date	Currency	Interest rate (%)	31 December 2011		31 December 2010	
					Amount in foreign currency	Amount in RMB	Amount in foreign currency	Amount in RMB
Communications Bank of China, Hong Kong Branch	2011.05.25	2014.05.26	HKD	2.94	550,000,000	445,885,000	—	—
Import and Export Bank of China	1996.12.31	2016.12.31	EUR	—	550,593	4,494,214	709,210	6,245,661
Import and Export Bank of China	1996.10.01	2021.04.01	DKK	—	3,400,000	3,737,620	3,800,000	4,476,400
						<u>454,116,834</u>		<u>10,722,061</u>

In 2011, the weighted average interest rate of long-term borrowings is 2.90% annually (2010: 0.29%).

As at 31 December 2011, there is no overdue long-term borrowing.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (30) Debentures payable

	31 December 2010	Increase in current year	Decrease in current year	<b>31 December 2011</b>
Convertible bonds	<u>1,264,646,258</u>	<u>82,046,459</u>	<u>(12,000,000)</u>	<u><b>1,334,692,717</b></u>

As stated in Note 1, the Company issued the convertible bond with subscription warrants amounted to RMB1,500 million with a term of 6 years on 2 April 2008. The coupon rate of the convertible bonds was 0.8% per annum. Upon the issue of the bonds, the prevailing market interest rates of similar bonds without warrants were higher than the interest rate of the bond. The effective interest rate of the convertible bonds was 6.1%.

The fair value of the liability component of the convertible bonds was assessed based on the market interest rates of similar bonds without warrants on the date of issue. The fair value of the embedded equity component was calculated as the issue amount of the convertible bonds less the amount initially recognised for the liability component, and was included in equity.

Accrued interests of debentures are analysed as follows:

	Accrued interests			<b>31 December 2011</b>
	31 December 2010	Current year accruals	Current year payments	
Convertible bonds	<u>—</u>	<u>12,000,000</u>	<u>(12,000,000)</u>	<u>—</u>

As at 31 December 2011, the liability component of the convertible bonds is set out as follow:

	<i>RMB</i>
Face value of the convertible bonds	1,500,000,000
Less: Equity component	(389,702,040)
Transaction costs attributable to liability component	<u>(26,245,028)</u>
Liability component on initial recognition	1,084,052,932
Interest expenses up to 31 December 2010	204,593,326
Interest paid up to 31 December 2010	<u>(24,000,000)</u>
Liability component as at 31 December 2010	1,264,646,258
Interest expenses for the year ended 31 December 2011	82,046,459
Interest paid for the year ended 31 December 2011	<u>(12,000,000)</u>
Liability component as at 31 December 2011	<u><b>1,334,692,717</b></u>

#### (31) Payables for specific projects

Payables for specific projects mainly represent the relocation compensation received by subsidiaries from the government. As the relocation has not yet been completed, the amount was temporarily accounted for as "Payables for specific projects" in accordance with the requirements under No. 3 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (32) Other non-current liabilities

	31 December 2011	31 December 2010
Deferred income (a)	<b>1,011,216,862</b>	549,289,390

#### (a) Deferred income

	31 December 2011	31 December 2010
Government grants related to income		
Projects on relocation compensation	<b>21,886,308</b>	9,853,014
Projects on scientific research grant	<b>6,665,169</b>	4,066,130
	<b>28,551,477</b>	13,919,144
Government grants related to assets		
Projects on relocation compensation for old factory	<b>857,960,444</b>	466,261,374
Projects on expansion or new factory construction	<b>86,152,013</b>	54,481,016
Projects on technology improvement	<b>21,701,540</b>	5,504,737
Project on sewage treatment	<b>7,409,064</b>	3,198,000
Other projects	<b>9,442,324</b>	5,925,119
	<b>982,665,385</b>	535,370,246
	<b>1,011,216,862</b>	549,289,390

#### (33) Share capital

	31 December 2010	Current year movement		31 December 2011
		Others	Subtotal	
Shares subject to trading restriction —				
State-owned legal person shares (Note 1)	399,820,000	(399,820,000)	(399,820,000)	—
Other domestic shares (Note 1)	17,574,505	(17,574,505)	(17,574,505)	—
Including: Domestic non-state-owned legal shares	17,574,505	(17,574,505)	(17,574,505)	—
	417,394,505	(417,394,505)	(417,394,505)	—
Shares not subject to trading restriction —				
RMB-denominated ordinary shares (Note 1)	278,519,112	417,394,505	417,394,505	<b>695,913,617</b>
Foreign shares listed overseas	655,069,178	—	—	<b>655,069,178</b>
	933,588,290	417,394,505	417,394,505	<b>1,350,982,795</b>
	1,350,982,795	—	—	<b>1,350,982,795</b>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (33) Share capital (continued)

	31 December 2009	Current year movement		31 December 2010
		Others	Subtotal	
Shares subject to trading restriction —				
State-owned legal person shares	399,820,000	—	—	<b>399,820,000</b>
Other domestic shares	17,574,505	—	—	<b>17,574,505</b>
Including: Domestic non-state-owned legal shares	17,574,505	—	—	<b>17,574,505</b>
	<u>417,394,505</u>	<u>—</u>	<u>—</u>	<b><u>417,394,505</u></b>
Shares not subject to trading restriction —				
RMB-denominated ordinary shares	278,519,112	—	—	<b>278,519,112</b>
Foreign shares listed overseas	655,069,178	—	—	<b>655,069,178</b>
	<u>933,588,290</u>	<u>—</u>	<u>—</u>	<b><u>933,588,290</u></b>
	<u>1,350,982,795</u>	<u>—</u>	<u>—</u>	<b><u>1,350,982,795</u></b>

Since the implementation of the Company's share reform proposal on 18 December 2006, the shareholders of non-circulating shares of the Company obtained trading rights immediately. Pursuant to the stipulated lock-in period of five years, as at 31 December 2011, all the shares held by the original shareholders of non-circulating shares were subject to trading (Note 1).

#### (34) Capital surplus

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Share premium	3,920,210,913	—	—	<b>3,920,210,913</b>
Other capital surplus —	96,628,728	1,099,260	—	<b>97,727,988</b>
Share of changes in equity other than profits of investees	1,636,986	—	—	<b>1,636,986</b>
Transfer of capital surplus recognised under the previous accounting system	91,701,228	—	—	<b>91,701,228</b>
Others	3,290,514	1,099,260	—	<b>4,389,774</b>
	<u>4,016,839,641</u>	<u>1,099,260</u>	<u>—</u>	<b><u>4,017,938,901</u></b>
	31 December 2009	Increase in current year	Decrease in current year	31 December 2010
Share premium	4,011,753,890	—	(91,542,977)	<b>3,920,210,913</b>
Other capital surplus —	94,211,869	2,666,204	(249,345)	<b>96,628,728</b>
Share of changes in equity other than profits of investees	1,636,986	—	—	<b>1,636,986</b>
Transfer of capital surplus recognised under the previous accounting system	91,701,228	—	—	<b>91,701,228</b>
Others	873,655	2,666,204	(249,345)	<b>3,290,514</b>
	<u>4,105,965,759</u>	<u>2,666,204</u>	<u>(91,792,322)</u>	<b><u>4,016,839,641</u></b>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (35) Surplus reserve

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Statutory surplus reserve	691,825,740	116,909,921	—	808,735,661
	31 December 2009	Increase in current year	Decrease in current year	31 December 2010
Statutory surplus reserve	613,542,388	78,283,352	—	691,825,740

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. According to a resolution at the Board of Directors, the Company appropriated 10% of net profit, amounting to RMB116,909,921 for the year ended 31 December 2011 (2010: 10% of the net profit for year, amounting to RMB78,283,352) to the statutory surplus reserve.

#### (36) Undistributed profits

	2011		2010	
	Amount	Ratio for appropriation or distribution	Amount	Ratio for appropriation or distribution
Undistributed profits at the beginning of the year	3,537,820,385		2,311,776,634	
Add: Net profit attributable to the Company for the current year	1,737,928,034		1,520,484,350	
Less: Appropriation for statutory surplus reserve	(116,909,921)	10%	(78,283,352)	10%
Ordinary shares dividend payable	(243,176,903)	0.18 per share	(216,157,247)	0.16 per share
Undistributed profits at the end of the year	4,915,661,595		3,537,820,385	
Dividend proposed but not declared	351,255,527	0.26 per share	243,176,903	0.18 per share
Total proposed dividend in the year	351,255,527	0.26 per share	243,176,903	0.18 per share

As at 31 December 2011, included in the undistributed profits, RMB552,675,184 is subsidiaries' surplus reserve attributable to the Company (31 December 2010: RMB480,419,299), of which RMB72,255,885 is appropriated for the current year (2010: RMB62,096,848).

In accordance with the resolution at the Board of Shareholders' meeting dated on 16 June 2011, the Company proposed a cash dividend to the shareholders of the Company of RMB243,176,903 (RMB0.18 per share (pre-tax)), based on total numbers of shares 1,350,982,795.

In accordance with the resolution at the Board of Directors' meeting dated on 29 March 2012, the Company proposed a cash dividend to the shareholders of the Company of RMB351,255,527 (RMB0.26 per share (pre-tax)) based on total numbers of shares 1,350,982,795. Such dividend distribution is still subject to the approval of the Board of shareholders, and is not reflected in these financial statements (Note 10(2)).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (37) Minority interests

##### Minority interests attributable to the shareholders of subsidiaries

	31 December 2011	31 December 2010
Shenzhen Asahi	199,668,835	198,304,632
Hangzhou Company	40,794,335	—
Nanning Company	38,171,153	35,255,588
Sanshui Company	27,231,784	26,253,984
Xuzhou Company	15,099,488	17,937,232
Hanzhong Company	15,702,977	17,110,044
Zhangzhou Company	10,504,502	9,420,160
Gansu Nongken Company	(61,437,302)	(66,355,127)
Yangzhou Company	(52,499,541)	(49,689,542)
Three Ring Company	(41,581,133)	(40,907,129)
Five Star Company	(28,848,934)	(23,399,562)
Others	3,689,729	(7,296,840)
	<u>166,495,893</u>	<u>116,633,440</u>

#### (38) Revenue and cost of sales

	2011	2010
Revenue from main operation	22,790,387,561	19,614,145,234
Revenue from other operations	367,666,769	283,682,531
	<u>23,158,054,330</u>	<u>19,897,827,765</u>
	2011	2010
Cost of main operation	(13,159,564,329)	(11,044,332,613)
Cost of other operations	(257,094,429)	(190,157,552)
	<u>(13,416,658,758)</u>	<u>(11,234,490,165)</u>

#### (a) Revenue and cost of main operation

The Group is principally engaged in the production and distribution of beer products. Analysis by products is as follow:

	2011		2010	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of Beer	<u>22,790,387,561</u>	<u>(13,159,564,329)</u>	<u>19,614,145,234</u>	<u>(11,044,332,613)</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (38) Revenue and cost of sales (continued)

##### (a) Revenue and cost of main operation (continued)

Analysis by locations is as follow:

	2011		2010	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Shandong Region	12,068,452,358	(6,918,042,375)	9,935,831,253	(5,560,370,528)
Huanan Region	4,640,562,508	(2,585,702,324)	4,185,367,177	(2,279,501,940)
Huabei Region	3,965,873,099	(2,805,012,585)	3,427,611,472	(2,383,523,157)
Huadong Region	1,794,505,981	(1,329,849,806)	1,729,271,972	(1,182,644,679)
Dongnan Region	1,689,821,367	(1,104,853,150)	1,380,299,906	(901,111,074)
Hong Kong, Macau and other overseas	445,694,744	(219,671,717)	387,931,785	(190,207,090)
	<b>24,604,910,057</b>	<b>(14,963,131,957)</b>	21,046,313,565	(12,497,358,468)
Less: eliminations	<b>(1,814,522,496)</b>	<b>1,803,567,628</b>	(1,432,168,331)	1,453,025,855
	<b>22,790,387,561</b>	<b>(13,159,564,329)</b>	19,614,145,234	(11,044,332,613)

##### (b) Revenue and cost of other operations

	2011		2010	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sale of materials and scraps	112,951,394	(81,903,714)	109,977,661	(84,211,277)
Sale of promotion goods	55,449,555	(37,094,243)	9,873,509	(6,794,213)
Sale of packaging materials	54,029,672	(64,761,173)	43,735,312	(45,300,040)
Others	145,236,148	(73,335,299)	120,096,049	(53,852,022)
	<b>367,666,769</b>	<b>(257,094,429)</b>	283,682,531	(190,157,552)

##### (c) Revenue from the five largest customers of the Group

Revenue from the five largest customers of the Group with amount of RMB1,468,578,832 (2010: RMB1,506,855,393) accounts for 6.34% (2010: 7.57%) of the total revenue of the Group.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (39) Taxes and surcharges

	2011	2010	Tax basis
Consumption tax	1,598,292,430	1,399,255,887	Note 3
City maintenance and construction tax	240,017,943	175,392,741	Note 3
Education surcharge	176,719,119	82,213,689	Note 3
Business tax	9,328,687	6,146,388	Note 3
Others	55,183	124,665	
	<u>2,024,413,362</u>	<u>1,663,133,370</u>	

#### (40) Selling and distribution expenses

	2011	2010
Promotion-related expenses	1,545,464,244	1,449,209,884
Transportation expenses	1,016,628,002	861,662,082
Employee benefit expenses	887,955,506	751,067,810
Advertising related expenses	558,289,944	520,523,456
Administrative and business travel expenses	122,955,594	116,019,307
Rental expenses	69,899,620	53,694,614
Amortisation expenses	62,225,783	18,975,120
Materials consumption	52,144,304	53,295,574
Depreciation expenses	6,776,344	12,143,077
Others	92,326,946	81,326,969
	<u>4,414,666,287</u>	<u>3,917,917,893</u>

#### (41) General and administrative expenses

	2011	2010
Employee benefit	576,492,771	565,570,307
Administrative, business travel, and entertainment expenses	157,980,342	133,805,535
Tax expenses	113,613,128	109,804,344
Amortisation expenses	64,695,359	30,268,679
Depreciation expenses	49,869,615	42,652,727
Repair expenses	31,076,511	28,890,758
Intermediary agency fees	30,120,205	31,463,582
Materials consumption	21,545,030	16,928,475
Insurance premiums	17,052,081	14,362,876
Rental expenses	16,420,045	9,723,407
Auditors' remuneration	7,600,000	5,800,000
Others	97,727,989	89,931,957
	<u>1,184,193,076</u>	<u>1,079,202,647</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (42) Financial expenses — net

	2011	2010
Interest expenses —	96,877,780	82,885,343
Including: Bank borrowings	14,831,321	5,135,135
Debentures payable	82,046,459	77,750,208
Less: Interest income	(147,217,342)	(89,870,433)
Exchange losses	221,298	1,664,881
Others	13,905,364	10,192,724
	<u>(36,212,900)</u>	<u>4,872,515</u>

As at 31 December 2011, the Group's interest expenses by repayment term of bank borrowings and debentures payable are wholly repayable within five years (31 December 2010: within five years).

#### (43) Investment income

	2011	2010
Income from long-term equity investment under cost method (a)	6,264	7,830
Income from long-term equity investment under equity method (b)	4,499,264	9,690,511
Others	(244,157)	(44,340)
	<u>4,261,371</u>	<u>9,654,001</u>

There is no significant restriction on recovery of investment income.

In 2011 and 2010, investment income of the Group was from unlisted investments.

##### (a) Investment income from long-term equity investment under cost method

The investees are set out as follows:

	2011	2010	Reason for current year fluctuation
Zhejiang Taizhou Expressway Group Co., Ltd.	6,264	7,830	Decrease in distributed profit of the investee

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (43) Investment income (continued)

##### (b) Investment income from long-term equity investment under equity method

The investees are set out as follows:

	2011	2010	Reason for current year fluctuation
Zhaoshang Logistics	2,915,621	5,150,645	Decrease in profit of the investee for the year
Yantai Asahi	1,151,846	4,028,555	Decrease in profit of the investee for the year
Liaoning Shenqing	157,323	410,376	Decrease in profit of the investee for the year
European Company	274,474	100,935	Increase in profit of the investee for the year
	<u>4,499,264</u>	<u>9,690,511</u>	

#### (44) Asset impairment losses

	2011	2010
Impairment loss of fixed assets	8,248,044	41,004,789
Impairment loss on bad debts	7,773,479	17,526,180
Impairment loss on decline in the values of inventories	1,007,353	9,633,567
Impairment loss of long-term equity investments	—	3,985,261
	<u>17,028,876</u>	<u>72,149,797</u>

#### (45) Non-operating income

	2011	2010
Government grants (a)	426,104,954	221,745,638
Gain on disposal of non-current assets	20,669,009	4,471,768
including: gain on disposal of fixed assets	20,669,009	4,471,768
Gain on unpaid debts	12,399,031	3,998,035
Penalty gains	1,616,955	1,261,498
Others	9,014,789	13,550,819
	<u>469,804,738</u>	<u>245,027,758</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (45) Non-operating income (continued)

In 2011, non-operating income was recognised in non-recurring profit or loss.

##### (a) Details of government grants

	2011	2010	Remarks
Relocation compensation	196,726,908	38,965,334	Relocation compensation for manufacturing factories
Tax return	114,117,615	131,544,591	Return of certain portion of tax paid
Project support fund	93,027,249	33,094,721	Grants for technology improvement projects and sewage treatment projects
Others	22,233,182	18,140,992	
	<u>426,104,954</u>	<u>221,745,638</u>	

#### (46) Non-operating expenses

	2011	2010
Losses on disposal of non-current assets	136,610,344	39,213,622
Including: Losses on disposal of fixed assets	108,013,294	39,213,622
Losses on disposal of intangible assets	28,597,050	—
Compensation and overdue fine	3,344,855	11,313,547
Public welfare donations	2,492,818	2,337,862
Penalty losses	664,852	1,118,441
Others	13,347,547	3,563,956
	<u>156,460,416</u>	<u>57,547,428</u>

In 2011, non-operating expenses were all recognised in non-recurring profit or loss.

#### (47) Income tax expenses

	2011	2010
Current income tax calculated according to tax law and related regulations in mainland China	731,007,362	629,303,654
Current profits tax calculated according to tax law and related regulations in Hong Kong	4,243,313	4,008,941
Current profits supplemental tax calculated according to tax law and related regulations in Macau	1,538,547	—
Deferred income tax	(79,491,217)	(94,536,001)
	<u>657,298,005</u>	<u>538,776,594</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (47) Income tax expenses (continued)

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:

	2011	2010
Total profit	<u>2,454,912,564</u>	<u>2,123,195,709</u>
Income tax expenses calculated at applicable tax rates	578,629,304	497,522,734
Tax impact for equivalent sales and expenses not deductible	65,299,634	48,025,551
Income not subject to tax	(35,051,266)	(5,066,978)
Utilisation of previously unrecognised deferred tax assets	(46,299,603)	(56,658,940)
Tax impact for which no deferred tax asset was recognised	<u>94,719,936</u>	<u>54,954,227</u>
Income tax expenses	<u>657,298,005</u>	<u>538,776,594</u>

#### (48) Earnings per share

##### (a) Basic earnings per share

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

	2011	2010
Consolidated net profit attributable to ordinary shareholders of the Company	<u>1,737,928,034</u>	1,520,484,350
Weighted average number of ordinary shares outstanding	<u>1,350,982,795</u>	<u>1,350,982,795</u>
Basic earnings per share	<u>1.286</u>	<u>1.125</u>
Including:		
— Basic earnings per share relating to continuing operations	1.286	1.125

##### (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 share by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares in 2011 (2010: nil), diluted earnings per share equal to basic earnings per share.

#### (49) Other comprehensive income

	2011	2010
Exchange differences arising from translating foreign operations	11,476,251	(388,315)
Others	<u>1,099,260</u>	<u>2,666,204</u>
	<u>12,575,511</u>	<u>2,277,889</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (50) Notes to consolidated cash flow statement

##### (a) Cash received relating to other operating activities

	2011	2010
Deposits	674,289,808	470,908,156
Income from sales of materials and scraps	171,440,754	120,422,065
Government grants	96,016,072	92,091,055
Others	224,939,422	241,441,880
	<u>1,166,686,056</u>	<u>924,863,156</u>

##### (b) Cash paid relating to other operating activities

	2011	2010
Transportation expenses	1,010,877,383	873,041,704
Advertising expenses	575,428,409	606,094,422
Marketing and promotion expenses	469,113,702	406,646,661
Deposits	438,185,374	191,376,115
Administrative expense	281,045,896	250,971,044
Others	306,782,104	204,866,860
	<u>3,081,432,868</u>	<u>2,532,996,806</u>

##### (c) Cash received relating to other investing activities

	2011	2010
Government compensation for relocation and expansion projects	617,186,985	569,829,088
Receipt of deposit for acquisition of a subsidiary (Note 5(4))	85,000,000	—
Interest income of Finance Company	48,264,181	—
Receipt of tender deposits	10,408,038	82,905,500
Deposits of Yantai Asahi in Finance Company	1,501,649	—
Refund of prepayment for land use right	—	7,992,370
	<u>762,360,853</u>	<u>660,726,958</u>

##### (d) Cash paid relating to other investing activities

	2011	2010
Deposits reserved of Finance Company (Note 5(11))	521,570,000	—
Payment of tender deposits	9,366,534	81,271,174
Deposit for acquisition of a subsidiary (Note 5(4))	—	85,000,000
	<u>530,936,534</u>	<u>166,271,174</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (50) Notes to consolidated cash flow statement (continued)

##### (e) Cash received relating to other financing activities

	2011	2010
Recovery of deposit for acceptance notes and letter of credit	<u>22,401,507</u>	<u>14,115,705</u>

##### (f) Cash paid relating to other financing activities

	2011	2010
Deposits paid for issuance of acceptance notes and letter of credit	18,034,344	10,114,709
Payment of finance lease payables	2,564,587	2,564,587
Others	<u>220,000</u>	<u>—</u>
	<u>20,818,931</u>	<u>12,679,296</u>

#### (51) Supplementary information to consolidated cash flow statements

##### (a) Supplementary information to consolidated cash flow statements

##### Reconciliation from net profit to cash flows from operating activities

	2011	2010
Net profit	1,797,614,559	1,584,419,115
Add: Provisions for asset impairment	17,028,876	72,149,797
Depreciation of fixed assets	570,888,585	510,064,475
Amortisation of intangible assets	122,763,515	45,713,558
Amortisation of long-term prepaid expenses	4,157,627	3,530,241
Losses on disposal of fixed assets, intangible assets and other long-term assets	115,941,335	34,741,854
Financial expenses	29,916,596	85,382,780
Investment income	(4,261,371)	(9,654,001)
Increase in deferred tax assets	(59,963,128)	(91,348,602)
Decrease in deferred tax liabilities	(19,528,089)	(3,187,399)
Increase in inventories	(594,262,843)	(70,061,015)
(Increase)/Decrease in operating receivables	(313,840,578)	88,590,815
Increase in operating payables	<u>205,853,938</u>	<u>1,033,686,060</u>
Net cash flows from operating activities	<u>1,872,309,022</u>	<u>3,284,027,678</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 5 Notes to the consolidated financial statements (continued)

#### (51) Supplementary information to consolidated cash flow statements (continued)

##### (a) Supplementary information to consolidated cash flow statements (continued)

Net increase in cash and cash equivalents

	2011	2010
Cash at the end of the year (c)	5,550,147,726	7,562,805,978
Less: cash at the beginning of the year	<u>(7,562,805,978)</u>	<u>(5,307,575,041)</u>
Net (decrease)/increase in cash	<u>(2,012,658,252)</u>	<u>2,255,230,937</u>

##### (b) Acquisition of subsidiaries

	2011	2010
Consideration for acquisition	1,940,866,697	1
Cash paid for acquisition	1,940,866,697	1
Less: Cash in the subsidiary acquired	<u>(172,148,737)</u>	<u>(1,216,082)</u>
Net cash paid/(received) for acquisition	<u>1,768,717,960</u>	<u>(1,216,081)</u>

Net assets of the subsidiary acquired

	2011	2010
Current assets	425,944,409	6,891,521
Non-current assets	1,260,087,741	37,686,938
Current liabilities	<u>(487,751,383)</u>	<u>(31,001,646)</u>
Non-current liabilities	<u>(201,607,266)</u>	<u>—</u>
	<u>996,673,501</u>	<u>13,576,813</u>

##### (c) Cash

	31 December 2011	31 December 2010
Cash (Note 5(1))	5,550,147,726	7,562,805,978
Including: Cash on hand	655,920	617,437
Cash at bank that can be readily drawn on demand	<u>5,549,491,806</u>	<u>7,562,188,541</u>
Cash at end of year	<u>5,550,147,726</u>	<u>7,562,805,978</u>

## Notes to Financial Statements

*For the Year Ended 31 December 2011*

*(All amounts in RMB Yuan unless otherwise stated)*

### 6 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.

The Group established Finance Company in 2011. Finance Company is principally engaged in the financial business of wealth management and agency collection and payment for its members. Due to the unique business characteristics of Finance Company, the Group manages its operation independently and evaluates its operating results separately, to determine its resource allocation and assess its performance.

The Group identified 7 reportable segments as follows:

- Shandong region, responsible for the production and distribution of beer in Shandong region and peripheral regions
- Huanan region, responsible for the production and distribution of beer in South China region
- Huabei region, responsible for the production and distribution of beer in North China region
- Huadong region, responsible for the production and distribution of beer in East China region
- Dongnan region, responsible for the production and distribution of beer in Southeast China region
- Hong Kong, Macau and other overseas, responsible for the distribution of beer in Hong Kong, Macau and other overseas
- Finance Company, engaged in the financial businesses of wealth management and agency collection and payment for its members.

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.

## Notes to Financial Statements

For the Year Ended 31 December 2011  
(All amounts in RMB Yuan unless otherwise stated)

### 6 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2011 is as follow:

	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	11,443,959,513	4,514,961,587	3,398,912,070	1,686,848,799	1,653,806,999	459,565,362	—	—	—	23,158,054,330
Inter-segment revenue	1,610,561,236	207,400,527	607,895,602	146,371,426	54,403,621	143,569,079	242,820	—	(2,770,444,311)	—
Selling and distribution expenses	(2,436,278,274)	(867,251,711)	(329,064,565)	(332,317,703)	(342,195,131)	(111,862,534)	—	—	4,303,631	(4,414,666,287)
Interest income	13,066,089	8,801,052	20,806,873	3,562,726	1,539,583	3,871	61,399,903	56,179,842	(18,142,597)	147,217,342
Interest expenses	(1,283,443)	(7,651,831)	(29,866,996)	(7,692,668)	—	(8,051,393)	(18,142,597)	(82,046,459)	57,857,607	(96,877,780)
Share of profit of associates and jointly controlled entity	—	—	—	—	—	—	—	4,499,264	—	4,499,264
Asset impairment losses	(1,025,118)	(2,371,092)	(7,037,478)	(2,986,384)	(3,610,493)	1,689	—	—	—	(17,028,876)
Depreciation and amortisation	(283,248,015)	(167,575,727)	(114,889,611)	(68,455,228)	(24,779,080)	(2,477,969)	(204,464)	(36,179,633)	—	(697,809,727)
Total profit	1,611,315,349	617,503,727	342,076,634	(129,862,277)	102,724,362	88,536,806	41,681,562	(210,893,518)	(8,170,081)	2,454,912,564
Income tax expenses	(351,555,679)	(154,941,899)	(88,204,787)	(9,463,465)	(24,782,982)	(17,649,586)	(10,699,607)	—	—	(657,298,005)
Net profit	1,259,759,670	462,561,828	253,871,847	(139,325,742)	77,941,380	70,887,220	30,981,955	(210,893,518)	(8,170,081)	1,797,614,559
Total assets	8,765,643,279	3,955,076,028	3,525,050,902	1,600,233,539	979,568,831	228,077,840	4,202,730,438	3,410,209,502	(5,032,436,798)	21,634,153,561
Total liabilities	3,641,192,298	1,902,404,312	2,375,098,247	819,138,477	587,552,569	427,021,138	3,871,748,484	1,732,364,428	(4,999,300,959)	10,357,218,994
Long-term equity investments in associates and jointly controlled entity	—	—	—	—	—	—	—	150,656,550	—	150,656,550
Additions to non-current assets other than long-term equity investments	1,888,033,290	905,554,202	409,062,244	331,629,069	323,843,150	11,535,588	3,892,268	156,907,978	(15,644,900)	4,014,812,889

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 6 Segment information (continued)

(b) Segment information as at and for the year ended 31 December 2010 is as follow:

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Unallocated	Elimination	Total
Revenue from external customers	9,458,372,984	4,045,269,055	2,994,097,123	1,689,653,789	1,309,919,968	400,514,846	—	—	19,897,827,765
Inter-segment revenue	1,050,013,254	189,265,969	472,686,435	75,346,634	87,409,788	174,156,667	—	(2,048,878,747)	—
Selling and distribution expenses	(2,192,262,673)	(796,797,051)	(306,069,258)	(270,767,558)	(234,791,585)	(117,229,768)	—	—	(3,917,917,893)
Interest income	5,751,928	8,986,311	7,526,291	1,588,181	1,305,687	204,620	64,507,415	—	89,870,433
Interest expenses	(98,010)	(6,119,344)	(28,799,482)	(5,685,078)	—	(315,578)	(77,750,208)	35,882,357	(82,885,343)
Share of profit of associates and jointly controlled entity	—	—	—	—	—	—	9,690,511	—	9,690,511
Asset impairment losses	(46,165,392)	(8,644,149)	(1,148,720)	(4,357,059)	(11,758,393)	(76,084)	—	—	(72,149,797)
Depreciation and amortisation	(196,183,310)	(161,569,462)	(94,432,136)	(53,341,556)	(23,192,420)	(1,258,712)	(29,330,678)	—	(559,308,274)
Total profit	1,192,550,028	581,888,280	222,926,646	54,902,512	123,794,060	61,859,936	(177,932,473)	63,206,720	2,123,195,709
Income tax expenses	(285,149,422)	(128,129,255)	(68,806,254)	(13,025,480)	(28,789,037)	(14,877,146)	—	—	(538,776,594)
Net profit	907,400,606	453,759,025	154,120,392	41,877,032	95,005,023	46,982,790	(177,932,473)	63,206,720	1,584,419,115
Total assets	4,947,907,936	3,330,800,596	2,789,227,151	1,281,204,467	753,600,855	144,061,998	5,535,097,837	(1,004,784,982)	17,777,115,858
Total liabilities	3,030,763,141	1,818,250,066	1,804,732,366	602,782,474	440,132,160	31,578,836	1,381,710,298	(1,052,578,955)	8,057,370,386
Long-term equity investments in associates and jointly controlled entity	—	—	—	—	—	—	151,708,735	—	151,708,735
Additions to non-current assets other than long-term equity investments	424,022,134	211,031,372	315,944,619	116,207,848	88,948,443	160,518	29,874,086	—	1,186,189,020

The Group's revenue from external customers in domestic 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	2011	2010
Domestic	22,559,150,988	19,389,528,792
Hong Kong and Macau	257,940,191	200,694,726
Other overseas	340,963,151	307,604,247
	<b>23,158,054,330</b>	<b>19,897,827,765</b>
	<b>31 December 2011</b>	<b>31 December 2010</b>
Total non-current assets		
Domestic	11,646,437,298	7,546,386,103
Hong Kong and Macau	11,899,357	1,900,938
	<b>11,658,336,655</b>	<b>7,548,287,041</b>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions

#### (1) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 4(1).

#### (2) Information of jointly controlled entity and associates

Type	Place of registration	Legal representative	Nature of business	Registered capital	equity interest (%)	voting rights (%)	Code of organisation	
Jointly controlled entity —								
Equipment Manufacture	Chinese-foreign cooperative enterprise	Qingdao, the PRC	Matsuzawa Hideo	Manufacture & installation of equipment and accessories	USD 350,000	50%	50%	71375865-5
Associates —								
Yantai Asahi	Company limited	Yantai, the PRC	Yamazaki Fumio	Producing & trading of beer and wine etc.	RMB218,804,435	39%	39%	61341620-1
Zhaoshang Logistics	Company limited	Qingdao, the PRC	Li Yasheng	Logistics service and management	RMB20,000,000	30%	30%	73353404-2
Liaoning Shenqing	Company limited	Liaoning, the PRC	Wang Zhi	Domestic trading of beer	RMB2,000,000	30%	30%	74275001-1
European Company	Stock corporation	France	Not applicable	Import & Export trading of beer	EUR152,449	40%	40%	Not applicable

#### (3) Information of other related parties

	Relationship with the Group	Code of organisation
TB Group Company	Shareholder of the Company	26462834-4
Asahi Breweries	Shareholder of the Company	Not applicable
Asahi Brewery Shanghai	Asahi Breweries' subsidiary	60741668-6
Beijing Asahi	Asahi Breweries' subsidiary	60000772-4
Hangzhou Asahi (i)	Asahi Breweries' subsidiary	60912106-4
Asahi Investment	Asahi Breweries' subsidiary	71092096-0

- (i) In August 2011, China Resources Snow Breweries Limited (“China Resources Breweries”) acquired 55% equity interest in Hangzhou Asahi Company held by Asahi Breweries Company. Since the completion of the equity transfer, Hangzhou Asahi has become a wholly-owned subsidiary of China Resources Breweries, and Asahi Breweries has ceased to be a substantial shareholder of Hangzhou Asahi. Therefore, Hangzhou Asahi has ceased to be a related party of the Group.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions (continued)

#### (4) Related party transactions

##### (a) Sales or purchases of goods, and rendering or receiving services

###### Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	2011		2010	
			Amount	Percentage of similar transactions	Amount	Percentage of similar transactions
Yantai asahi	Purchase of beer	Mutually-agreed prices and approval of board of directors	528,352,495	3.62%	465,324,940	3.75%
Zhaoshang Logistics	Purchase logistics service (including paid on behalf)	Mutually-agreed prices and approval of board of directors	320,257,289	33.82%	305,929,636	38.75%
Beijing Asahi	Purchase of beer	Mutually-agreed prices and approval of board of directors	40,663,031	0.28%	17,326,940	0.14%
Equipment Manufacture	Purchase equipment and installation service	Mutually-agreed prices and approval of board of directors	14,432,138	1.02%	651,700	0.15%
Hangzhou Asahi	Purchase of beer	Mutually-agreed prices and approval of board of directors	180,691	0.01%	6,219,085	0.05%

###### Sales of goods and materials:

Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	2011		2010	
			Amount	Percentage of similar transactions	Amount	Percentage of similar transactions
Liaoning Shengqing	Sale of beer	Mutually-agreed prices and approval of board of directors	310,456,505	1.36%	388,208,256	1.98%
European Company	Sale of beer	Mutually-agreed prices and approval of board of directors	58,881,936	0.26%	56,498,320	0.29%
Asahi Breweries	Sale of beer	Mutually-agreed prices and approval of board of directors	51,660,772	0.23%	42,393,003	0.22%
Asahi Investment	Sale of beer	Mutually-agreed prices and approval of board of directors	14,459,701	0.06%	—	—
Beijing Asahi	Sale of materials	Mutually-agreed prices and approval of board of directors	1,944,444	0.01%	2,412,000	3.90%
Asahi Brewery Shanghai	Sale of beer	Mutually-agreed prices and approval of board of directors	594,978	0.01%	12,583,403	0.06%

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions (continued)

#### (4) Related party transactions (continued)

##### (b) Operational entities entrusted by related parties

Pursuant to the agreements entered with TB Group Company, the Company was entrusted the management of Yangzhou Company. For details, please refer to Note 4(1).

##### (c) Use and transfer of trademarks by related parties

Pursuant to the exclusive trademark license agreement entered into between the Company and TB Group Company on 15 June 2009, and the supplemental agreement dated 7 June 2010, the Company was authorised to use the trademark of Baotuquan Beer at nil consideration, until the completion of transfer of licensed trademark or the cancellation of licensed trademark due to non-renewal.

In 2011, the Company paid RMB87,000,000 to acquire the trademarks of Baotuquan Beer. According to the announcement on approval of transfer issued by the State Trademark Bureau, the trademark transfer has become effective since 6 July 2011. Since then, the Company acquired the ownership of the trademarks of Baotuquan Beer.

##### (d) Guarantee

Guarantee provider	Guaranteed party	Amount	Date of the commencement of the guarantee	Date of the termination of the guarantee	Fully performed or not
TB Group Company	Yangzhou Company (borrowings)	2,000,000	19 October 2011	19 October 2012	No
TB Group Company	Yangzhou Company (notes payable)	7,318,780	29 July 2011	28 May 2012	No

##### (e) Purchase of minority interests

	2011	2010
TB Group Company (i)	—	174,160,000

(i) Represents the purchase of minority interests of Baotuquan Company by the Company in 2010 from TB Group Company.

##### (f) Purchase of a subsidiary

	2011	2010
Asahi Investment	—	1

##### (g) Financing

	2011	2010
TB Group Company	62,000,000	67,000,000

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions (continued)

#### (4) Related party transactions (continued)

##### (h) Remuneration of key management

	2011	2010
Remuneration of key management	<u>16,721,083</u>	<u>19,177,009</u>

##### (i) Directors' emoluments

Director's emoluments for the year ended 31 December 2011 are set out below:

Name of Director	Fees	Salary	Social insurance and housing funds	Total
Jin Zhiguo	—	1,976,256	40,401	2,016,657
Wang Fan	—	1,117,136	40,401	1,157,537
Sun Mingbo	—	1,543,776	40,401	1,584,177
Jiang Hong (i)	—	897,136	40,401	937,537
Sun Yuguo	—	887,536	40,401	927,937
Liu Yingdi (ii)	—	777,536	40,401	817,937
Fumio Yamazaki	30,000	—	—	30,000
Wang Xuezheng (i)	50,000	—	—	50,000
Zhao Changwen (i)	50,000	—	—	50,000
Wu Xiaobo (i)	50,000	—	—	50,000
Ma Haitao (i)	50,000	—	—	50,000
Tang Jun (ii)	30,000	—	—	30,000
Fu Yang (ii)	40,000	—	—	40,000
Li Yan (ii)	40,000	—	—	40,000
Poon Chiu Kwok (ii)	40,000	—	—	40,000
Wang Shuwen (ii)	40,000	—	—	40,000
	<u>420,000</u>	<u>7,199,376</u>	<u>242,406</u>	<u>7,861,782</u>

(i) Appointed on 6 June 2011.

(ii) Resigned on 6 June 2011.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions (continued)

#### (4) Related party transactions (continued)

##### (i) Directors' emoluments (continued)

Directors' emoluments for the year ended 31 December 2010 are set out below:

Name of Director	Fees	Salary	Social insurance and housing funds	Total
Jin Zhiguo	160,000	1,665,056	34,097	1,859,153
Wang Fan	160,000	945,936	34,097	1,140,033
Sun Mingbo	160,000	1,282,576	34,097	1,476,673
Liu Yingdi	160,000	696,336	34,097	890,433
Sun Yuguo	160,000	716,336	34,097	910,433
Tang Jun	90,000	—	—	90,000
Fumio Yamazaki	90,000	—	—	90,000
Fu Yang	240,000	—	—	240,000
Lj Yan	240,000	—	—	240,000
Poon Chiu Kwok	240,000	—	—	240,000
Wang Shuwen	240,000	—	—	240,000
	<u>1,940,000</u>	<u>5,306,240</u>	<u>170,485</u>	<u>7,416,725</u>

The five individuals whose emoluments are the highest

The five individuals whose emoluments are the highest in the Group for the current year include 3 (2010: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 (2010: 3) individuals during the current year are summarised as follows:

	2011	2010
Salary	<u>2,474,279</u>	6,843,128
Social insurance and housing funds	<u>80,802</u>	101,571
	<u>2,555,081</u>	<u>6,944,699</u>
	<b>Number of individuals</b>	
	<u>2011</u>	2010

Emolument bands:

HKD1,000,000 — 1,500,000 (RMB800,000 — 1,200,000)	0	2
HKD1,500,000 — 2,000,000 (RMB1,200,000 — 1,600,000)	2	1

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions (continued)

#### (5) Receivables from and payables to related parties

Receivables from related parties:

	31 December 2011		31 December 2020	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable (Note 5(3))				
Guangzhou General Agency	18,859,690	(18,859,690)	18,859,690	(18,859,690)
European Company	12,336,949	—	8,837,901	—
Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
Asahi Breweries	7,778,782	—	4,298,310	—
Asahi Investment	1,869,327	—	—	—
Asahi Brewery Shanghai	—	—	1,675,014	—
	<u>52,090,532</u>	<u>(30,105,474)</u>	<u>44,916,699</u>	<u>(30,105,474)</u>
Other receivables (Note 5(4))				
Equipment Manufacture	—	—	2,187,379	—
Beijing Asahi	—	—	454,936	—
	<u>—</u>	<u>—</u>	<u>2,642,315</u>	<u>—</u>
Other non-current assets				
— prepayments for construction				
Equipment Manufacture	—	—	4,918,843	—
	<u>—</u>	<u>—</u>	<u>4,918,843</u>	<u>—</u>

Payables to related parties:

	31 December 2011	31 December 2020
Accounts payable (Note 5(22))		
Yantai Asahi	22,335,742	12,075,464
Beijing Asahi	—	6,721,120
Hangzhou Asahi	—	155,659
	<u>22,335,742</u>	<u>18,952,243</u>
Other payables (Note 5(27))		
Zhaoshang Logistics	31,858,161	5,837,219
TB Group Company	5,000,000	—
Yantai Asahi	1,501,875	82,500
	<u>38,360,036</u>	<u>5,919,719</u>
Advances from customers (Note 5(23))		
Liaoning Shenqing	21,336,053	42,628,369
Short-term borrowings from (Note 5 (20))		
TB Group Company	57,000,000	67,000,000

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 7 Related parties and related party transactions (continued)

#### (5) Receivables from and payables to related parties (continued)

The above loans represent the entrusted loans provided by TB Group Company to Yangzhou Company through a bank. The loans were unsecured with carried interest at 6.94% per annum. In 2011, Yangzhou Company paid interests amounting to approximately RMB4,218,000 (2010: RMB3,167,000) to TB Group Company.

- (6) There are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date.

### 8 Contingencies

As described in Note 3(2)(i), the Group's potential risk of tax income liabilities related to prior years has not been settled. The directors 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.

### 9 Commitments

#### (1) Capital commitments

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

	31 December 2011	31 December 2010
Buildings, machinery and equipment and intangible assets	<u>512,592,871</u>	<u>535,897,846</u>

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

	31 December 2011	31 December 2010
Buildings, machinery and equipment and intangible assets	<u>3,232,054,227</u>	<u>2,381,648,040</u>

As at the balance sheet date, jointly controlled entity of the Group has no significant capital expenditures contracted for, or capital commitments authorised by the management but not yet contracted for.

#### (2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2011	31 December 2010
Within one year	8,606,296	637,836
Between 1 and 2 years	5,557,320	543,036
Between 2 and 3 years	3,388,226	298,670
	<u>17,551,842</u>	<u>1,479,542</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 9 Commitments (continued)

#### (3) Investment commitments

	31 December 2011	31 December 2010
Purchase 100% equity interest of Immense Brewery Company (Note 4(3))	—	1,788,000,000

#### (4) Fulfillment of commitments for the previous period

The Group has fulfilled the capital expenditure commitments, operating lease, and investment commitments as at 31 December 2010.

### 10 Events after the balance sheet date

#### (1) Significant events after the balance sheet date

Item	Content	Effects to financial positions and operating results	Reason for affected amount not being reliably estimated
Repayment of payables (Note 5(22)(c)) (Note 5(27)(c))	Repayment of significant payables over 1 year	Asset and liability decrease RMB25,306,420 respectively	Not applicable
Transfer of advance from customers to revenue	Transfer of advance from customers over 1 year to revenue	Liability decrease and total profit increase RMB 1,357,554	Not applicable

#### (2) Dividends distribution after the balance sheet date

	Amount
Dividends proposed (a)	
— Dividends authorised to declare	351,255,527

(a) In accordance with the resolution at the Board of Directors' meeting dated on 29 March 2012, the Board of Directors proposed a dividend in the amount of RMB351,255,527 to the shareholders, which is not recorded as liability in the financial statements for the current year (Note 5(36)).

#### (3) Significant subsidiaries to be established after the balance sheet date

Pursuant to the resolution approved at Board of Director's meeting dated on 24 November 2011, the Group planned to invest RMB200,000,000 in the establishment of a wholly-owned subsidiary, Tsingtao Brewery (Hainan) Company. The relevant legal procedures were completed on 6 January 2012.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 11 Leases

For the year ended 31 December 2011, leases payments under operating leases recognised in profit or loss for the current year amount to RMB86,319,665 (2010: RMB63,418,021).

The future lease payments of fixed assets held under finance leases (Note 5(11)(b)) are as follows:

	<b>31 December 2011</b>	31 December 2010
Within one year	<b>641,247</b>	2,564,587
Between 1 to 2 years	—	641,247
	<b>641,247</b>	3,205,834

As at 31 December 2011, the unrecognised financing charge amounts to RMB15,833 (31 December 2010: RMB230,099).

### 12 Business Combination

See Note 4(2), (3).

### 13 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (1) Market risk

##### (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from financing activities and business transactions denominated in foreign currencies, primarily with respect to HKD. As the balance of the borrowings dominated in foreign currencies and the business transactions settled in foreign currencies are not material, the directors of the Company are of the view that the Group's exposure to foreign exchange risk would be immaterial. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the currency risk. The Group may consider entering into forward exchange contracts to mitigate the foreign exchange risk. During 2011 and 2010, the Group did not enter into any forward exchange contracts.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 13 Financial instrument and risk (continued)

#### (1) Market risk (continued)

##### (a) Foreign exchange risk (continued)

As at 31 December 2011 and 2010, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarised as below:

	31 December 2011		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand (Note 5(1))	20,883,849	43,594,381	64,478,230
Accounts receivable (Note 5(3)(l))	30,016,689	43,155,721	73,172,410
Other receivables (Note 5(4)(k))	900,619	169,846	1,070,465
	<u>51,801,157</u>	<u>86,919,948</u>	<u>138,721,105</u>
Financial liabilities denominated in foreign currency —			
Short-term borrowings (Note 5(20))	103,696,637	—	103,696,637
Accounts payable (Note 5(22)(d))	—	137,350	137,350
Other payables (Note 5(27)(d))	588,040	3,909,060	4,497,100
Current portion of non-current liabilities (Note 5(28))	—	1,690,220	1,690,220
Long-term borrowings (Note 5(29))	445,885,000	8,231,834	454,116,834
	<u>550,169,677</u>	<u>13,968,464</u>	<u>564,138,141</u>
	31 December 2010		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand (Note 5(1))	19,310,134	7,640,609	26,950,743
Accounts receivable (Note 5(3)(l))	56,385,753	27,303,985	83,689,738
	<u>75,695,887</u>	<u>34,944,594</u>	<u>110,640,481</u>
Financial liabilities denominated in foreign currency —			
Short-term borrowings (Note 5(20))	94,376,646	—	94,376,646
Accounts payable (Note 5(22)(d))	—	411,145	411,145
Other payables (Note 5(27)(d))	3,551,426	—	3,551,426
Current portion of non-current liabilities (Note 5(28))	13,760,923	1,819,010	15,579,933
Long-term borrowings (Note 5(29))	—	10,722,061	10,722,061
	<u>111,688,995</u>	<u>12,952,216</u>	<u>124,641,211</u>

As at 31 December 2011, if the currency had strengthened/weakened by 10 % against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB37,378,000 (31 December 2010: RMB2,699,000) higher/lower for various financial assets and liabilities denominated in HKD.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 13 Financial instrument and risk *(continued)*

#### (1) Market risk *(continued)*

##### *(b) Interest rate risk*

The Group's interest rate risk arises from interest bearing debts including bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2011, the Group's interest bearing debts were mainly RMB-denominated and HKD-denominated with floating rates, amounting to RMB551,581,637 (31 December 2010: RMB140,977,569), and RMB-denominated with fixed rates, amounting to RMB1,391,692,717 (31 December 2010: RMB1,264,646,258).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The management of the Group makes decisions with reference to the latest market conditions. The directors of the Company are of the view that future interest rate changes will not have material adverse impact on the Group's operating results.

In 2011, if interest rates on the floating rate borrowings had risen/fallen 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB1,382,000 (2010: approximately RMB684,000).

##### *(c) Price risk*

The Group's price risk arises from fluctuation in price of the principal raw materials in beer production, while the rise in price of raw material will have adverse impact on the Group's operating results. The purchasing department of the Group keeps analyzing and monitoring the trend of the price of the raw materials, and considers entering into long-term purchase contracts with the suppliers to make sure that there is no material fluctuation in price of the raw materials. The directors of the Company are of the view that future price changes of principal raw materials will not have material adverse impact on the Group's operating results.

#### (2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties. Sales are mainly settled by advances from customers or bank acceptance notes, and accordingly, there is no significant credit risk in relation to customers.

The management of the Group does not consider that there will be any significant loss resulted from the non-performance of these counterparties.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 13 Financial instrument and risk (continued)

#### (3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial assets and liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2011				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets —					
Cash at bank and on hand	6,107,611,258	—	—	—	6,107,611,258
Notes receivable	98,350,000	—	—	—	98,350,000
Accounts receivable	325,048,799	—	—	—	325,048,799
Other receivables	207,782,549	—	—	—	207,782,549
	<u>6,738,792,606</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,738,792,606</u>
Financial liabilities —					
Short-term borrowings	164,919,713	—	—	—	164,919,713
Notes payable	83,893,730	—	—	—	83,893,730
Accounts payable	1,662,021,869	—	—	—	1,662,021,869
Interest payable	2,458,418	—	—	—	2,458,418
Dividends payable	761,458	—	—	—	761,458
Other payables	3,164,401,766	—	—	—	3,164,401,766
Current portion of non-current liabilities	2,331,467	—	—	—	2,331,467
Long-term borrowings	13,109,019	14,923,334	456,875,905	1,978,740	486,886,998
Debentures payable	12,000,000	12,000,000	1,512,000,000	—	1,536,000,000
Long-term payables	—	1,000,000	—	—	1,000,000
	<u>5,105,897,440</u>	<u>27,923,334</u>	<u>1,968,875,905</u>	<u>1,978,740</u>	<u>7,104,675,419</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 13 Financial instrument and risk (continued)

#### (3) Liquidity risk (continued)

	31 December 2010				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets —					
Cash at bank and on hand	7,597,958,091	—	—	—	7,597,958,091
Notes receivable	12,605,000	—	—	—	12,605,000
Account receivable	337,912,495	—	—	—	337,912,495
Other receivables	277,043,292	—	—	—	277,043,292
Long-term receivables	—	2,000,000	—	—	2,000,000
	<u>8,225,518,878</u>	<u>2,000,000</u>	<u>—</u>	<u>—</u>	<u>8,227,518,878</u>
Financial liabilities —					
Short-term borrowings	199,372,918	—	—	—	199,372,918
Notes payable	70,711,200	—	—	—	70,711,200
Accounts payable	1,262,629,805	—	—	—	1,262,629,805
Dividends payable	9,549,729	—	—	—	9,549,729
Other payables	2,520,112,525	—	—	—	2,520,112,525
Current portion of non-current liabilities	18,198,237	—	—	—	18,198,237
Long-term borrowings	—	1,868,066	5,604,198	3,249,797	10,722,061
Debentures payable	12,000,000	12,000,000	1,524,000,000	—	1,548,000,000
Long-term payables	—	641,247	1,000,000	—	1,641,247
	<u>4,092,574,414</u>	<u>14,509,313</u>	<u>1,530,604,198</u>	<u>3,249,797</u>	<u>5,640,937,722</u>

Bank borrowings and debentures payable are analysed by repayment terms as follows:

	31 December 2011		31 December 2010	
	Bank borrowings	Debentures payable	Bank borrowings	Debentures payable
Wholly repayable within five years	<b>614,335,432</b>	<b>1,500,000,000</b>	209,977,569	1,500,000,000
Not wholly repayable within five years	<b>4,168,259</b>	—	12,541,071	—
	<u><b>618,503,691</b></u>	<u><b>1,500,000,000</b></u>	<u>222,518,640</u>	<u>1,500,000,000</u>

#### (4) Fair value

##### (a) Financial instruments not measured at fair value

Financial assets and liabilities not measured at fair value mainly represent receivables, short-term borrowings, payables, long-term borrowings, debentures payable, and long-term payables.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 13 Financial instrument and risk (continued)

#### (4) Fair value (continued)

##### (a) Financial instruments not measured at fair value (continued)

Except for financial liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	31 December 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Debentures payable	<u>1,334,692,717</u>	<u>1,312,899,991</u>	<u>1,264,646,258</u>	<u>1,237,417,522</u>

The fair value of long-term borrowings, long-term payables and debentures payable not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms.

(b) As at 31 December 2011, there are no financial instruments of the Group measured at fair value (31 December 2010: nil).

### 14 Financial assets and liabilities in foreign currencies

	31 December 2010	Profit or loss arising from changes in fair value for the current year	Cumulative amount of changes in fair value recognised directly in equity	Provision for impairment	31 December 2011
Financial assets —					
Cash at bank and on hand (Note 5(1))	26,950,743	—	—	—	<b>64,478,230</b>
Accounts receivable (Note 5(3)(l))	83,689,738	—	—	—	<b>73,172,410</b>
Other receivables (Note 5(4)(k))	—	—	—	—	<b>1,070,465</b>
Subtotal	<u>110,640,481</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u><b>138,721,105</b></u>
Financial liabilities					
Short-term borrowings (Note 5(20))	94,376,646	—	—	—	<b>103,696,637</b>
Accounts payable (Note 5(22)(d))	411,145	—	—	—	<b>137,350</b>
Other payables (Note 5(27)(d))	3,551,426	—	—	—	<b>4,497,100</b>
Current portion of non-current liabilities (Note 5(28))	15,579,933	—	—	—	<b>1,690,220</b>
Long-term borrowings (Note 5(29))	10,722,061	—	—	—	<b>454,116,834</b>
Subtotal	<u>124,641,211</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u><b>564,138,141</b></u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements

#### (1) Accounts receivable

	31 December 2011	31 December 2010
Accounts receivable	272,521,756	246,929,674
Less: provision for bad debts	<u>(76,917,944)</u>	<u>(77,719,696)</u>
	<u>195,603,812</u>	<u>169,209,978</u>

The majority of the Company's domestic sales are made with advances from customers. The remainings are settled by letters of credit, bank acceptance notes or credit terms from 30 to 150 days.

(a) The ageing of accounts receivable based on their recording dates is analysed below:

	31 December 2011	31 December 2010
Within 6 months	189,837,888	164,600,085
6 months to 1 year	491,906	670,608
1 to 2 years	1,338,150	687,555
2 to 3 years	9,266	985,458
Over 3 years	<u>80,844,546</u>	<u>79,985,968</u>
	<u>272,521,756</u>	<u>246,929,674</u>

(b) Accounts receivable are analysed by categories as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and subject to separate provision	30,105,474	11.05%	(30,105,474)	100%	30,105,474	12.19%	(30,105,474)	100%
Subject to provision by groups								
Group B	158,029,438	57.99%	—	—	121,138,777	49.06%	(673,294)	0.56%
Group C	<u>84,386,844</u>	<u>30.96%</u>	<u>(46,812,470)</u>	<u>55.47%</u>	<u>95,685,423</u>	<u>38.75%</u>	<u>(46,940,928)</u>	<u>49.06%</u>
	<u>272,521,756</u>	<u>100%</u>	<u>(76,917,944)</u>	<u>28.22%</u>	<u>246,929,674</u>	<u>100%</u>	<u>(77,719,696)</u>	<u>31.47%</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (1) Accounts receivable (continued)

- (c) As at 31 December 2011, accounts receivable with amounts that are individually significant and the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Guangzhou General Agency	18,859,690	(18,859,690)	100%	Note 5(3)(c)
Beijing Sales Company	11,245,784	(11,245,784)	100%	Note 5(3)(c)
	<u>30,105,474</u>	<u>(30,105,474)</u>		

- (d) Accounts receivable that related provision for bad debts is provided on grouping basis using the ageing analysis method (Group C) are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	37,509,429	44.45%	—	—	48,739,862	50.94%	—	—
6 months to 1 year	68,363	0.08%	(3,418)	5%	—	—	—	—
1 to 2 years	—	—	—	—	9,266	0.01%	(4,633)	50%
2 to 3 years	—	—	—	—	75,288	0.08%	(75,288)	100%
Over 3 years	46,809,052	55.47%	(46,809,052)	100%	46,861,007	48.97%	(46,861,007)	100%
	<u>84,386,844</u>	<u>100%</u>	<u>(46,812,470)</u>	<u>55.47%</u>	<u>95,685,423</u>	<u>100%</u>	<u>(46,940,928)</u>	<u>49.06%</u>

- (e) There are no accounts receivable that related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year (2010: nil).

- (f) Accounts receivable that are written off in the current year are summarised as follows:

	Nature	Amount	Reason	Arising from related party transactions or not
Northeast Sales Company etc.	Sales of beer	<u>800,063</u>	Deregistration etc	Yes

- (g) As at 31 December 2011, there are no accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (1) Accounts receivable (continued)

(h) As at 31 December 2011, the five largest accounts receivable are analysed as follows:

	Relationship with the Company	Amount	Ageing	% of total balance
Dongnan Sales Company	Subsidiary	30,846,402	Within 6 months	11.32%
Hong Kong Company	Subsidiary	24,499,003	Within 6 months	8.99%
Beifang Sales Company	Subsidiary	22,730,595	Within 6 months	8.34%
Guangzhou General Agency	Associate	18,859,690	Over 3 years	6.92%
European Company	Associate	12,336,949	Within 6 months	4.53%
		<u>109,272,639</u>		<u>40.10%</u>

(i) Accounts receivable from related parties are analysed as follows:

	Relationship with the Company	31 December 2011			31 December 2010		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Subsidiaries (Group B)		158,029,438	57.99%	—	121,138,777	49.06%	(673,294)
Dongnan Sales Company	Subsidiary	30,846,402	11.32%	—	32,607,256	13.21%	—
Hong Kong Company	Subsidiary	24,499,003	8.99%	—	14,449,582	5.85%	—
Beifang Sales Company	Subsidiary	22,730,595	8.34%	—	5,896,844	2.39%	—
Hans Baoji	Subsidiary	10,000,000	3.67%	—	2,352,000	0.95%	—
Songjiang Company	Subsidiary	8,952,930	3.29%	—	1,687,955	0.68%	—
Yangzhou Company	Subsidiary	7,026,096	2.58%	—	4,361,737	1.77%	—
Nanning Company	Subsidiary	5,800,972	2.13%	—	10,534,408	4.27%	—
Chengdu Company	Subsidiary	4,455,443	1.63%	—	1,697,475	0.69%	—
Xingkaihu Company	Subsidiary	4,407,424	1.62%	—	1,949,273	0.79%	—
Macau Company	Subsidiary	4,027,717	1.48%	—	—	—	—
Qingdao Guangrunlong Logistics Company Limited (“Guangrunlong Logistics”)	Subsidiary	3,930,020	1.44%	—	3,930,020	1.59%	—
Xuecheng Company	Subsidiary	3,866,388	1.42%	—	138,600	0.06%	—
Shanghai Sales Company	Subsidiary	3,415,534	1.25%	—	136,000	0.06%	—
Tengzhou Company	Subsidiary	3,110,603	1.14%	—	—	—	—
Jinan Company	Subsidiary	3,081,536	1.13%	—	—	—	—
Other subsidiaries	Subsidiary	17,878,775	6.56%	—	41,397,627	16.75%	(673,294)
Guangzhou General Agency	Associate	18,859,690	6.92%	(18,859,690)	18,859,690	7.64%	(18,859,690)
European Company	Associate	12,336,949	4.53%	—	8,837,901	3.58%	—
Beijing Sales Company	Associate	11,245,784	4.13%	(11,245,784)	11,245,784	4.55%	(11,245,784)
		<u>200,471,861</u>	<u>73.57%</u>	<u>(30,105,474)</u>	<u>160,082,152</u>	<u>64.83%</u>	<u>(30,778,768)</u>

(j) As at 31 December 2011, there are no accounts receivable derecognised due to transfer of financial assets (31 December 2010: nil).

(k) As at 31 December 2011, there are no accounts receivable pledged as collateral for the Group's borrowings (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (2) Other receivables

	31 December 2011	31 December 2010
Receivables from subsidiaries	140,148,694	133,639,902
Payments for hop on behalf of subsidiaries	52,621,267	—
Refund for prepayment of land use rights	17,441,647	17,441,647
Refund for prepayment of property	13,000,000	13,000,000
Staff advance	9,974,120	5,774,166
Deposits	4,617,052	9,940
Deposit return for acquisition of a subsidiary	—	85,000,000
Others	13,849,846	26,592,186
	<u>251,652,626</u>	<u>281,457,841</u>
Less: provision for bad debts	(45,919,299)	(44,516,639)
	<u>205,733,327</u>	<u>236,941,202</u>

(a) The ageing of other receivable is analysed below:

	31 December 2011	31 December 2010
Within 6 months	89,657,702	103,223,494
6 months to 1 year	5,423,480	236,500
1 to 2 years	893,055	36,264,992
2 to 3 years	35,735,577	668,533
Over 3 years	119,942,812	141,064,322
	<u>251,652,626</u>	<u>281,457,841</u>

(b) Other receivables by categories are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and subject to separate provision	30,441,647	12.10%	(30,441,647)	100%	30,441,647	10.82%	(30,441,647)	100%
Subject to provision by groups								
Group A	3,661,000	1.45%	—	—	85,000,000	30.20%	—	—
Group B	140,148,694	55.69%	—	—	133,639,902	47.48%	—	—
Group C	77,401,285	30.76%	(15,477,652)	20%	32,376,292	11.50%	(14,074,992)	43.47%
	<u>251,652,626</u>	<u>100%</u>	<u>(45,919,299)</u>	<u>18.25%</u>	<u>281,457,841</u>	<u>100%</u>	<u>(44,516,639)</u>	<u>15.82%</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (2) Other receivables (continued)

- (c) As at 31 December 2011, other receivables with amounts that are individually significant and the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Refund for repayment of land use rights	17,441,647	(17,441,647)	100%	Note 5(4)(c)
Refund for repayment of property	13,000,000	(13,000,000)	100%	Note 5(4)(c)
	<u>30,441,647</u>	<u>(30,441,647)</u>		

- (d) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method (Group C) are analysed as follows:

	31 December 2011				31 December 2010			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	57,857,522	74.74%	—	—	17,089,927	52.79%	—	—
6 months to 1 year	3,526,464	4.56%	(176,323)	5%	236,500	0.72%	(11,826)	5%
1 to 2 years	1,431,940	1.85%	(715,970)	50%	1,973,400	6.10%	(986,700)	50%
2 to 3 years	1,608,833	2.08%	(1,608,833)	100%	527,696	1.63%	(527,697)	100%
Over 3 years	12,976,526	16.77%	(12,976,526)	100%	12,548,769	38.76%	(12,548,769)	100%
	<u>77,401,285</u>	<u>100%</u>	<u>(15,477,652)</u>	<u>20%</u>	<u>32,376,292</u>	<u>100%</u>	<u>(14,074,992)</u>	<u>43.47%</u>

- (e) There are no other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year (2010: nil).
- (f) In 2011, there are no other receivables that are written off (2010: nil).
- (g) As at 31 December 2011, there are no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2010: nil).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (2) Other receivables (continued)

(h) As at 31 December 2011, the five largest other receivables are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Xinan Sales Company	Subsidiary	51,659,963	2 to 5 years	20.53%
Shaoguan Company	Subsidiary	30,000,000	Within 6 months	11.92%
Dongnan Sales Company	Subsidiary	23,645,708	Over 3 years	9.40%
Shanghai Sales Company	Subsidiary	18,794,940	Over 3 years	7.47%
Qingdao Bureau of Land and Resources of Economic Technical Development Area	Third Party	17,441,647	Over 3 years	6.93%
		<u>141,542,258</u>		<u>56.25%</u>

(i) Other receivables from related parties are analysed as follows:

	Relationship with the Company	31 December 2011			31 December 2010		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Subsidiaries (Group B)							
Xinan Sales Company	Subsidiary	51,659,963	20.53%	—	51,659,963	18.35%	—
Shaoguan Company	Subsidiary	30,000,000	11.92%	—	—	—	—
Dongnan Sales Company	Subsidiary	23,645,708	9.40%	—	23,645,735	8.40%	—
Shanghai Sales Company	Subsidiary	18,794,940	7.47%	—	19,278,218	6.85%	—
Tsingtao Xianghong Shangwu Company Limited (“Xianghong Shangwu”)	Subsidiary	8,819,505	3.50%	—	8,003,601	2.84%	—
Huanan Sales Company	Subsidiary	2,084,516	0.83%	—	—	—	—
Other subsidiaries	Subsidiary	5,144,062	2.04%	—	31,052,385	11.04%	—
		<u>140,148,694</u>	<u>55.69%</u>	<u>—</u>	<u>133,639,902</u>	<u>47.48%</u>	<u>—</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (3) Long-term receivables

	31 December 2010		31 December 2011
Entrusted loans to Subsidiaries (i)	950,317,179		981,881,872
Deposits	2,000,000		—
	<u>952,317,179</u>		<u>981,881,872</u>
		Increase in current year (ii)	Decrease in current year (iii)
Less: provisions for bad debts	(249,187,115)	(19,100,000)	68,990,568
	<u>703,130,064</u>		<u>(199,296,547)</u>
			<u>782,585,325</u>

(i) Represents the entrusted loans to the subsidiaries provided by the Company through banks.

(ii) In 2011, the Company recognised impairment losses amounting to RMB19,100,000 for entrusted loans to Mishan Company.

(iii) As Chongqing Company and Northeast Sales Company deregistered (Note 4(5)) in the current year, the Company wrote off its entrusted loans and provisions for bad debts to these companies.

#### (4) Long-term equity investments

	31 December 2011	31 December 2010
Subsidiaries — unlisted (a)	7,776,384,245	5,229,985,721
Associates — unlisted (b)	149,921,811	151,248,470
Other long-term equity investments — unlisted (c)	6,485,263	6,485,263
	<u>7,932,791,319</u>	5,387,719,454
Less: Provision for impairment of long-term equity investments (d)	(877,283,490)	(938,783,490)
	<u>7,055,507,829</u>	<u>4,448,935,964</u>

There is no restriction on sales of the long-term equity investments held by the Company.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (4) Long-term equity investments (continued)

##### (a) Subsidiaries — unlisted

	Accounting treatment	Investment cost	31 December 2010	Current year movement (i)	31 December 2011	Equity interest held	Voting rights held	Explanation of inconsistency of equity interest held and voting rights held	Provision for impairment	Impairment losses recognised in the current year	Cash dividends declared in the current year
Shenzhen Asahi	Cost method	126,746,680	126,746,680	—	126,746,680	51%	51%	Not applicable	—	—	40,468,500
Chengzhou Company	Cost method	62,601,208	62,601,208	—	62,601,208	88.8%	88.8%	Not applicable	—	—	—
Huanan Sales Company	Cost method	45,070,000	45,070,000	—	45,070,000	100%	100%	Not applicable	—	—	200,000,000
Huanan Holding Company	Cost method	208,790,000	208,790,000	—	208,790,000	100%	100%	Not applicable	—	—	58,000,000
Huadong Holding Company	Cost method	96,855,102	96,855,102	—	96,855,102	100%	100%	Not applicable	(96,855,102)	—	—
Songjiang Company	Cost method	153,750,000	153,750,000	—	153,750,000	75%	75%	Not applicable	—	—	—
Shouguang Company	Cost method	60,000,000	60,000,000	—	60,000,000	99%	99%	Not applicable	—	—	—
No.3 Company (i),(ii)	Cost method	445,952,300	229,842,300	216,610,000	446,452,300	100%	100%	Not applicable	—	—	—
Five star Company	Cost method	24,656,410	24,656,410	—	24,656,410	37.64%	37.64%	Not applicable	(24,656,410)	—	—
Three Ring Company	Cost method	69,457,513	69,457,513	—	69,457,513	29%	29%	Not applicable	(69,457,513)	—	—
Beifang Sales Company	Cost method	83,984,000	83,984,000	—	83,984,000	95%	95%	Not applicable	(83,984,000)	—	—
Xi'an Company	Cost method	392,627,114	392,627,114	—	392,627,114	100%	100%	Not applicable	—	—	108,000,000
Weinan Company	Cost method	14,000,000	14,000,000	—	14,000,000	28%	28%	Not applicable	—	—	—
Anshan Company	Cost method	30,000,000	30,000,000	—	30,000,000	60%	60%	Not applicable	—	—	—
Xingkaihu Company	Cost method	129,430,000	129,430,000	—	129,430,000	100%	100%	Not applicable	(129,430,000)	—	—
Chongqing Company (i)	Cost method	—	53,000,000	(53,000,000)	—	—	—	Not applicable	—	—	—
Mishan Company	Cost method	23,920,000	23,920,000	—	23,920,000	100%	100%	Not applicable	(23,920,000)	—	—
Haerbin Company	Cost method	109,940,000	109,940,000	—	109,940,000	100%	100%	Not applicable	(109,940,000)	—	—
Northeast Sales Company (i)	Cost method	—	8,500,000	(8,500,000)	—	—	—	Not applicable	—	—	—
Penglai Company	Cost method	30,000,000	30,000,000	—	30,000,000	80%	80%	Not applicable	(30,000,000)	—	—
Rongcheng Company	Cost method	65,103,434	65,103,434	—	65,103,434	70%	70%	Not applicable	(65,103,434)	—	—
Import/Export Company	Cost method	11,210,000	11,210,000	—	11,210,000	100%	100%	Not applicable	—	—	—
No.5 Company	Cost method	43,719,251	43,719,251	—	43,719,251	100%	100%	Not applicable	—	—	—
Tsingtao Brewery (Laoshan) Company Limited	Cost method	18,089,491	18,089,491	—	18,089,491	96.90%	96.90%	Not applicable	—	—	—
Hong Kong Company	Cost method	41,728,681	41,728,681	—	41,728,681	100%	100%	Not applicable	—	—	—
Xinan Sales Company (ii)	Cost method	99,300,000	94,300,000	5,000,000	99,300,000	100%	100%	Not applicable	(82,310,170)	—	—
Tsingtao Brewery Kai Fa Company Limited	Cost method	1,320,000	1,320,000	—	1,320,000	100%	100%	Not applicable	(1,320,000)	—	—
Taizhou Company	Cost method	60,000,000	60,000,000	—	60,000,000	86.43%	86.43%	Not applicable	—	—	—
Maanshan Company	Cost method	80,000,000	80,000,000	—	80,000,000	94.12%	94.12%	Not applicable	—	—	—
Xianghong Shangwu	Cost method	5,760,000	5,760,000	—	5,760,000	100%	100%	Not applicable	—	—	—
Dongnan Sales Company (ii)	Cost method	293,088,560	288,412,688	4,675,872	293,088,560	100%	100%	Not applicable	—	—	—
Changsha Company	Cost method	47,600,000	47,600,000	—	47,600,000	70%	70%	Not applicable	—	—	—
Yangzhou Company	Cost method	1,017,142	1,017,142	—	1,017,142	20%	100%	Note 4(i)	—	—	—
Huaihai Sales Company	Cost method	55,000,000	55,000,000	—	55,000,000	100%	100%	Not applicable	(55,000,000)	—	—
Jinan Company	Cost method	560,000,000	560,000,000	—	560,000,000	100%	100%	Not applicable	—	—	—
Guangrunlong Logistics	Cost method	16,465,405	16,465,405	—	16,465,405	100%	100%	Not applicable	—	—	—
Chengdu Company	Cost method	200,000,000	200,000,000	—	200,000,000	100%	100%	Not applicable	—	—	—
Cultural Communication Company	Cost method	5,290,000	5,290,000	—	5,290,000	100%	100%	Not applicable	—	—	—
Pengcheng Company	Cost method	250,370,000	250,370,000	—	250,370,000	98.16%	98.16%	Not applicable	—	—	—
Rizhao Company	Cost method	339,239,300	339,239,300	—	339,239,300	100%	100%	Not applicable	—	—	—
Weifang Company	Cost method	73,620,001	73,620,001	—	73,620,001	100%	100%	Not applicable	—	—	—
Pingyuan Company	Cost method	21,730,001	21,730,001	—	21,730,001	100%	100%	Not applicable	—	—	—
Construction Company	Cost method	2,490,000	2,490,000	—	2,490,000	100%	100%	Not applicable	—	—	—
Langfang Company	Cost method	79,090,000	79,090,000	—	79,090,000	80.80%	80.80%	Not applicable	—	—	—
Suqian Company	Cost method	17,040,000	17,040,000	—	17,040,000	62%	62%	Not applicable	—	—	—
Heze Company	Cost method	124,590,000	124,590,000	—	124,590,000	93.08%	93.08%	Not applicable	(51,301,600)	—	—
Tengzhou Company	Cost method	48,310,000	48,310,000	—	48,310,000	76.65%	76.65%	Not applicable	—	—	—
Tsingtao Brewery (Shanghai) Company Limited	Cost method	1,570,000	1,570,000	—	1,570,000	5%	5%	Not applicable	—	—	—
Wuhu Company	Cost method	94,290,000	94,290,000	—	94,290,000	84.25%	84.25%	Not applicable	—	—	—
Shanghai Sales Company	Cost method	47,300,000	47,300,000	—	47,300,000	94.04%	94.04%	Not applicable	(47,300,000)	—	—
Chengyang Sales Company	Cost method	8,000,000	8,000,000	—	8,000,000	100%	100%	Not applicable	—	—	—
Baotouan Company	Cost method	174,160,000	174,160,000	—	174,160,000	100%	100%	Not applicable	—	—	—
Shijiazhuang Company (i)	Cost method	321,010,000	200,000,000	121,010,000	321,010,000	100%	100%	Not applicable	—	—	—
Taiyuan Company	Cost method	200,000,000	200,000,000	—	200,000,000	100%	100%	Not applicable	—	—	—
Finance Company (i)	Cost method	300,000,000	—	300,000,000	300,000,000	100%	100%	Not applicable	—	—	—
Immense Brewery Company (i)	Cost method	1,404,558,400	—	1,404,558,400	1,404,558,400	75%	75%	Not applicable	—	—	—
Hangzhou Company (i)	Cost method	186,000,000	—	186,000,000	186,000,000	80%	80%	Not applicable	—	—	—
Sifang Sales (i)	Cost method	10,000,000	—	10,000,000	10,000,000	100%	100%	Not applicable	—	—	—
Jieyang Company (i)	Cost method	150,000,000	—	150,000,000	150,000,000	100%	100%	Not applicable	—	—	—
Beverage Company (ii)	Cost method	10,044,252	—	10,044,252	10,044,252	100%	100%	Not applicable	—	—	—
Shaoguan Company (i)	Cost method	200,000,000	—	200,000,000	200,000,000	100%	100%	Not applicable	—	—	—
			5,229,985,721	2,546,398,524	7,776,384,245				(870,578,229)	—	406,468,500

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (4) Long-term equity investments (continued)

##### (a) Subsidiaries — unlisted (continued)

- (i) For the details of the establishment of new subsidiaries, increase of investments in subsidiaries, deregistration of subsidiaries and acquisition of subsidiaries from third parties, please see Note 4.
- (ii) Equity interests of subsidiaries acquired from other subsidiaries are listed as below:

In the current year, the Company acquired 0.22% equity interest in No.3 Company held by Machinery and Equipment Company, 2.56% equity interest in Dongnan sales Company and 5% equity interest in Xinan Sales Company held by No. 3 Company, and 100% equity interest in Beverage Company held by No. 5 Company.

##### (b) Associates — unlisted

	Accounting treatment	Investment cost	31 December 2010	Share of Profits using the equity method	Cash dividend declared	31 December 2011	Equity interest held	Voting rights held	Explanation of inconsistency of equity interest held and voting rights held	Provision for impairment	Impairment losses recognised in the current year
Yantai Asahi	Equity method	120,024,598	125,120,802	1,151,846	—	126,272,648	39%	39%	Not Applicable	—	—
Zhaoshang Logistics	Equity method	6,000,000	21,701,059	2,915,621	(5,551,449)	19,065,231	30%	30%	Not Applicable	—	—
Liaoning Shengqing	Equity method	600,000	3,206,609	157,323	—	3,363,932	30%	30%	Not Applicable	—	—
Others	Equity method	—	1,220,000	—	—	1,220,000	—	—	—	(1,220,000)	—
			151,248,470	4,224,790	(5,551,449)	149,921,811				(1,220,000)	—

##### (c) Other long-term equity investments — unlisted

	Accounting treatment	Investment cost	31 December 2010	Current year movement	31 December 2011	Provision for impairment	Impairment losses recognised in the current year	Cash dividends declared in the current year
Yingxiao Club	Cost method	3,985,261	3,985,261	—	3,985,261	(3,985,261)	—	—
Others	Cost method	2,500,002	2,500,002	—	2,500,002	(1,500,000)	—	—
			6,485,263	—	6,485,263	(5,485,261)	—	—

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (4) Long-term equity investments (continued)

##### (d) Provision for impairment of long-term equity investments

	31 December 2010	Increase in current year	Decrease in current year (i)	31 December 2011
Subsidiaries	(932,078,229)	—	61,500,000	<b>(870,578,229)</b>
Associates	(1,220,000)	—	—	<b>(1,220,000)</b>
Other long-term equity investments	(5,485,261)	—	—	<b>(5,485,261)</b>
	<u>(938,783,490)</u>	<u>—</u>	<u>61,500,000</u>	<b><u>(877,283,490)</u></b>

- (i) As Chongqing Company and Northeast Sales Company were deregistered in the current year, the investment cost and provision for impairment have been written off.

#### (5) Investment properties

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Cost	27,617,225	6,838,088	(2,046,921)	<b>32,408,392</b>
Buildings	27,617,225	6,838,088	(2,046,921)	<b>32,408,392</b>
Accumulated depreciation	(8,485,854)	(5,636,455)	1,985,513	<b>(12,136,796)</b>
Buildings	(8,485,854)	(5,636,455)	1,985,513	<b>(12,136,796)</b>
Net book value	19,131,371			<b>20,271,596</b>
Buildings	19,131,371			<b>20,271,596</b>
Provision for impairment	—	—	—	—
Buildings	—	—	—	—
Carrying amount	19,131,371			<b>20,271,596</b>
Buildings	19,131,371			<b>20,271,596</b>

In 2011, buildings with original cost of RMB6,838,088 and accumulated depreciation of RMB4,920,642 were leased to subsidiaries. Accordingly, they were transferred from fixed assets to investment property in the financial statements. Depreciation of investment properties recognised in the current year was RMB715,813 (2010: RMB549,988).

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (6) Fixed assets

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Cost	2,229,707,778	139,505,281	(72,960,587)	<b>2,296,252,472</b>
Buildings	557,170,127	15,555,688	(16,286,661)	<b>556,439,154</b>
Machinery and equipment	1,342,672,010	85,406,696	(33,291,194)	<b>1,394,787,512</b>
Motor vehicles	129,925,783	12,814,340	(7,864,977)	<b>134,875,146</b>
Other equipment	199,939,858	25,728,557	(15,517,755)	<b>210,150,660</b>
Accumulated depreciation	(1,369,955,034)	(101,883,525)	56,971,353	<b>(1,414,867,206)</b>
Buildings	(235,798,217)	(18,630,058)	11,460,146	<b>(242,968,129)</b>
Machinery and equipment	(914,874,550)	(56,020,776)	23,600,691	<b>(947,294,635)</b>
Motor vehicles	(88,818,229)	(4,853,154)	7,211,198	<b>(86,460,185)</b>
Other equipment	(130,464,038)	(22,379,537)	14,699,318	<b>(138,144,257)</b>
Net book value	859,752,744			<b>881,385,266</b>
Buildings	321,371,910			<b>313,471,025</b>
Machinery and equipment	427,797,460			<b>447,492,877</b>
Motor vehicles	41,107,554			<b>48,414,961</b>
Other equipment	69,475,820			<b>72,006,403</b>
Provision for impairment	(16,565,977)	—	383,760	<b>(16,182,217)</b>
Buildings	(630,420)	—	—	<b>(630,420)</b>
Machinery and equipment	(1,935,557)	—	—	<b>(1,935,557)</b>
Motor vehicles	(14,000,000)	—	383,760	<b>(13,616,240)</b>
Other equipment	—	—	—	<b>—</b>
Carrying amount	843,186,767			<b>865,203,049</b>
Buildings	320,741,490			<b>312,840,605</b>
Machinery and equipment	425,861,903			<b>445,557,320</b>
Motor vehicles	27,107,554			<b>34,798,721</b>
Other equipment	69,475,820			<b>72,006,403</b>

As at 31 December 2011, there are no fixed assets pledged as collateral for borrowings (31 December 2010: nil).

In 2011, depreciation charged to fixed assets amounts to RMB101,883,525 (2010: RMB95,614,102), of which RMB71,754,316, RMB3,410,620 and RMB26,718,589 (2010: RMB69,321,423, RMB3,709,550 and RMB22,583,129) has been charged in cost of sales, selling and distribution expenses, and general and administrative expenses respectively.

The costs of fixed assets transferred from construction in progress amount to RMB86,131,265 (2010: RMB42,864,722).

As at 31 December 2011, the ownership certificates of the Company's certain buildings amounting to approximately RMB39,924,000 had not been obtained (31 December 2010: RMB42,238,000). Please see Note 5(11)(f) for details.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (7) Construction in progress

	31 December 2011			31 December 2010		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Production Line Improvement of No. 2 Factory	243,199,635	(462,515)	242,737,120	11,896,017	(462,515)	11,433,502
Production Line Improvement of No. 1 Factory	5,246,689	—	5,246,689	—	—	—
Production Line Improvement of Malt Factory	1,086,095	—	1,086,095	1,197,381	—	1,197,381
Instruments Installation of Headquarters	883,717	—	883,717	168,909	—	168,909
Production Line Improvement of No. 4 Factory	—	—	—	16,528	—	16,528
	<u>250,416,136</u>	<u>(462,515)</u>	<u>249,953,621</u>	<u>13,278,835</u>	<u>(462,515)</u>	<u>12,816,320</u>

In 2011, there are no borrowing costs eligible for capitalisation (2010: nil).

#### (a) Movement in significant construction in progress

Production Line Improvement of No. 2 Factory	531,879,285	11,896,017	301,426,947	(70,123,329)	243,199,635	59%	58%	Self-funding
Production Line Improvement of No. 1 Factory	297,660,000	—	13,621,552	(8,374,863)	5,246,689	5%	3%	Self-funding
Production Line Improvement of Malt Factory	26,000,000	1,197,381	434,130	(545,416)	1,086,095	6%	6%	Self-funding
Instruments Installation of Headquarters	4,000,000	168,909	3,069,105	(2,354,297)	883,717	80%	82%	Self-funding
Production Line Improvement of No. 4 Factory	4,733,360	16,528	4,716,832	(4,733,360)	—	100%	100%	Self-funding
			<u>13,278,835</u>	<u>323,268,566</u>	<u>(86,131,265)</u>	<u>250,416,136</u>		

#### (b) Provision for impairment

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011	Reason for provision
End Seamer Installation Project	(462,515)	—	—	(462,515)	Project terminated.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (8) Intangible assets

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Original cost	416,330,669	121,515,169	—	537,845,838
Land use rights	128,324,987	182,888	—	128,507,875
Patents (i)	100,000,000	87,000,000	—	187,000,000
Marketing network	94,475,403	—	—	94,475,403
others	93,530,279	34,332,281	—	127,862,560
Accumulated amortisation	(104,827,227)	(26,983,961)	—	(131,811,188)
Land use rights	(31,302,224)	(2,776,406)	—	(34,078,630)
Patents	(33,749,967)	(5,800,000)	—	(39,549,967)
Marketing network	(17,320,490)	(9,447,540)	—	(26,768,030)
others	(22,454,546)	(8,960,015)	—	(31,414,561)
Carrying amount	311,503,442			406,034,650
Land use rights	97,022,763			94,429,245
Patents	66,250,033			147,450,033
Marketing network	77,154,913			67,707,373
others	71,075,733			96,447,999

(i) The trademarks increased in the current year represent the trademarks of Baotiquan Beer series acquired (Note 7(4)(c)).

In 2011, amortisation expenses of intangible assets amount to RMB26,983,961, which is recognised in profit or loss (2010: RMB18,781,142, recognised in profit or loss).

As at 31 December 2011, there are no land use rights pledged as collateral for bank borrowings (31 December 2010: nil).

Expenditures on research and development are set out as follows:

	31 December 2010	Increase in current year	Decrease in current year		31 December 2011
			Charged to losses	Recognised as intangible assets	
Beer production process improvement project	—	10,969,856	(10,969,856)	—	—

In 2011, expenditures on research and development incurred amount to RMB10,969,856 (2010: RMB10,989,420) in total, which is recognised in losses.

Land use rights by location and useful life are analysed as follows:

	31 December 2011	31 December 2010
In China mainland — 10 to 50 years	94,429,245	97,022,763

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (9) Provision for asset impairment

	31 December 2010	Increase in current year	Decrease in current year		31 December 2011
			Reversal	Write-off	
Provision for bad debts	371,423,450	21,033,447	(532,476)	(69,790,631)	<b>322,133,790</b>
Including:					
Provision for bad debts of accounts receivable	77,719,696	—	(1,689)	(800,063)	<b>76,917,944</b>
Provision for bad debts of other receivables	44,516,639	1,933,447	(530,787)	—	<b>45,919,299</b>
Provision for bad debts of long-term receivables	249,187,115	19,100,000	—	(68,990,568)	<b>199,296,547</b>
Provision for decline in value of inventories	1,022,238	—	—	—	<b>1,022,238</b>
Provision for impairment of long-term equity investments	938,783,490	—	—	(61,500,000)	<b>877,283,490</b>
Provision for impairment of fixed assets	16,565,977	—	—	(383,760)	<b>16,182,217</b>
Provision for impairment of construction in progress	462,515	—	—	—	<b>462,515</b>
	<u>1,328,257,670</u>	<u>21,033,447</u>	<u>(532,476)</u>	<u>(131,674,391)</u>	<b><u>1,217,084,250</u></b>

#### (10) Accounts payable

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

	31 December 2011	31 December 2010
Within 1 year	<b>880,959,059</b>	527,124,641
1 to 2 years	<b>49,172</b>	50,143
2 to 3 years	<b>29,857</b>	100,806
Over 3 years	<b>1,839,869</b>	2,184,196
	<b><u>882,877,957</u></b>	<u>529,459,786</u>

#### (11) Bank borrowings and debentures payable

Bank borrowings and debentures payable were repayable as follows:

	31 December 2011		31 December 2010	
	Bank borrowings	Debentures payable	Bank borrowings	Debentures payable
Wholly repayable within five years	<b><u>170,000,000</u></b>	<b><u>1,500,000,000</u></b>	<u>170,000,000</u>	<u>1,500,000,000</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (12) Revenue and cost of sales

	2011	2010
Revenue from main operation	12,270,953,559	10,703,842,636
Revenue from other operations	<u>1,125,401,132</u>	<u>829,340,124</u>
	<u>13,396,354,691</u>	<u>11,533,182,760</u>
	2011	2010
Cost of main operation	<u>(8,223,269,379)</u>	<u>(7,185,359,524)</u>
Cost of other operations	<u>(1,102,550,848)</u>	<u>(807,564,285)</u>
	<u>(9,325,820,227)</u>	<u>(7,992,923,809)</u>

#### (a) Revenue and cost of main operation

The Company is principally engaged in the production and distribution of beer products. Analysis by products is as follow:

	2011		2010	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of Beer	<u>12,270,953,559</u>	<u>(8,223,269,379)</u>	<u>10,703,842,636</u>	<u>(7,185,359,524)</u>

Analysis by locations is summarised as follow:

	2011		2010	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Qingdao Region	11,232,266,799	(7,382,212,816)	9,845,863,369	(6,475,838,328)
Hong Kong, Macau and other overseas	267,781,289	(196,140,039)	240,120,203	(168,835,012)
Other regions	770,905,471	(644,916,524)	617,859,064	(540,686,184)
	<u>12,270,953,559</u>	<u>(8,223,269,379)</u>	<u>10,703,842,636</u>	<u>(7,185,359,524)</u>

#### (b) Revenue and cost of other operations

	2011		2010	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sale of materials	1,101,169,978	(1,086,537,987)	805,978,857	(792,970,056)
Others	24,231,154	(16,012,861)	23,361,267	(14,594,229)
	<u>1,125,401,132</u>	<u>(1,102,550,848)</u>	<u>829,340,124</u>	<u>(807,564,285)</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (12) Revenue and cost of sales (continued)

##### (c) Revenue from the five largest customers of the company

Revenue from amount of RMB1,368,732,738 (2010: RMB1,424,266,546) accounts for 10.22% (2010: 12.35%) of the total revenue of the Company.

#### (13) Financial expenses — net

	2011	2010
Interest expenses —	90,754,602	85,914,522
Including: bank borrowings	8,708,143	8,164,314
Debentures payable	82,046,459	77,750,208
Less: Interest income	(56,379,301)	(64,756,487)
Exchange losses	3,969,738	5,615,152
Others	5,311,011	4,367,869
	<u>43,656,050</u>	<u>31,141,056</u>

The Company's interest expenses by repayment term of bank borrowings and debentures payable are wholly repayable within five years.

#### (14) Investment income

	2011	2010
Income from long-term equity investment under cost method (a)	406,468,500	476,060,948
Income from long-term equity investment under equity method (b)	4,224,790	9,589,576
Income from disposal of long-term equity investment	14,716,469	—
Income from entrusted loans	50,942,207	45,589,818
	<u>476,351,966</u>	<u>531,240,342</u>

There is no restriction on recovery of investment income.

In 2011 and 2010, all the investment income of the Company is from unlisted investments.

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (14) Investment income

##### (a) Investment income from long-term equity investment under cost method

The five largest investees are set out as follows:

	2011	2010	Reason for current year fluctuation
Huanan Sales Company	200,000,000	300,000,000	Decrease in distributed profit of the subsidiary
Xi'an Company	108,000,000	23,560,000	Increase in distributed profit of the subsidiary
Huanan Holding Company	58,000,000	84,825,208	Decrease in distributed profit of the subsidiary
Shenzhen Asahi	40,468,500	28,881,300	Increase in distributed profit of the subsidiary
Changsha Company	—	20,737,789	No profit distribution in the current year
	<u>406,468,500</u>	<u>458,004,297</u>	

##### (b) Investment income from long-term equity investment under equity method

The investees are set out as follows:

	2011	2010	Reason for current year fluctuation
Zhaoshang Logistics	2,915,621	5,150,645	Decrease in profit of the investee
Yantai Asahi	1,151,846	4,028,555	Decrease in profit of the investee
Liaoning Shenqing	157,323	410,376	Decrease in profit of the investee
	<u>4,224,790</u>	<u>9,589,576</u>	

#### (15) Asset impairment losses

	2011	2010
Impairment losses on bad debts	20,500,971	90,741,482
Impairment losses of long-term equity investments	—	74,008,695
	<u>20,500,971</u>	<u>164,750,177</u>

#### (16) Income tax expenses

	2011	2010
Current income tax calculated according to tax law and related regulations in mainland China	283,157,309	246,687,428
Deferred income tax	(51,990,449)	(70,927,797)
	<u>231,166,860</u>	<u>175,759,631</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 15 Notes to the Company's financial statements (continued)

#### (16) Income tax expenses (continued)

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

	2011	2010
Total profit	<u>1,400,266,066</u>	<u>958,593,148</u>
Income tax expenses calculated at applicable tax rates	350,066,517	239,648,288
Income not subject to tax	(104,044,555)	(121,412,631)
Tax impact for equivalent sales and expenses not deductible	12,938,253	21,570,937
Tax impact for which no deferred income tax asset was recognised	5,258,362	35,953,037
Utilisation of previously unrecognised deferred tax assets	<u>(33,051,717)</u>	<u>—</u>
Income tax expenses	<u>231,166,860</u>	<u>175,759,631</u>

#### (17) Supplementary information to company's cash flow statements

##### (a) Reconciliation from net profit to cash flows from operating activities

	2011	2010
Net profit	1,169,099,206	782,833,517
Add: Provisions for asset impairment	20,500,971	164,750,177
Depreciation of fixed assets	102,599,338	96,164,090
Amortisation of intangible assets	26,983,961	18,781,142
Amortisation of long-term prepaid expenses	669,315	844,314
Losses on disposal of fixed assets	9,366,023	3,559,826
Financial expenses	86,323,006	88,328,839
Investment income	(476,351,966)	(531,240,342)
Increase in deferred tax assets	(51,990,449)	(70,927,797)
(Increase)/Decrease in inventories	(360,721,643)	99,764,072
(Increase)/Decrease in operating receivables	(166,997,036)	91,257,495
Increase in operating payables	<u>294,543,361</u>	<u>805,028,218</u>
Net cash flows from operating activities	<u>654,024,087</u>	<u>1,549,143,551</u>

##### (b) Net increase in cash

	2011	2010
Cash at end of year	2,606,570,012	4,744,305,113
Less: cash at beginning of year	<u>(4,744,305,113)</u>	<u>(3,646,814,318)</u>
Net (decrease)/increase in cash	<u>(2,137,735,101)</u>	<u>1,097,490,795</u>

## Notes to Financial Statements

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 16 Net current assets

	As at 31 December			
	2011 Group	2010 Group	2011 Company	2010 Company
Current assets	9,583,352,762	9,894,637,509	3,909,112,320	5,572,225,905
Less: Current liabilities	(7,156,084,903)	(6,015,777,994)	(3,000,609,007)	(2,661,546,606)
Net current assets	<u>2,427,267,859</u>	<u>3,878,859,515</u>	<u>908,503,313</u>	<u>2,910,679,299</u>

### 17 Total assets less current liabilities

	As at 31 December			
	2011 Group	2010 Group	2011 Company	2010 Company
Total assets	21,634,153,561	17,777,115,858	13,533,036,773	12,099,876,218
Less: Current liability	(7,156,084,903)	(6,015,777,994)	(3,000,609,007)	(2,661,546,606)
Total assets less current liabilities	<u>14,478,068,658</u>	<u>11,761,337,864</u>	<u>10,532,427,766</u>	<u>9,438,329,612</u>

## Supplementary Information

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 1 Summary of non-recurring profit or loss

	2011	2010
Government grants recognised in profits	426,104,954	221,745,638
Losses on disposal of non-current assets	(115,941,335)	(34,741,854)
Personnel expenditures for company relocation	(41,499,965)	—
Reversal of the provision on receivables assessed for impairment on an individual basis	—	5,000,000
Other non-operating income and expenses other than aforesaid items	3,180,703	476,546
	<u>271,844,357</u>	<u>192,480,330</u>
Impact of the income tax	(16,770,896)	(34,372,610)
Impact of the minority interests (after tax)	(7,403,173)	(10,556,724)
	<u>247,670,288</u>	<u>147,550,996</u>

#### Basis for preparation of summary of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public — non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

### 2 Return on net assets and earnings per share

	Weighted average		Earnings per share			
	return on net assets (%)		Basic earnings per share		Diluted earnings per share	
	2011	2010	2011	2010	2011	2010
Net profit attributable to ordinary shareholders of the Company	16.78%	16.90%	1.286	1.125	1.286	1.125
Net profit attributable to ordinary shareholders of the Company after deducting on-recurring profit or loss	14.39%	15.26%	1.103	1.016	1.103	1.016

## Supplementary Information

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 3 Explanations of irregular fluctuations and related reasons on major items of the financial statements

Major items in financial statements with fluctuation of 30% or above, or representing 5% or above of the total assets of the Group as at 31 December 2011 or 10% or above of the total profit of the Group for the year ended 31 December 2011 are analysed as follows:

#### (a) Assets

Assets	Note	31 December 2011	31 December 2010	Fluctuation amount and percentage	
				Amount	%
Cash at bank and on hand	(1)	<b>6,107,611,258</b>	7,597,958,091	(1,490,346,833)	(20%)
Notes receivable	(2)	<b>98,350,000</b>	12,605,000	85,745,000	680%
Advances to suppliers	(3)	<b>273,208,801</b>	49,775,991	223,432,810	449%
Interest receivable	(4)	<b>13,346,298</b>	—	13,346,298	Not Applicable
Other receivables	(5)	<b>114,425,093</b>	188,917,414	(74,492,321)	(39%)
Inventories	(6)	<b>2,717,721,790</b>	1,942,413,649	775,308,141	40%
Other current assets	(7)	<b>170,592,062</b>	13,157,293	157,434,769	1,197%
Long-term receivables	(8)	—	2,000,000	(2,000,000)	(100%)
Fixed assets	(9)	<b>7,204,985,036</b>	5,511,053,295	1,693,931,741	31%
Construction in progress	(10)	<b>624,331,319</b>	282,565,821	341,765,498	121%
Intangible assets	(11)	<b>2,378,806,001</b>	1,318,785,832	1,060,020,169	80%
Goodwill	(12)	<b>1,081,684,918</b>	122,816,301	958,868,617	781%
Other non-current assets	(13)	<b>205,555,005</b>	148,993,638	56,561,367	38%

- (1) Cash at bank and on hand at the year-end decreased by 20%, mainly due to the acquisition of subsidiaries from third parity, input in technological improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries.
- (2) Notes receivable at the year-end increased by 680%, due to the settlement by bank acceptance notes.
- (3) Advances to suppliers at the year-end increased by 449%, mainly due to the increase in advances to suppliers for purchase of raw materials during the current year.
- (4) Interest receivable at the year-end increased RMB13,346,298, due to the accrued interest of bank deposits of Finance Company.
- (5) Other receivables at the year-end increased by 39%, mainly due to the refund of deposits for acquisition of equity interests has been collected in the current year.
- (6) Inventories at the year-end increased by 40%, mainly due to the inventories of newly-acquired companies and increased stock for sales during the spring festival.
- (7) Other current assets at the year-end increased by 1,197%, due to the increase in enterprise income tax prepaid and input VAT from technological improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries.
- (8) Long-term receivables decreased by 100%, mainly due to the reclassification to current assets according to its due date.
- (9) Fixed assets increased by 31%, mainly due to the increase fixed assets transferred from technological improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries after completion, and fixed assets of newly-acquired subsidiaries.
- (10) Construction in progress at the year-end increased by 121%, mainly due to the increase in input in technological improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries.
- (11) Intangible assets at the year-end increased by 80%, mainly due to the increase of trademarks and sales network of newly-acquired subsidiaries and land use rights of newly-constructed and relocated subsidiaries during the current year.
- (12) Goodwill at the year-end increased by 781%, due to the goodwill recognised from newly-acquired subsidiary.
- (13) Other non-current assets at the year-end increased by 38%, mainly due to the increase in prepayment in technology improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries.

## Supplementary Information

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 3 Explanations of irregular fluctuations and related reasons on major items of the financial statements (continued)

#### (b) Liabilities and shareholders' equity

Liabilities and shareholders' equity	Note	31 December 2011	31 December 2010	Fluctuation amount and percentage	
				Amount	%
Accounts payable	(1)	<b>1,662,021,869</b>	1,262,629,805	399,392,064	32%
Dividends payable	(2)	<b>761,458</b>	9,549,729	(8,788,271)	(92%)
Interest payable	(3)	<b>2,458,418</b>	—	2,458,418	Not Applicable
Other payables	(4)	<b>3,164,401,766</b>	2,520,112,525	644,289,241	26%
Current portion of non-current liabilities	(5)	<b>2,315,634</b>	17,930,254	(15,614,620)	(87%)
Long-term borrowings	(6)	<b>454,116,834</b>	10,722,061	443,394,773	4,135%
Long-term payables	(7)	<b>1,000,000</b>	1,625,414	(625,414)	(38%)
Deferred tax liabilities	(8)	<b>209,569,271</b>	31,094,094	178,475,177	574%
Other non-current liabilities	(9)	<b>1,011,216,862</b>	549,289,390	461,927,472	84%
Difference on translation of foreign currency financial statements	(10)	<b>17,119,722</b>	5,643,471	11,476,251	203%
Minority interests	(11)	<b>166,495,893</b>	116,633,440	49,862,453	43%

- (1) Accounts payable at the year-end increased by 32%, mainly due to increased purchases of raw material at the year-end.
- (2) Dividends payable at the year-end decreased by 92%, mainly because the profit distributed to minority shareholders has been paid in the current year.
- (3) Interest payable at the year-end increased by RMB2,458,418, mainly due to the interest payable from bank borrowings of certain subsidiaries.
- (4) Other payables at the year-end increased by 26%, mainly due to the increase in payment in technology improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries, and accrued promotion and transportation expenses as a result of increased sales.
- (5) Current portion of non-current liabilities decreased by 87%, mainly due to the repayment of certain borrowings by certain subsidiaries in the current year.
- (6) Long-term borrowings at the year-end increased by 4,135%, mainly due to the addition of long-term borrowing by Hongkong Company, for the purpose of acquiring equity interest of a subsidiary.
- (7) Long-term payables at the year-end decreased by 38%, mainly due to the transfer of financial lease payable due within one year to current liabilities.
- (8) Deferred tax liabilities at the year-end increased by 574%, mainly due to the deferred tax liabilities recognised by acquisition of a subsidiary in a business combination involving entities not under common control.
- (9) Other non-current liabilities at the year-end increased by 84%, mainly due to the increase in deferred income recognised based on relocation progress as the relocation projects of certain subsidiaries progressed.
- (10) Difference on translation of foreign currency financial statements increased by 203%, mainly due to increase of exchange rate of RMB against HKD.
- (11) Minority interests at the year-end increased by 43%, mainly due to the minority interests realized in the current year and capital contribution from minority shareholders.

## Supplementary Information

For the Year Ended 31 December 2011

(All amounts in RMB Yuan unless otherwise stated)

### 3 Explanations of irregular fluctuations and related reasons on major items of the financial statements (continued)

#### (c) Profit or loss items

Profit or loss items	Note	2011	2010	Fluctuation amount and percentage	
				Amount	%
Revenue	(1)	<b>23,158,054,330</b>	19,897,827,765	3,260,226,565	16%
Cost of sales	(2)	<b>(13,416,658,758)</b>	(11,234,490,165)	(2,182,168,593)	19%
Taxes and surcharges	(3)	<b>(2,024,413,362)</b>	(1,663,133,370)	(361,279,992)	22%
Selling and distribution expenses	(4)	<b>(4,414,666,287)</b>	(3,917,917,893)	(496,748,394)	13%
General and administrative expenses	(5)	<b>(1,184,193,076)</b>	(1,079,202,647)	(104,990,429)	10%
Financial expenses — net	(6)	<b>36,212,900</b>	(4,872,515)	41,085,415	(843%)
Assets impairment losses	(7)	<b>(17,028,876)</b>	(72,149,797)	55,120,921	(76%)
Investment income	(8)	<b>4,261,371</b>	9,654,001	(5,392,630)	(56%)
Non-operating income	(9)	<b>469,804,738</b>	245,027,758	224,776,980	92%
Non-operating expense	(10)	<b>(156,460,416)</b>	(57,547,428)	(98,912,988)	172%
Income tax expenses	(11)	<b>(657,298,005)</b>	(538,776,594)	(118,521,411)	22%

(1) In 2011, revenue increased 16% from last year, main reasons includes:

- the optimisation of product sale structure during the current year, resulting in higher proportion of principal brands,
- increase in sales after acquisition of subsidiaries,
- increase in sales of principal products for the current year, contributing to increased revenue.

(2) In 2011, cost of sales increased 19%, mainly due to the increase in sales and cost of raw material for the current year.

(3) In 2011, taxes and surcharges increased 22%, mainly due to the adjustment in tax rates of certain subsidiaries, increase in sales and prices adjustment of certain products for the current year.

(4) In 2011, selling and distribution expenses increased 13% from last year, mainly due to the increase of sales and optimisation of product sale structure during the current year, higher growth in the expenses including promotion expenses, transportation expenses and employee benefit expenses.

(5) In 2011, general administrative expenses increased 10% from last year, mainly due to the increase in operational expenses, amortization of newly-acquired or established subsidiaries for the current year.

(6) In 2011, net financial expenses decreased 843% from last year, mainly due to the increase in interest income from bank deposits since the establishment of Finance Company.

(7) In 2011, assets impairment losses decreased 76% from last year, mainly due to the decrease of impairment loss of fixed assets and other receivables.

(8) In 2011, invest income decreased 56% from last year, mainly due to the decrease of profit of investees.

(9) In 2011, non-operating income increased 92% from last year, mainly due to the increase of government grants.

(10) In 2011, non-operating expense increased 172% from last year, mainly due to the increase in disposal of non-current assets of relocation projects.

(11) In 2011, income tax expenses increased 22% from last year, mainly due to the increase in income tax expense as a result of increased profit for the current year.

## 公司資料 Company Information

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| <p>1. 中文名稱：青島啤酒股份有限公司</p> <p>2. 法定代表人：金志國</p> <p>3. 聯席公司秘書：張學舉、張瑞祥<br/>         聯繫地址：山東省青島市香港中路<br/>         五四廣場<br/>         青啤大廈<br/>         1105室<br/>         股權管理總部<br/>         郵政編碼：266071<br/>         電話：86-532-85713831<br/>         傳真：86-532-85713240</p> <p>4. 註冊地址：山東省青島市登州路56號<br/>         辦公地址：山東省青島市<br/>         香港中路五四廣場青啤大廈<br/>         郵政編碼：266071<br/>         公司網址：www.tsingtao.com.cn<br/>         電子信箱：info@tsingtao.com.cn</p> <p>5. 公司股票上市交易所：<br/>         A股：上海證券交易所<br/>         股票簡稱：青島啤酒<br/>         代碼：600600<br/>         H股：香港聯合交易所<br/>         股票簡稱：青島啤酒<br/>         代碼：00168</p> <p>6. 未上市股票託管機構：<br/>         中國證券登記結算有限責任公司上海分公司</p> <p>7. 會計師事務所：<br/>         普華永道中天會計師事務所有限公司，地址為上海市黃浦區湖濱路202號企業天地2號樓普華永道中心11樓</p> <p>8. 法律顧問：<br/>         (1) 胡關李羅律師行，地址為香港中環康樂廣場1號怡和大廈26樓<br/>         (2) 北京市海問律師事務所，地址為北京市朝陽區東三環北路2號北京南銀大廈21層</p> | <p>1. English Name: Tsingtao Brewery Company Limited</p> <p>2. Legal Representative: JIN Zhi Guo</p> <p>3. Joint Company Secretaries: ZHANG Xue Ju, Zhang Rui Xiang<br/>         Address: Equity Management Department<br/>         Room 1105<br/>         Tsingtao Beer Tower<br/>         May Fourth Square<br/>         Hong Kong Road Central, Qingdao<br/>         Postal Code: 266071<br/>         Tel: 86-532-85713831<br/>         Fax: 86-532-85713240</p> <p>4. Registered Address: No. 56, Dengzhou Road,<br/>         Qingdao, Shandong Province<br/>         Business Address: Tsingtao Beer Tower, May Fourth Square<br/>         Hong Kong Road Central, Qingdao<br/>         Shandong Province<br/>         Postal Code: 266071<br/>         Company Website: www.tsingtao.com.cn<br/>         E-mail: info@tsingtao.com.cn</p> <p>5. Stock Exchanges on which the Company's shares are listed:<br/>         A share: Shanghai Stock Exchange<br/>         Stock Name: 青島啤酒<br/>         Stock Code: 600600<br/>         H share: The Stock Exchange of Hong Kong Limited<br/>         Stock Name: TSINGTAO BREW<br/>         Stock Code: 00168</p> <p>6. Custodian of unlisted shares:<br/>         China Securities Depository and Clearing Corporation Limited, Shanghai Branch</p> <p>7. Auditor:<br/>         PricewaterhouseCoopers Zhong Tian CPAs Limited<br/>         Company at 11/F PricewaterhouseCoopers Center, 2<br/>         Corporate Avenue, 202 Hu Bin Road, Huangpu District,<br/>         Shanghai</p> <p>8. Legal advisers:<br/>         (1) Woo Kwan Lee &amp; Lo at 26th Floor, Jardine House, 1<br/>         Connaught Place, Central, Hong Kong<br/>         (2) Haiwen &amp; Partners at 21st Floor, Beijing Silver<br/>         Tower, No. 2 of Dong San Huan North Road,<br/>         Chaoyang District, Beijing</p> |
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青島啤酒

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青島啤酒股份有限公司  
TSINGTAO BREWERY CO., LTD.