



青島啤酒

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

2009

ANNUAL REPORT
年度報告

目錄

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活力之源
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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53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 term of size and market share with 53 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

一. 按香港財務報告準則編制

(單位：人民幣千元)

| | | 集團 Group | | | | |
|-------------|--|-------------|-------------|-------------|-------------|-------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| 銷售額 | Turnover | 17,760,536 | 15,781,382 | 13,529,892 | 11,677,160 | 10,019,857 |
| 除稅前盈利 | Profit before income tax | 1,739,333 | 1,108,089 | 992,580 | 627,820 | 531,662 |
| 所得稅 | Income tax expense | (440,221) | (374,317) | (413,812) | (179,063) | (188,356) |
| 少數股東盈利 | Profit attributable to minority interests | (45,821) | (34,218) | (39,857) | (890) | (36,717) |
| 股東應佔盈利 | Profit attributable to shareholders of the Company | 1,253,291 | 699,554 | 538,911 | 447,867 | 306,589 |
| 總資產 | Total assets | 14,867,453 | 12,532,231 | 11,545,235 | 9,577,983 | 9,575,458 |
| 總負債 | Total liabilities | (6,304,299) | (6,114,616) | (5,556,900) | (3,878,260) | (4,042,382) |
| 少數股東權益 | Minority interests | (342,574) | (335,377) | (479,150) | (452,294) | (576,686) |
| 歸屬於母公司的股東權益 | Equity attributable to the Company's shareholders | 8,220,580 | 6,082,238 | 5,509,185 | 5,247,429 | 4,956,390 |

| | | 集團 Group | | |
|-----------------|---|-------------|--------|--------|
| | | 2009 | 2008 | 2007 |
| 1. 每股盈利(元) | Earnings per share (RMB) | 0.953 | 0.535 | 0.412 |
| 2. 淨資產收益率(加權平均) | Return on net assets (weighted average) | 18.57% | 11.85% | 10.22% |
| | 淨資產收益率(全面攤薄) | 15.25% | 11.50% | 9.78% |
| 3. 每股淨資產(元) | Net assets employed per share (RMB) | 6.08 | 4.65 | 4.21 |
| 4. 股東權益比例 | Shareholders equity ratio | 55.29% | 48.53% | 47.72% |

1. Prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS")

(UNIT: RMB'000)

會計數據摘要 Financial Highlights

二. 按中國企業會計準則編制

1. 本集團二零零九年財務資料

(單位：人民幣千元)

| | | | | | | | | | | | | | | | |
|------|------|--------------|------------------------|---------------|---------------|-----------|-------------|--------------------|-------------------|---------------------|--------------------|----|--------|---------------|----|
| 營業利潤 | 利潤總額 | 歸屬於母公司股東的淨利潤 | 歸屬於母公司股東的扣除非經常性損益後的淨利潤 | 經營活動產生的現金流量淨額 | 註：非經常性損益項目包括： | 非流動資產處置損失 | 計入當期損益的政府補助 | 交易性金融資產公允價值變動及處置損失 | 處置可供出售金融資產取得的投資收益 | 單獨進行減值測試的應收款項減值準備轉回 | 除上述各項之外的其他營業外收入和支出 | 小計 | 所得稅影響額 | 少數股東權益影響額(稅後) | 合計 |
|------|------|--------------|------------------------|---------------|---------------|-----------|-------------|--------------------|-------------------|---------------------|--------------------|----|--------|---------------|----|

2. Prepared in accordance with PRC GAAP

1. 2009 financial information of the Group

(UNIT : RMB'000)

| | | | | | | | | | | | | | | | |
|------------------|--------------|--|---|--|------------------------------------|--|--|--|---|--|---|-----------|--------------------|---|-------|
| Operating profit | Total Profit | Net profit attributable to shareholders of the Company | Net profit attributable to shareholders of the Company after deduction of extraordinary profit and loss | Net cash flows from operating activities | Note: Extraordinary items include: | Loss on disposal of non-current assets | Government subsidies included in the profit and loss of the period | Fair value losses and realised gain on derivative financial assets — net | Disposal gains of available-for-sale financial assets | Write-back of provision of receivables subject to individual impairment test | Other non-operational income and expenses excluding the above items — net | Sub-total | Income tax effects | Minority interests effects (net of tax) | Total |
|------------------|--------------|--|---|--|------------------------------------|--|--|--|---|--|---|-----------|--------------------|---|-------|

2. 本集團在香港聯合交易所有限公司上市H股所披露的會計報表按照香港財務報告準則編制，按照香港財務報告準則與中國企業會計準則編制的合並財務報表之間不存在差異，項目及金額列示如下：

2. The financial statements of the Group are prepared under the Hong Kong Financial Reporting Standards for disclosure purposes of its H Shares listed on The Stock Exchange of Hong Kong Limited. There was no difference between the consolidated financial statements prepared under the Hong Kong Financial Reporting Standards (“HKFRS”) and the generally accepted accounting principles in China (“PRC GAAP”). The items and the amounts are set out as follows:

會計數據摘要 Financial Highlights

(單位：人民幣千元)

(UNIT: RMB'000)

| 項目 | Items | 歸屬於母公司股東的淨利潤 | | 歸屬於母公司股東的淨資產 | |
|---------------|-------------------------|---|---|---|---|
| | | Net Profit attributable to the Company's shareholders | Net Assets attributable to the Company's shareholders | Net Profit attributable to the Company's shareholders | Net Assets attributable to the Company's shareholders |
| | | 本期數 | 上期數 | 期初數 | 期末數 |
| | | Current period | Last period | Opening balance | Closing balance |
| 按中國企業會計準則 | Under PRC GAAP | 1,253,291 | 699,554 | 8,220,580 | 6,082,238 |
| 按照香港財務報告準則之調整 | Adjustments under HKFRS | — | — | — | — |
| 按香港財務報告準則 | Under HKFRS | 1,253,291 | 699,554 | 8,220,580 | 6,082,238 |

3. 主要會計數據及財務指標

3. Principal financial data and financial indicators

(單位：人民幣千元)

(UNIT: RMB'000)

| 主要會計資料 | Major accounting information | 2009 | 2008 | 2007 |
|-------------------------|---|------------|------------|------------|
| 營業收入 | Operating income | 18,026,108 | 16,023,442 | 13,709,220 |
| 利潤總額 | Total profit | 1,739,333 | 1,108,089 | 1,004,123 |
| 歸屬於母公司股東的淨利潤 | Net profit attributable to the Company's shareholders | 1,253,291 | 699,554 | 558,142 |
| 歸屬於母公司股東的扣除非經常性損益的淨利潤 | Net profit attributable to the Company's shareholders after deduction of extraordinary profits and losses | 1,117,694 | 597,510 | 426,308 |
| 基本每股收益 | Basic profit per share | 0.9528 | 0.5347 | 0.4266 |
| 稀釋每股收益 | Diluted profit per share | 0.9528 | 0.5347 | 0.4266 |
| 扣除非經常性損益後的基本每股收益 | Basic profit per share after deduction of extraordinary profit and loss | 0.8497 | 0.4567 | 0.3259 |
| 全面攤薄淨資產收益率(%) | Fully diluted return on net assets (%) | 15.25 | 11.50 | 10.13 |
| 加權平均淨資產收益率(%) | Weighted average return on net assets (%) | 18.57 | 11.85 | 10.41 |
| 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 extraordinary profits and losses (%) | 13.60 | 9.82 | 7.74 |
| 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 extraordinary profits and losses (%) | 16.56 | 10.12 | 7.95 |
| 經營活動產生的現金流量淨額 | Net cash flow from operating activities | 3,361,001 | 1,509,586 | 1,094,094 |
| 每股經營活動產生的現金流量淨額 | Net cash flow from operating activities per share | 2.56 | 1.15 | 0.84 |
| 總資產 | Total assets | 14,867,453 | 12,532,231 | 11,545,235 |
| 歸屬於母公司的股東權益 | Equity (or shareholders equity) attributable to the Company's shareholders | 8,220,580 | 6,082,238 | 5,509,185 |
| 歸屬於母公司股東的每股淨資產 | Net assets per share attributable to the Company's shareholders | 6.08 | 4.65 | 4.21 |

會計數據摘要 Financial Highlights

4. 報告期內股東權益變動情況

(單位：人民幣千元)

4. Change in shareholders' equity in the reporting period

(UNIT: RMB'000)

| 項目 | Items | 歸屬於母公司股東權益 | | | | | 外幣報表 折算差額 | 少數 股東權益 | 股東 權益合計 |
|------|------------------------|------------------|--------------------|--------------------|---------------------------|---|--------------|------------|------------|
| | | 股本 | 資本公積 | 盈餘公積 | 未分配利潤 | Equity attributable to the Company's shareholders | | | |
| | | Share capital | Capital reserve | Surplus reserve | Unappropriated profits | Translation difference | | | |
| 期初數 | Opening balance | 1,308,219 | 3,025,716 | 536,108 | 1,206,403 | 5,792 | 335,377 | 6,417,615 | |
| 本期增加 | Increase in the period | 42,764 | 1,171,511 | 77,434 | 1,253,291 | 240 | 45,821 | 2,591,061 | |
| 本期減少 | Decrease in the period | — | (2,410) | — | (404,488) | — | (38,624) | (445,522) | |
| 期末數 | Closing balance | 1,350,983 | 4,194,817 | 613,542 | 2,055,206 | 6,032 | 342,574 | 8,563,154 | |

(1) 股本及資本公積：本年增加為股權證行權增加的股本及股本溢價；

(2) 盈餘公積：本年增加為本年度提取的盈餘公積；

(3) 未分配利潤：本年增加為本年度實現的歸屬於母公司的淨利潤，本年減少為本年提取盈餘公積及分配股利；

(4) 少數股東權益：本年增加為少數股東盈利，本年減少主要為收購子公司少數股東權益影響以及分配股利。

(1) Share capital and capital reserve: Increase in the year represents increases in the share capital and share capital premiums upon exercise of warrants;

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

(3) Unappropriated profits: Increase in the year represents the net profit attributable to the Company realised this year. Decrease in the year represents the appropriation of surplus reserve and distribution of dividends;

(4) Minority interests: Increase in the period represents profit attributable to minority shareholders. Decrease in the period represents effects on acquisition of minority interests of subsidiaries and distribution of dividends.



激情，一灌到底

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2009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. 2009年國內啤酒市場分析

2009年儘管受到國際金融危機的影響，中國啤酒行業仍實現了持續增長，全年完成啤酒產量4,294萬千升(數據來源國家統計局)，同比增長4.7%。

在啤酒市場增長放緩、競爭異常激烈的情況下，排名居前的大型啤酒企業憑借品牌、渠道以及完善的市場佈局等優勢，實現了較快的增長，增長速度高於行業的平均水平，使行業集中度進一步提高，2009年前三大啤酒企業產量已佔全國啤酒產量44.8%(數據來源中國釀酒工業協會啤酒分會)。

Dear shareholders,

I hereby present the Business Report and audited Financial Statements of Tsingtao Brewery Company Limited for the accounting year ended 31 December 2009 for your kind review.

I. Analysis to the Domestic Market in 2009

In 2009, despite the impact from the international financial crisis, China's beer industry maintained its continuous growth that the output volume of beer for the full year reached 429.4 million hl (statistics from National Bureau of Statistics China), representing an increase of 4.7% comparing with that of the same period in prior year.

In view that the growth of beer industry had slowed down, and the competition became extraordinarily severe, the leading large breweries realized rapid growth by relying on their advantages including brand, channel and matured market layouts. Their growth rate was higher than that of the average level of the beer industry which allowed the industry to become more concentrative. In 2009, the output volume of the three largest breweries has already accounted for 44.8% of the national total output volume (statistics from the Beer Branch of China Alcoholic Drinks Industry Association).



金志國先生
Mr. JIN Zhi Guo



董事長報告書 Chairman's Statement

由於2009年進口大麥價格迅速回落，及其它原材料價格繼續低位運行，啤酒行業整體盈利狀況明顯改善。

二. 經營情況回顧

面對國際金融危機帶來的不利影響和國內啤酒市場的激烈競爭，2009年公司提出了「全力以赴開拓市場、全力以赴降低成本、全力以赴防範金融風險」的工作方針。在全年的工作中，公司努力通過調整產品結構、擴大市場銷售以及降低成本等措施，實現了經營業績的大幅提升。公司全年實現啤酒銷售591萬千升，同比增長9.9%；實現銷售收入177.61億元，同比增長12.5%，實現本公司股東應佔盈利12.53億元，同比增長79.2%，每股收益0.953元。基於公司未來發展需要及給投資者回報的綜合考量，公司董事會（「董事會」）建議派發2009年度末期股息，每股派發現金人民幣0.16元（含稅）。

2009年公司繼續實施「1+3」的品牌戰略，進一步優化產品結構。主品牌青島啤酒快速增長，實現銷量295萬千升，同比增長22%；「1+3」品牌合計銷量556萬千升，同比增長9.6%。同時，公司通過實施技術創新、工藝改進以及優化生產運行管理，降低了生產成本，進一步提升了公司的盈利水平。由於公司產品結構優化和成本的下降，全年公司毛利率達到34.4%，同比提高2.6個百分點。

In 2009, the overall profitability of the beer industry obtained a great improvement which was attributable to the significant drop of the price of imported barley, and that the prices of other raw materials continued to be kept at a low level.

II. Review of the Operations

In 2009, with the negative impacts brought by the international financial crisis and the severe competition in the domestic beer market, the Company raised its working guideline of “To explore the market with full efforts, to decrease the costs with full efforts, and to prevent from the financial risks with full efforts”. In the full-year of work, the Company realized a significant growth of operational results through taking certain measures, including striving to adjust its product mix, increasing its sales and lowering its costs. For the year, the Company's sales volume of beer reached 59.1 million hl, representing an increase of 9.9% comparing with that of the same period in prior year; net sales revenue reached RMB17.761 billion, representing an increase of 12.5% comparing with that of the same period in prior year; profits attributable to the shareholders of the Company reached RMB1.253 billion, representing an increase of 79.2% comparing with that of the same period in prior year; and earnings per share reached RMB0.953. The Board of Directors of the Company (the “Board”) proposed a final dividend of RMB0.16 (with tax) per share in cash for the year of 2009 upon taking into consideration the needs for the Company's future development and the rewards to its investors.

In 2009, the Company continued to carry out its brand strategy of “1+3”, and further optimized its product mix. Tsingtao beer, the principal brand, grew rapidly that its sales volume reached 29.5 million hl, representing an increase of 22% comparing with that of the same period in prior year; the total sales volume of brand “1+3” reached 55.6 million hl, representing an increase of 9.6% comparing with that of the same period in prior year. Meanwhile, the Company lowered its production costs so as to further improve the profitability of the Company through technical innovation, technological improvements and the optimization of the production's operational management. As the Company optimized its product mix and lowered its costs, the gross profit rate for the year of the Company reached 34.4%, representing an increase of 2.6 percentage points comparing with that of the same period in prior year.

董事長報告書 Chairman's Statement

2009年公司繼續深化以體育營銷為主線的品牌推廣活動，與美國NBA成功實現戰略合作，策劃實施了青島啤酒「炫舞激情」NBA啦啦隊選拔賽等推廣活動，擴大了青島啤酒品牌的影響力，2009年青島啤酒的品牌價值已達366.25億元人民幣(2008年青島啤酒的品牌價值為235.41億元，世界品牌實驗室發佈)，繼續位居國內啤酒行業首位。

報告期內在英博公司尋求出售原A-B公司持有的本公司27%股權後，日本朝日啤酒株式會社(「朝日啤酒」)和陳發樹先生分別受讓其中19.99%和7.01%的股權，公司成功與朝日啤酒簽署了《戰略性合作協議》，結為戰略合作夥伴。戰略投資者的引入，將對公司進一步完善公司治理、加強管理及技術等方面的合作起到積極的推動作用。

2009年公司成功的經營發展戰略和良好發展前景獲得了廣大投資者的廣泛認同，公司在上海證券交易所發行的分離交易可轉債的認股權證獲成功行權，共行權8,553萬份，佔可行權份數比例達81.46%，共募集資金約11.9億元人民幣，將對公司未來壯大生產經營規模，提升核心競爭力發揮重要作用。

報告期內公司還以完善的治理結構、規範的運作及良好的投資者關係，在眾多的上市公司中脫穎而出，獲得上海證券交易所首次舉辦的2009年度中國上市公司最佳董事會獎和國際權威的《IR》雜誌舉辦的「2009年度中小市值公司最佳投資者關係獎」。

In 2009, the Company continued to further its brand promotional activities with focus on the sports marketing, among which it realized the strategic cooperation with NBA in the U.S. by planning and carrying out the promotional activities including the Tsingtao-NBA cheering team selection show to improve the influence of the brand of Tsingtao beer. In 2009, the brand value of Tsingtao beer has reached as high as RMB366.25 billion (as announced by World Brand Lab, the brand value of Tsingtao beer reached RMB235.41 billion in 2008), which continued to take the position of No. 1 in the domestic beer industry.

During the reporting period, Asahi Breweries Ltd. (“Asahi Breweries”) in Japan and Mr. CHEN Fa Shu respectively acquired 19.99% and 7.01% of the equity interests previously held by A-B Company in the Company after InBev sought to sell the aforesaid 27% equity interests. The Company successfully entered into the *Strategic Cooperation Agreement* with Asahi Breweries and the two corporations became strategic cooperation partners. The introduction of strategic investors will actively promote to further improve the corporate governance and strengthen the cooperation of, among others, the management and techniques.

In 2009, the successful operational and developing strategies and the great prospect of the Company obtained the common acknowledgement from the investing public. The warrants of the convertible bonds of which the bonds and the warrants can be traded separately previously issued by the Company in Shanghai Stock Exchange were successfully exercised, of which 85.53 million of warrants, accounting for 81.46% of the total exercisable warrants, were exercised for RMB1.19 billion, which will play an important role in expanding the Company's production and operational scale, and improving core competitive ability.

During the reporting period, the Company topped other listed companies with matured governance structure, compliant operations and good investor relations and was awarded the prize of 2009 Best Board of Directors among China Listed Companies sponsored for the first time by Shanghai Stock Exchange, and “Grand prix for best overall investor relations among small and mid-cap companies for the year of 2009” by the internationally acknowledged *IR Magazine*.



董事長報告書 Chairman's Statement

三. 新年度展望

2010年，在國家調結構、促轉變、保民生的宏觀經濟政策影響下，國內消費市場將進一步回暖，將利於啤酒行業的持續穩步增長。公司確立的2010年年度工作方針為「戰略導向，一體化運營，強化行業領導地位；市場拉動，供應鏈優化，提升系統運行效率」。公司經營目標為啤酒產銷量的增長率高於啤酒行業平均增長率2個百分點。

面對國內市場更加嚴峻的競爭態勢，公司將採取內涵式增長和外延式擴張的雙輪驅動發展方式，既要擴大市場佔有率，持續擴大中高端市場份額，提高銷售收入，又要建立成本競爭力，提高資產利用效率，為股東創造價值最大化。

近年來，公司通過實施組織變革，建立並完善了由營銷中心和生產製造中心組成的兩大運營系統，提升了公司專業化管理水平。2010年，公司在兩大中心將強化一體化運營，不僅包括公司各業務單元、各職能部門，還包括戰略供應商、戰略經銷商，使整個價值鏈最大化的同時為公司獲取最大利益，進一步提升組織變革的成效。



III. Outlook for 2010

In 2010, under the influence of macro economic policies for adjusting structure, promoting changes and securing the people's well-being raised by the State, the domestic consumption market will make further recovery, which will be helpful to the continuous and steady growth of the beer industry. The Company determined its full-year working guidelines for 2010 as "To strengthen the position as the industry leader as directed by the strategies and under integrated operations; to improve the efficiency of the systematic operations as promoted by the market and with the optimization of the supplying chain". The Company targets at achieving a growth rate of 2 percentage points over the average growth rate of the industry regarding the production and sales volume of beer.

Facing a more severe competition trend in the domestic market, the Company will take the development manners combining internal growth and external expansion, that is, to both increase its sales revenue through increasing its market share and further increasing its share in the mid high end markets, and maximize its value for its shareholders by building up its cost competitiveness and improving its efficiency on utilizing its assets.

In recent years, the Company has built up and improved the two operational systems comprising of Marketing Center and Production & Manufacturing Center through organizational reforms, which helped to improve the professional management of the Company. In 2010, the Company will strengthen its integrated operations in the two Centers which not only include the business units and functional departments of the Company, but also include its strategic suppliers and strategic distributors, thus to maximize the interests for the Company while maximizing the whole value chain, so as to enhance the achievements in the organizational reform.

董事長報告書 Chairman's Statement

在目前的市場環境下，品牌、品質和渠道是啤酒產業價值鏈中的關鍵成功要素，圍繞以上要素，公司將不遺餘力地打造自己的核心競爭力。2010年，公司將堅持以體育營銷為主線的品牌推廣，演繹「激情成就夢想」的品牌主張，在品牌推廣、消費者體驗和產品銷售的「三位一體」結合上進一步提升；在產品品質上，繼續追求質量一致性，給廣大消費者帶來高品質的消費感受；在渠道控制上，繼續推進「大客戶+微觀運營」模式，全力打造省級基地市場、重點區域市場，提升公司的行業領導者地位。

各位股東，2009年在公司董事會、監事會和經營管理團隊的努力下，公司成功克服了金融危機的不利影響，創造了公司上市以來最優異的經營業績。在此，謹向付出艱苦努力的各位董事、監事、管理團隊及廣大員工表示衷心的感謝！向給予公司長期支持的各位股東、業務合作夥伴表示誠摯的敬意！

預祝公司在新的一年再創佳績！

董事長
金志國
中華人民共和國·青島
二零一零年四月八日

In the current market situation, brand, quality and channel are the key factors for the success in the value chain of the beer industry. The Company will build up its core competitive ability with full efforts by focusing on these factors. In 2010, the Company will persist on the brand promotion which focuses on the sports marketing, and to fulfil its brand concept of "Passion, dreams & success", thus to make further improvements with the "Three-in-One" combination of brand promotion, consumers' experience and product sales; in term of product quality, continue to strive for the consistency of good quality to bring the high level of consumption feelings for the gross consumers; in term of channel control, continue to promote the mode of "Big Customer + Micro Operations" to build up the provincial base markets and key regional markets, thus to improve the Company's leading position in the industry.

Dear shareholders, the Company had achieved the best operational results in 2009 since it was listed by successfully overcoming the negative impacts of the financial crisis with the joint efforts of the Board, the Board of Supervisors and the management team. Therefore, hereby I would like to express my sincere gratitude to all directors, supervisors, the management and the staff. And furthermore, I would also express my sincere gratitude to our shareholders and business partners for your great supports and efforts in the past years.

May the Company be more prosperous in the coming year!

Chairman
JIN Zhi Guo
Qingdao, the People's Republic of China
8 April 2010





自然 · 無限

每一顆都是
天然凝結……



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)

| 地區 Region | | | |
|--------------|------------------------|-------------|------|
| 山東地區 | Shandong Province | 8,576,361 | 17.0 |
| 華南地區 | South China | 3,880,761 | 11.9 |
| 華北地區 | North China | 3,136,092 | 11.3 |
| 華東地區 | East China | 1,709,364 | 13.0 |
| 東南地區 | South-East China | 1,211,333 | 32.0 |
| 香港及海外地區 | Hong Kong and overseas | 363,830 | 0.7 |
| 合計 | Sub-total | 18,877,741 | 15.1 |
| 減：各地區分部間抵消金額 | Less: Eliminations | (1,117,205) | 78.9 |
| 合併 | Total | 17,760,536 | 12.5 |

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 PRC GAAP)

單位：人民幣千元
Unit: RMB'000

| 主營業務收入 Revenues from principal business | 主營業務收入 比上年增減(%) Increase/ Decrease (%) |
|--|--|
|--|--|

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

| 單位名稱 Name of subsidiary | | 總資產 Total assets | 淨利潤 Net profit |
|------------------------------|---|---------------------|-------------------|
| 青島啤酒西安漢斯集團有限公司 (「青啤漢斯集團」) | Tsingtao Brewery Xi'an Hans Group Company Limited (“Tsingtao Brewery Hans Group”) | 1,045,502 | 110,062 |
| 深圳市青島啤酒華南營銷有限公司 | Shenzhen Tsingtao Brewery South China Sales Company Limited | 1,043,824 | 108,533 |
| 青島啤酒(珠海)有限公司 | Tsingtao Brewery (Zhuhai) Company Limited | 352,185 | 88,650 |

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7.3%。
- (2) 本公司向前五名客戶銷售額合計佔公司銷售總額的7.2%。

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。

2. Operations and results of main controlling subsidiaries (calculated in accordance with PRC GAAP)

Information of top 3 subsidiaries with largest operating profit

3. Main suppliers and clients during the reporting period

- (1) The total amount of the Company's purchasing from its top 5 suppliers is accounted for 7.3% of its full-year purchasing amount.
- (2) The total amount of the Company's sales to its top 5 clients is accounted for 7.2% of its sales amount in aggregate.

During the reporting period, there were no directors, supervisors or their associates or any shareholders whose shares in the Company exceeding 5% ever possessing any interests in the aforesaid suppliers and distributors.

二. 利潤分配

董事會建議就截至二零零九年十二月三十一日止年度派發末期股息每股人民幣0.16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二零零九年度股東年會審議批准。

三. 儲備

報告期內本公司及集團的儲備變動詳列於綜合財務報表(按香港財務報告準則編製)附註20。

II. Profit Distribution

The Board proposed a final dividend of RMB0.16 (with tax) per share for the year ended 31 December 2009, and carried forward the remaining distributable profits to the next year. The aforesaid distribution proposal is subject to the approval at the 2009 Annual General Meeting of the Company.

III. Reserves

Details of changes of reserves of the Company and the Group during the reporting period are disclosed in the Note 20 of the Consolidated Financial Statements (prepared in accordance with HKFRS).

董事會報告 Report of the Directors

四. 股本變動及股東情況

1. 公司認股權證行權及股本變動情況

經本公司於2007年12月27日召開的2007年第一次臨時股東大會(「股東大會」)審議批准以及中國證券監督管理委員會核准,本公司於2008年4月2日發行了價值15億元人民幣、期限為6年的認股權和債券分離交易的可轉換公司債券(「分離交易可轉債」),同時向分離交易可轉債的認購人合共送出10,500萬份認股權證。截至2009年10月19日行權期結束時止,共計85,529,792份認股權證成功行權,按照2:1的行權比例,新增境內流通A股42,763,617股,導致本公司股份總數及境內上市內資股數量發生變化。本公司股份總數由行權之前的1,308,219,178股增加至1,350,982,795股,註冊資本相應增加。為此,本公司董事會根據股東大會作出的授權及實際行權情況,已對《公司章程》有關條款進行修改,並報經國務院國資委和青島市對外貿易經濟合作局批准生效。

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「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:

IV. Changes of Share Capital and Information of Shareholders

1. The exercising of warrants and changes to share capital

Upon the consideration and approval at the 2007 First Extraordinary Meeting (the “General Meeting”) convened by the Company on 27 December 2007 and the confirmatory approval of the China Regulatory Securities Commission, on 2 April 2008 the Company issued RMB1.5 billion of 6-year-long convertible bonds under which the warrants and the bonds could be traded separately (“Bonds with Warrants”), with 105 million of warrants issued to the subscribers of the Bonds with Warrants at the same time. As of the end of the exercising period on 19 October 2009, a total of 85,529,792 warrants were successfully exercised, and according to the exercising ratio of 2:1, 42,763,617 A-shares were newly issued, resulting in the changes of number of total issued shares and domestically listed shares of the Company. The number of total issued shares of the Company increased from 1,308,219,178 to 1,350,982,795, and the registered capital was increased accordingly. Therefore, upon the authorisation by the General Meeting and based on the actual situation on the exercising, the Board has amended the relevant provisions in the *Articles of Association* and has reported to the State-owned Assets Supervision and Administration Commission of the State Council and Qingdao Foreign Trade Bureau for approval to allow the amendments to come into effect.

Based on the public information which is known on the latest practical date before the annual report is published, which is also known by the directors of the Company, the number of the Company’s shares held by the public has 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) | |
| 1. 有限售條件流通股份 | 1. Listed shares with sales restriction | 417,394,505 |
| 2. 無限售條件流通股份 | 2. Listed shares without sales restriction | 278,519,112 |
| 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23,323戶，其中A股股東22,975戶，H股股東348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 23,323, in which 22,975 were holders of A-share, and 348 of H-share.

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

- (2) The shareholdings of top 10 shareholders 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 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) | +7,307,800 | 411,400,050 | 30.45 | 無 Nil | A股 A-share |
| 香港中央結算(代理人)有限公司(附註2) HKSCC Nominees Limited (Note 2) | -11,249,730 | 285,868,342 | 21.16 | 未知 Unknown | H股 H-share |
| 朝日啤酒株式會社(附註3) Asahi Breweries, Ltd. (Note 3) | | 266,721,836 | 19.74 | 未知 Unknown | H股 H-share |
| ICBC (Asia) Nominee Limited (Note 3) | | 91,641,342 | 6.78 | 未知 Unknown | H股 H-share |
| 大成藍籌穩健證券投資基金 Dacheng Blue Chip Steady Securities Investment Fund | | 18,013,310 | 1.33 | 未知 Unknown | A股 A-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 |
| 全國社保基金一零八組合 National Social Security Fund 108 | | 11,465,900 | 0.85 | 未知 Unknown | A股 A-share |
| 全國社保基金一零二組合 National Social Security Fund 102 | | 10,000,000 | 0.74 | 未知 Unknown | A股 A-share |
| 興業趨勢投資混合型證券投資基金 Industrial Trend Investment Mixed Securities Investment Fund | | 9,747,800 | 0.72 | 未知 Unknown | A股 A-share |
| 銀華核心價值優選股票型證券投資基金 Yinhua Core Value Selected Stock Securities Investment Fund | | 8,411,747 | 0.62 | 未知 Unknown | A股 A-share |

董事會報告 Report of the Directors

(3) 報告期末本公司前十名無限售條件的流通股股東持股情況

(3) The shareholdings of top 10 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 | 持有無限售條件股份數量 Shares without sales restriction held | 股份種類 Class of share |
|--|--|------------------------|
| 香港中央結算(代理人)有限公司 HKSCC Nominees Limited | 285,868,342 | H股 H-share |
| 朝日啤酒株式會社 Asahi Breweries, Ltd. | 266,721,836 | H股 H-share |
| ICBC (Asia) Nominee Limited | 91,641,342 | H股 H-share |
| 大成藍籌穩健證券投資基金 Dacheng Blue Chip Steady Securities Investment Fund | 18,013,310 | A股 A-share |
| 全國社保基金一零八組合 National Social Security Fund 108 | 11,465,900 | A股 A-share |
| 全國社保基金一零二組合 National Social Security Fund 102 | 10,000,000 | A股 A-share |
| 興業趨勢投資混合型證券投資基金 Industrial Trend Investment Mixed Securities Investment Fund | 9,747,800 | A股 A-share |
| 銀華核心價值優選股票型證券投資基金 Yinhua Core Value Selected Stock Securities Investment Fund | 8,411,747 | A股 A-share |
| 華潤深國投信託有限公司 — 重陽3期證券投資集合資金信託計劃 China Resources SZITIC Trust Co., Ltd – Chongyang No. 3 Securities Investment Collection Fund Trust Program | 8,130,000 | A股 A-share |
| 興業全球視野股票型證券投資基金 Industrial Global Vision Stock Securities Investment Fund | 4,687,644 | A股 A-share |

董事會報告 Report of the Directors

附註：

1. 根據本公司控股股東青島啤酒集團有限公司(「青啤集團」)通知，截止2009年12月31日，青啤集團通過上海證券交易所證券交易系統累計增持了本公司A股股份3,636,050股，其全資附屬公司在香港市場累計增持了本公司H股股份7,944,000股。增持後，青啤集團持有本公司股份411,400,050股，約佔本公司已發行總股份的30.45%。
2. HKSCC Nominees Limited(香港中央結算(代理人)有限公司)持有的H股乃代表多個客戶所持有。
3. 2009年1月23日，Anheuser-Busch InBev S.A.(「英博公司」)與朝日啤酒簽訂《股份買賣協議》，出售本公司約19.99%的H股股份。該交易於2009年5月6日完成過戶手續。2009年5月7日，英博公司的全資附屬公司A-B Jade Hong Kong Holding Company, Limited(「A-B Jade」)與陳發樹先生簽訂《股份買賣協議》，A-B Jade向陳發樹先生出售其所持本公司約7.01%的H股股份，該交易於2009年6月24日完成過戶手續。

興業趨勢投資混合型證券投資基金和興業全球視野股票型證券投資基金同屬於興業全球基金管理有限公司管理的基金產品。全國社保基金一零八組合和全國社保基金一零二組合同屬於博時基金管理有限公司管理的基金產品。

除上所述，本公司並不知曉前十名股東之間、前十名無限售條件的流通股股東之間是否存在其它關聯關係或一致行動人。

Notes:

1. According to the notice from Tsingtao Brewery Group Company Limited (“Tsingtao Group”), the controlling shareholder of the Company, that, by 31 December 2009, Tsingtao Group had totally acquired 3,636,050 shares of A-share in the Company through the securities trading system of Shanghai Stock Exchange, and its wholly-owned subsidiary had accumulatively acquired 7,944,000 shares of H-share in the Company in Hong Kong. After the acquisition, Tsingtao Group had held 411,400,050 shares in the Company, which was accounted for approximately 30.45% of the total issued shares of the Company.
2. The H-shares are held by HKSCC Nominees Limited on behalf of different clients.
3. On 23 January 2009, Anheuser-Busch InBev S.A (“A-B InBev”) entered into the *Share Buy-Sell Agreement* with Asahi Breweries to sell the 19.99% of H-share held in the Company. The transfer procedures of the transaction had been completed on 6 May 2009. On 7 May 2009, A-B Jade Hong Kong Holding Company, Limited (“A-B Jade”), a wholly-owned subsidiary of A-B InBev, entered into the *Share Buy-Sell Agreement* with Mr. CHEN Fa Shu to sell the 7.01% of H-share held in the Company to Mr. CHEN Fa Shu. The transfer procedures of the transaction had been completed on 24 June 2009.

The Industrial Trend Investment Mixed Securities Investment Fund and Industrial Global Vision Stock Securities Investment Fund are the fund products managed by AEGON-INDUSTRIAL Fund Management Co., Ltd. The National Social Security Fund 108 and National Social Security Fund 102 are the fund products managed by Bosera Asset Management Co., Ltd.

Save as disclosed above, the Company is unaware if there are any other associations among these top ten shareholders, top ten holder of listed shares without sales restriction or they are of the parties acting in concert.

董事會報告 Report of the Directors

(4) H股主要股東

於2009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：

(4) 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 2009, 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”):

| 名稱 | 性質 | 股份類別 | 持股身份 | 註釋 | 股份 / 相關 股份的數目 | 佔全部已發行 股本之百分比 | 佔全部H股之 百分比 |
|----------------------------------|---|---------------|---|----|------------------------------|------------------|---------------|
| 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% |
| 朝日啤酒株式會社 Asahi Breweries, Ltd | 好倉 Long Position | H股 H-Share | 實益擁有人 Beneficial Owner | 2 | 266,721,836 H股 H-Share | 19.44% | 40.10% |
| 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 corporations/ Beneficial Owner/ Investment Manager/ Custodian | 3 | 58,979,200 H股 H-Shares | 4.37% | 9.00% |
| | 可供借出 股份中的權益 Interest in a lending pool | H股 H-Share | | | 23,177,030 H股 H-Shares | 1.72% | 3.54% |
| | 淡倉 Short Position | H股 H-Share | 實益擁有人 Beneficial Owner | | 430,000 H股 H-Shares | 0.03% | 0.07% |
| Marathon Asset Management | 好倉 Long Position | H股 H-Share | 投資經理 Investment Manager | | 32,755,000 H股 H-Shares | 2.43% | 5.00% |

董事會報告 Report of the Directors

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262,477,836股H股權益。
- (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) 公司主要股東最近的披露權益申報，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。

3. 優先認股權

本公司《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。

五. 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情況

| 姓名 Name | 職務 Position | 期末持股數 Shares held at the end of the period | 股份種類 Class of share |
|-----------------------|--|---|------------------------|
| 孫明波 SUN Ming Bo | 執行董事、總裁 Executive Director, President | 1,840 | A股 A-share |
| 劉英弟 LIU Ying Di | 執行董事 Executive Director | 5,894 | A股 A-share |
| 曹向東 CAO Xiang Dong | 職工監事 Supervisor as Employee | 2,358 | A股 A-share |
| 樊偉 FAN Wei | 副總裁兼製造中心總裁 Vice President & President of Manufacturing Center | 3,476 | A股 A-share |
| 董建軍 DONG Jian Jun | 總釀酒師 Chief Brewer | 92 | A股 A-share |
| 黃克興 HUANG Ke Xing | 副總裁 Vice President | 1,300 | A股 A-share |
| 張學舉 ZHANG Xue Ju | 董事會秘書 Board Secretary | 1,179 | A股 A-share |

單位：股
Unit: share

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 262,477,836 H-Shares.
- (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 ("HKEx") (www.hkex.com.hk).

3 Pre-emptive right

There are no provisions concerning pre-emptive rights in the Company's *Articles of Association* or any of 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*.

V. Directors, Supervisors, Senior Management and Staff

1. The shareholdings of directors, supervisors and senior management

董事會報告 Report of the Directors

截至二零零九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：

- (1) 公司獨立非執行董事李燕女士於2009年5月4日獲委任為北京華力創通科技股份有限公司獨立董事；
- (2) 公司獨立非執行董事付洋先生於2009年6月10日獲委任為中國國際航空股份有限公司獨立非執行董事；
- (3) 公司獨立非執行董事潘昭國先生自2009年6月15日起不再擔任深圳中航集團股份有限公司獨立非執行董事(首次出任日期為2003年5月31日)。

As at 31 December 2009, save as disclosed above, none of the directors, supervisors and senior management of the Company have 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*), which was recorded in the register required to be kept under section 352 of the *Securities and Futures Ordinance* or otherwise notified to the Company and the Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Companies* (the “*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 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 to the information of the directors

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

- (1) Ms. LI Yan, the Independent Non-executive Director of the Company, was appointed on 4 May 2009 Independent Director of Hwa Create Co., Ltd. in Beijing;
- (2) Mr. FU Yang, the Independent Non-executive Director of the Company, was appointed on 10 June 2009 Independent Non-executive Director of Air China Limited;
- (3) Mr. POON Chiu Kwok, the Independent Executive Director of the Company, had ceased to be the Independent Non-executive Director of CATIC Shenzhen Holdings Ltd. since 16 June 2009 (ever took the position as early as 31 May 2003).

董事會報告 Report of the Directors

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。

3. Annual remuneration of directors, supervisors and senior management

The remuneration of the directors and supervisors of the Company is determined in accordance with the annual remuneration schemes of members of the Board and the Board of Supervisors 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 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.

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 | 1,557.1 |
| 王帆 WANG Fan | 副董事長兼黨委書記 Vice Chairman & Secretary to the Party | 877.9 |
| 孫明波 SUN Ming Bo | 執行董事、總裁 Executive Director, President | 1,214.7 |
| 劉英弟 LIU Ying Di | 執行董事 Executive Director | 748.5 |
| 孫玉國 SUN Yu Guo | 執行董事、副總裁 Executive Director, Vice President | 758.5 |
| 付洋 FU Yang | 獨立非執行董事 Independent Non-executive Director | 80 |
| 李燕 LI Yan | 獨立非執行董事 Independent Non-executive Director | 80 |
| 潘昭國 POON Chiu Kwok | 獨立非執行董事 Independent Non-executive Director | 80 |
| 王樹文 WANG Shu Wen | 獨立非執行董事 Independent Non-executive Director | 80 |
| 山崎史雄 Fumio YAMAZAKI | 非執行董事 Non-executive Director | 0 |
| 唐駿 TANG Jun | 非執行董事 Non-executive Director | 0 |

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) |
|---------------------------|--|---|
| 杜常功 DU Chang Gong | 監事會主席 Chairman of the Board of Supervisors | 80 |
| 滕安功 TENG An Gong | 職工監事 Supervisor as Employee | 229.1 |
| 曹向東 CAO Xiang Dong | 職工監事 Supervisor as Employee | 229.1 |
| 薛超山 XUE Chao Shan | 職工監事 Supervisor as Employee | 392.7 |
| 劉清遠 LIU Qing Yuan | 股東監事 Supervisor as Shareholder | 40 |
| 鍾明山 ZHONG Ming Shan | 股東監事 Supervisor as Shareholder | 40 |
| 小路明善 Akiyoshi KOJI | 股東監事 Supervisor as Shareholder | 0 |
| 嚴旭 YAN Xu | 副總裁兼營銷中心總裁 Vice President & President of Marketing Center | 4,222.8 |
| 樊偉 FAN Wei | 副總裁兼製造中心總裁 Vice President & President of Manufacturing Center | 1,128.1 |
| 姜宏 JIANG Hong | 副總裁 Vice President | 877.9 |
| 張安文 ZHANG An Wen | 副總裁 Vice President | 860.5 |
| 董建軍 DONG Jian Jun | 總釀酒師 Chief Brewer | 707.7 |
| 于嘉平 YU Jia Ping | 製造中心副總裁 Vice President of Manufacturing Center | 647.7 |
| 楊華江 YANG Hua Jiang | 營銷中心副總裁 Vice President of Marketing Center | 1,065.8 |
| 黃克興 HUANG Ke Xing | 副總裁 Vice President | 490.7 |
| 張學舉 ZHANG Xue Ju | 董事會秘書 Secretary to the Board of Directors | 411.1 |
| 伯樂思 Stephen J. BURROWS | 原副董事長、非執行董事 Former Vice Chairman, Non-executive Director | 30 |
| 馬爽 Mark F. SCHUMM | 原非執行董事 Former Non-executive Director | 30 |
| 鄭曉凡 ZHENG Xiao Fan | 原股東監事 Former Supervisor as Shareholder | 30 |
| 合計 Total | | 16,990 |

董事會報告 Report of the Directors

3. 員工情況

截至報告期末，本公司(包括下屬子公司)在職員工共計33,839人。員工專業構成如下：

| 專業構成類別 | | 人數 |
|--------------------|-------------------------------------|-------------------|
| Professional Class | | Number of Persons |
| 行政管理人員 | Administrative personnel | 6,021 |
| 財務人員 | Financial Personnel | 534 |
| 工程技術人員 | Technical and Engineering Personnel | 1,422 |
| 銷售人員 | Sales Personnel | 14,624 |
| 生產服務人員 | Production and Services Personnel | 11,238 |

公司關愛員工，保障員工的合法權益，按照國家有關規定為在職員工辦理了養老保險、基本醫療保險、失業保險、工傷保險、生育保險等各類社會保險，並足額繳納各類保險費用。同時，建立了基於崗位價值和員工成長的薪酬激勵機制，讓員工分享企業的經營成果，員工收入水平能隨著企業發展獲得持續增長。

公司重視員工教育培訓，加強教育培訓體系的建立，已成立青島啤酒管理學院，為員工搭建了一個學習、共享、實踐的平台，根據公司需要有針對性地開展實際、適用、有效的培訓計劃。培訓內容主要包括提升管理人員綜合管理水平，提高員工崗位業務技能，以及專業技術人員的繼續教育等。2009年共實施公司級培訓76次，受訓學員7,045人；認證講師621餘人，開發標準課程121門。

六. 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。

3. Staff

As of the end of the reporting period, the Company (including its subsidiaries) totally had 33,839 of full-time staff. The composition of staff in term of profession is as follows:

The Company cares about its staff and secures their legal rights. It provides the full-time staff with social insurances including pension, basic medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, and pays fees for these insurances with full amount. Meanwhile, the Company sets up a remuneration incentive mechanism subject to the staff's position value and personal development to have its staff share the operational results, which makes the remuneration of its staff may obtain continuous growth with its development.

The Company takes seriously about its staff's education and trainings by strengthening its establishment of education and training system. It has set up Tsingtao Brewery Administration Institute as a platform for its staff's study, sharing and practice. It carries out the practical, applicable and effective training programs with pertinence based on the Company's needs. The contents of training includes: promoting the comprehensive managing level of management team, improving staff's professional skills for their own position, and the continuing education of professional technicians. In 2009, it totally carried out 76 company-level trainings for 7045 trainees, and has over 621 certified tutors and developed 121 standard courses.

VI. Directors' and Supervisors' Right of Share 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.

董事會報告 Report of the Directors

七. 募集資金使用情況

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，尚未使用3.5億元。尚未使用的募集資金存儲於公司募集資金指定銀行存儲帳戶。
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。上述行權募集資金將用於公司繼續擴大企業生產規模，公司正在積極物色合適的投資項目，待有關募集資金投向項目確定後將提交董事會和股東大會審議批准後公佈實施。



3. 承諾項目使用情況

- (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24,000萬元，實際投入24,000萬元，已投產。
- (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36,000萬元，實際投入36,000萬元，已投產。
- (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22,000萬元，實際投入22,000萬元，已投產。

VII. Use of Proceeds Received

1. The Company received RMB1.5 billion from the issuance of the bonds with warrants in 2008, in which RMB1.15 billion had been used, and the remaining RMB0.35 billion was deposited in the savings account of the bank designated by the Company for its offering proceeds.
2. During 13 to 19 October 2009, about 42.76 million shares of A-share were issued through the exercising 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. The aforesaid proceeds will be used to further expand the production size of the Company. The Company is actively seeking for the appropriate investing projects, and will announce and implement with the consideration and approval by the Board and at the general meeting of the Company as being proposed after the related investing projects with proceeds were determined.

3. Utilization in the committed projects

- (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) 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.
- (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.

董事會報告 Report of the Directors

- | | |
|---|---|
| <p>(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28,000萬元，實際投入28,000萬元，已投產。</p> <p>(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5,000萬元，實際投入5,000萬元，已投產。</p> <p>(6) 青島啤酒麥芽廠(「麥芽廠」)10萬噸產能擴建項目，擬投入35,000萬元，因政府調整麥芽廠所在區域的發展規劃，尚未投入。</p> | <p>(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.</p> <p>(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.</p> <p>(6) The proposed expansion for the output volume of 1 million hl in Tsingtao Brewery Malting Factory Limited (the “Malting Factory”) had not been put into production as the government was adjusting its developing plan for the region in which the Malting Factory was located. The expected investment of RMB350 million had not been put into the project.</p> |
|---|---|

八. 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。

VIII. Contracted Rights of Director or Supervisor and Director 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 parties (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.



董事會報告 Report of the Directors

九. 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。

十. 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。

十一. 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綜合財務報表附註。

十二. 固定資產

有關報告期內固定資產之變動載於隨附綜合財務報表附註。

十三. 銀行貸款

於二零零九年十二月三十一日之銀行貸款詳情載於隨附綜合財務報表附註。

IX. Confirmation of Independence of Independent Non-executive Director

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.

X. Buy-back, Sales and Redemption of Listed 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 grant any options or any other similar rights, nor exercise any rights of conversion or subscription.

XI. Principal Subsidiaries and Associated Companies

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

XII. Fixed Assets

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

XIII. Bank Loans

The details of bank loans as of 31 December 2009 are set out in the attached *Notes to Consolidated Financial Statements*.

董事會報告 Report of the Directors

十四. 其它報告事項

本公司二零零九年度報告摘要及業績公佈，已於二零一零年四月九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)、香港聯交所披露易網頁(www.hkexnews.hk)以及本公司網頁(www.tsingtao.com.cn)。本年報以中、英兩種文字編製，在對兩種文本理解發生歧義時，以中文文本為準。

十五. 核數師

報告期內以及在過去八年內普華永道中天會計師事務所有限公司和羅兵咸永道會計師事務所一直獲委任為本公司之境內外核數師，並已審計隨附之財務報表。

金志國
董事長

中華人民共和國·青島
二零一零年四月八日

XIV. Other Issues for Reporting

The summary of the Company's 2009 Annual Report and the results announcement had been published on 9 April 2010 in *Shanghai Securities News*, *China Securities Journal* and on the website of Shanghai Stock Exchange (www.sse.com.cn), website of the Stock Exchange (www.hkexnews.hk) and website of the Company (www.tsingtao.com.cn). The Annual Report is prepared in both Chinese and English, in case of any discrepancies existing between the Chinese and English context, the Chinese version shall prevail.

XIV. Auditor

During the reporting period and in the past eight years, PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company and PricewaterhouseCoopers had being appointed respectively as domestic and international auditor of the Company, and have audited the attached Financial Statements.

JIN Zhi Guo
Chairman

Qingdao, the People's Republic of China
8 April 2010

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2009年度之監事會報告，敬請各位股東審閱。

報告期內，公司監事會遵照《公司法》及《公司章程》的有關規定，通過召開監事會審議公司重大事項、組織監事會就所關心的問題考察相關企業、列席董事會會議和總裁辦公會議等方式，對公司運作情況依法進行了監督。監事會全體成員認真履行職責，努力做好監督工作，維護了公司和股東的利益。

一. 審議公司重大事項情況

報告期內，公司監事會共召開八次會議，其中定期會議五次，臨時會議三次。審議的主要事項如下：

1. **財務報告方面：**公司2008年度財務報告；公司2009年第一季度報告；公司2009年半年度報告；公司2009年第三季度報告。
2. **關聯交易方面：**公司與青島啤酒集團有限公司進行有關青島啤酒（濟南）趵突泉銷售有限公司100%股權托管之關聯交易的議案；公司與煙台啤酒青島朝日有限公司進行購銷產品持續性關連交易的可行性議案；公司控股子公司深圳青島啤酒朝日有限公司與朝日啤酒進行購銷產品持續性關連交易的可行性議案。

Dear shareholders,

I hereby present the 2009 Report of the Supervisors of Tsingtao Brewery Company Limited for your kind review.

During the reporting period, all members of the Board of Supervisors actively maintained the interests of the Company and its shareholders by seriously exercising their responsibilities as supervisor through considering the Company's significant events at the supervisory meetings, organizing the supervisors to visit the relevant enterprises with the questions they concerned, sitting in the board meetings and management meetings, and abiding by the rules set out in the *Company Law* and *Articles of Association*.

I. Significant Events Considered

During the reporting period, the Board of Supervisors totally held 8 meetings, including 5 regular meetings and 3 extraordinary meetings, to mainly consider the following issues:

1. **Financial reports:** the Company's 2008 Financial Report; 2009 First Quarter Report; 2009 Interim Report; and 2009 Third Quarter Report.
2. **Connected transactions:** the case of the connected transaction between the Company and Tsingtao Brewery Group Company Limited for the custody of 100% equity interests in Tsingtao Brewery (Jinan) Bao Tu Quan Sales Company Limited; the feasible case of the continuing connected transactions between the Company and Yantai Beer Tsingtao-Asahi Company Limited for the buy-sell of products; the feasible case of the continuing connected transactions between Shenzhen Tsingtao-Asahi Company Limited, a controlling subsidiary of the Company, and Asahi Breweries for the buy-sell of products.

杜常功先生
Mr. DU Chang Gong



監事會報告 Report of the Supervisors

3. 其它事項方面：審議公司2009年度經營預算方案；本公司為控股子公司向銀行申請辦理商業承兌匯票業務提供擔保的議案；本公司收購「趵突泉」系列商標權項目的可行性議案；審議董事會授權審批30億元委託貸款額度的議案；公司管理層通報子公司使用的周轉玻璃瓶攤銷政策調整事項；審議公司2009年薪酬激勵方案；審議關於制訂公司風險管理制度的議案；核銷公司2008年資產損失的議案；子公司委託貸款轉投資調整及新增資方案；青島啤酒二廠徵用65畝土地可行性分析報告；審議通過青啤滕州公司搬遷新建啤酒廠項目的可行性報告；審議通過青啤二廠純生線改造項目的可行性報告等。

3. **Other issues:** to consider the Company's 2009 operational budget scheme; the case for providing guarantees by the Company for its controlling subsidiaries for their application for commercial accepted bills of exchange from the banks; the feasible case for the Company's acquisition of trade mark right of "Bao Tu Quan" series; the case for the Board authorizing to consider the credit line of RMB3 billion of entrusted loans; the report by the management team of the Company of the amortization policy adjustment for the circulated glass bottles used by its subsidiaries; to consider the 2009 remuneration incentive scheme of the Company; to consider the case of working out the risk management system of the Company; the case of writing-off the assets losses in 2008; the plan of the adjustments to the investments transformed from entrusted loans and the increased investments of the subsidiaries; the feasibility analysis report for the requisition of land of 65 mu by Tsingtao Brewery Factory No. 2; to consider and approve the feasibility report for the project of Tsingtao Brewery Tengzhou Company relocating to the newly constructed plant; and consider and approve the feasibility report for the project of reconstructing the draft beer line in Tsingtao Brewery Factory No. 2.

二. 對有關事項的獨立意見

1. 公司依法運作情況

監事會認為公司能夠嚴格按照《公司法》、《證券法》、《上市規則》、《公司章程》及其他有關法律法規和制度的要求，依法經營。公司重大經營決策合理，程序合法有效，內控制度健全。未發現公司董事、高級管理人員在執行公司職務時違反法律、法規、《公司章程》或損害公司股東、公司利益的行為。

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、年度報告進行了審議，認為公司的財務報告在所有重大方面公允地反映了公司的財務狀況和經營成果，會計核算和財務管理符合國家相關法律法規的規定。

II. Independent Comments to the Concerned Issues

1. Operation of the Company in accordance with the laws

The Board of Supervisors is of the view that the Company operates legally by strictly abiding by the requirements in *Company Law*, *Securities Law*, *Listing Rules*, *Articles of Association*, and other related laws and regulations. It makes reasonable decisions for significant operational issues in legal and effective procedures with improved internal control system. None of the directors and members of senior management is found to have any behavior of breaching any laws, regulations, and *Articles of Association*, or damaging any interests of the Company and its shareholders.

2. Review of the financial conditions

During the reporting period, the Board of Supervisors, after reviewing the Company's quarterly reports, interim report and annual report, were of the view that the Company's financial statements fairly reflected its financial conditions and operational results in all significant aspects, and the accounting calculation and financial management were in compliance with the requirements of the relevant State laws and regulations.

監事會報告 Report of the Supervisors



3. 最近一次募集資金使用情況

報告期內，公司通過認股權證行權，共募集資金約11.9億元，以上資金已按照規定存放於指定賬戶，待股東大會審議後再確定投放項目。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. 報告期內公司出售、收購資產情況

監事會認為，公司報告期內收購「趵突泉」系列商標權項目符合公司發展戰略，收購程序規範，價格公允，未發現有內幕交易和損害公司及股東利益的行為。

5. 報告期內關聯交易情況

監事會認為，公司與煙台啤酒青島朝日有限公司進行購銷產品以及公司控股子公司深圳青島啤酒朝日有限公司與朝日啤酒進行購銷產品的關連交易，定價公平合理，審議程序合法，符合公司及股東的整體利益。

2010年，監事會將認真履行職責，依法行使職權，維護好公司、股東及員工的利益。同時，對各位股東和公司員工一年來對監事會工作的關心和支持，致以崇高的敬意和衷心的感謝。

3. Latest use of proceeds

During the reporting period, the Company received RMB1.19 billion of proceeds from the exercising of the warrants of the bonds with warrants. The proceeds had been deposited in the designated accounts as requested and would be invested in the projects determined after being considered at the general meeting. 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 organizations.

4. Assets sales and acquisition during the reporting period

The Board of Supervisors is of the view that, the Company's acquisition of trademark right of "Bao Tu Quan" series during the reporting period is in line with the Company's developing strategy; the procedures for acquisition are compliant, at the fair and reasonable price, and no behaviors of insider dealing transaction or damaging the interests of the Company and its shareholders are found.

5. Connected transactions during the reporting period

The Board of Supervisors is of the view that, the connected transaction between the Company and Yantai Beer Tsingtao-Asahi Company Limited for the buy-sell of products and that between the Company and Shenzhen Tsingtao-Asahi Company Limited, a controlling subsidiary of the Company, for the buy-sell of products are at fair and reasonable price, the procedures for pricing are in compliance with the laws, and for the interests of the Company and its shareholders as a whole.

In 2010, the Board of Supervisors would carefully exercise our duties and responsibilities pursuant to the concerned laws and regulations, legally undertake our authorities to maintain the interests of the Company, its shareholders and the staff. I hereby deliver my sincere respects and thanks to all shareholders and our staff for their care, support and assistance to our work in the past year.

企業管治報告 Corporate Governance Report



本公司自1993年於香港聯合交易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。本報告期內，公司嚴格按照《公司法》、《證券法》等法律、法規和境內外監管規定的要求，建立了規範、完善的法人治理結構，進一步提升公司法人治理水平，獲得了資本市場的高度認可。2009年，公司獲得上海證券交易所評選的「公司治理專項獎 — 2009年度董事會獎」。這是上市監管機構第一次評選公司治理專項獎。

報告期內，本公司已遵守上市規則附錄十四載列之《企業管治常規守則》的守則條文。本公司所採納的企業管治措施如下：

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 foreign 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 had strictly complied with the laws and regulations such as the *Company Law*, *Securities Law* and overseas regulatory requirements, and had established standard and complete corporate governance structure to further improve the level of corporate governance, which helped obtain the recognition of the capital market. In 2009, the Company was awarded the "Special Award for Corporate Governance — 2009 Board of Directors Award" by Shanghai Stock Exchange, which was the first time for the market regulator to choose the special award for 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:

企業管治報告 Corporate Governance Report

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《公司章程》及其附件——《董事會議事規則》中，已詳細列明了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。

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2008年6月10日召開的股東年會選舉產生了第六屆董事會成員，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。董事之任期自2008年6月10日起為期三年。公司原第二大股東A-B公司於2009年出售其所持股份後，其提名的兩位非執行董事已於2009年5月1日起辭職。2009年11月2日公司舉行

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* its authorities in the Company's development strategies and management, and that on supervision and inspection over the Company's development and operations.

The division of duties between the chairman and 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. Meanwhile, 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 6th Board at the annual general meeting held by the Company on 10 June 2008, which was comprised of 11 directors, including chairman, vice-chairman, executive directors, non-executive directors and independent non-executive directors, whose service term was 3 years from 10 June 2008. After A-B Company, the former second largest shareholder, sold out the shares held

企業管治報告 Corporate Governance Report

的臨時股東大會已審議通過關於增補山崎史雄和唐駿先生為公司非執行董事的議案。

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」。

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。

3. 董事會會議

2009年度，本公司共舉行了5次董事會定期會議（包括2次現場會議和3次以通訊表決方式召開的會議），並以審閱書面議案簽署決議方式（通訊表決方式）召開董事會臨時會議7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；

in 2009, two non-executive directors appointed by it had resigned on 1 May 2009. The resolution for additionally electing Mr. Fumio YAMAZAKI and Mr. TANG Jun as non-executive directors of the Company had been considered and approved at the extraordinary general meeting held on 2 November 2009 by the Company.

Members of the Board have various professional backgrounds and possess different professional knowledge, among which 1 independent director has the qualification on accounting, or has appropriate strength in accounting or related financial management required by the regulatory authorities. The profile of the directors is enclosed in the section “*Profile of Directors, Supervisors and Senior Management*” in the Annual Report.

There are 4 independent non-executive directors in the Board, 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 to 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. Board meeting

In 2009, the Company totally held 5 regular board meetings (including 2 site meetings and 3 meetings in form of voting through communications), and 7 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;

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- | | |
|---|---|
| <ul style="list-style-type: none"> — 審議批准核銷財產損失； — 審議通過公司非執行董事和股東監事提名事項； — 審議批准公司高管層薪酬激勵方案； — 審議通過公司章程修訂事項。 | <ul style="list-style-type: none"> — To consider and approve to write-off the property losses; — To consider and approve the nomination of the non-executive directors and supervisor as shareholder of the Company; — To consider and approve the remuneration incentive scheme for the senior management; — To consider and approve the revision of the articles of association of the Company. |
|---|---|

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和專門委員會會議的詳情載列如下：

The meeting notices and materials of cases to be discussed are sent to all directors in the reasonable time, so as to ensure they can have fruitful discussion, and make quick and prudential 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 | 具體職務 Position | 應出席 次數 Meetings that should attend | 親自出席 次數 Attend in person | 以通訊 方式參加 會議次數 Attend in form of communications | 委託出席 次數 Attend by proxy | 缺席次數 Times of absence | 備註 Notes |
|---------------------------|--|---|-----------------------------------|---|----------------------------------|-----------------------------|--|
| 金志國 JIN Zhi Guo | 董事長 Chairman | 12 | 2 | 10 | 0 | 0 | |
| 王帆 WANG Fan | 副董事長 Vice Chairman | 12 | 2 | 10 | 0 | 0 | |
| 孫明波 SUN Ming Bo | 執行董事 Executive Director | 12 | 2 | 10 | 0 | 0 | |
| 劉英弟 LIU Ying Di | 執行董事 Executive Director | 12 | 2 | 10 | 0 | 0 | |
| 孫玉國 SUN Yu Guo | 執行董事 Executive Director | 12 | 2 | 10 | 0 | 0 | |
| 李燕 LI Yan | 獨立非執行董事 Independent Non-executive Director | 12 | 2 | 10 | 0 | 0 | |
| 付洋 FU Yang | 獨立非執行董事 Independent Non-executive Director | 12 | 2 | 10 | 0 | 0 | |
| 潘昭國 PAN Zhao Guo | 獨立非執行董事 Independent Non-executive Director | 12 | 2 | 10 | 0 | 0 | |
| 王樹文 WANG Shu Wen | 獨立非執行董事 Independent Director | 12 | 2 | 10 | 0 | 0 | |
| 山崎史雄 Fumio YAMAZAKI | 非執行董事 Non-executive Director | 0 | 0 | 0 | 0 | 0 | 於2009年11月2日任職 Took the position on 2 November 2009 |
| 唐駿 TANG Jun | 非執行董事 Non-executive Director | 0 | 0 | 0 | 0 | 0 | 於2009年11月2日任職 Took the position on 2 November 2009 |
| 伯樂思 Stephen J. BURROWS | 副董事長、非執行董事 Vice Chairman Non- executive Director | 2 | 1 | 0 | 1 | 0 | 於2009年5月1日離職 Resigned on 1 May 2009 |
| 馬爽 Mark F. SCHUMM | 非執行董事 Non-executive Director | 2 | 1 | 0 | 1 | 0 | 於2009年5月1日離職 Resigned on 1 May 2009 |

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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匯報相關工作。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

新董事獲委任後，公司已安排律師向其講解相關履行職責的要求及提供書面資料，包括集團業務簡介、管理架構、董事責任及其他法定要求，並將組織其參加監管機構舉辦的專門培訓。報告期內公司執行董事參加了監管機構組織的董事培訓課程。

公司於報告期內還通過資料提供(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

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 are unavailable for the meeting due to other business, they could authorize other directors in written form 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 cases, and reporting their related work at the board meeting. The independent non-executive directors of the Company exercise 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

The Company has arranged its lawyers to interpret the requirements in undertaking the relevant duties and provided written materials including business summary, management structure, responsibility and other legal requirements to the director after he/she is appointed, and arranged him/her to attend the professional trainings organized by the regulatory authorities. During the reporting period, the executive directors of the Company have attended the training programs for directors organized by the regulatory authorities.

All directors, especially those independent non-executive directors, can 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 being provided with the relative materials (to prepare a weekly newsletter for the development in stock market and regulatory policies),

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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到控股子公司——青啤漢斯集團進行考察調研，收集第一手信息。以利於獨立非執行董事對公司有更加深入、全面的瞭解，便於決策。

work reports, and so on, so as to ensure the directors to understand their duties and responsibilities to help them make correct decisions and provide efficient supervision, and to ensure them to implement the procedures of the Board and appropriately abide by the proper laws and regulation. Besides, the Company also arranged the independent non-executive directors to pay site visit to Tsingtao Brewery Hans Group, a controlling subsidiary of the Company, to collect the first-handed information so as to have the independent non-executive directors make decisions with a more comprehensive and deeper understanding to the Company.

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 the 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*.

3. 董事的證券交易

本公司採納上市規則附錄十所載的《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 the directors

The Company applies the *Model Code* included in the Appendix 10 of *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, after having made specific enquiries to all directors, that they have been in compliance with the *Model Code* of the *Listing Rules*.

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製每個財政年度的財務報表，並確保在編製財務報表時貫徹應用適當的會計政策及遵守中國企業會計準則及制度和香港財務報告準則，以真實及公允地報告本公司的財務狀況及經營成果。

4. Financial reporting and responsibilities taken by the 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 team and approves for public disclosure. The directors are reliable to organize relevant departments and staff to prepare financial reports for each fiscal year, and ensure to apply appropriate accounting policies, and abide by the PRC GAAP and HKFRS when preparing financial statements, so as to truly and fairly report the financial situation and operational results of the Company.

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三. 董事會專門委員會

董事會於2008年6月10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，並通過了各委員會新制訂的工作細則，明確其監察公司個別範疇業務的職權範圍。另外，根據公司原股東A-B公司轉讓股份後的人員調整，董事會於2010年1月31日召開會議，批准了增補3個專門委員會成員事宜。

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》及中國證監會頒布的《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。

現任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，由李燕女士擔任主席，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付洋先生、潘昭國先生和王樹文女士，均由董事會委任。其中李燕女士擁有中國註冊會計師專業資格，具備財務和會計業務的經驗和能力。

III. Professional Committees under the Board of Directors

The Board held the meeting on 10 June 2008, at which it approved to establish 3 specific committees under it based on the adjustments of its members, approved the new detailed work guideline of each committee, and expressly stated their duty scope of supervising the specific business areas in the Company. Besides, according to the changes of members due to the transfer of equities by A-B Company, the former shareholder of the Company, the Board held the meeting on 31 January 2010 at which it approved to appoint additional members of the 3 specific committees.

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 the 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 is comprised of 4 independent non-executive directors and 1 non-executive director including Ms. LI Yan, the Chairperson, and other members including Non-executive Director Mr. Fumio YAMAZAKI, and Independent Non-executive Directors Mr. FU Yang, Mr. POON Chiu Kwok and Ms. WANG Shu Wen, all of whom are appointed by the Board. Ms. LI Yan has the professional qualification of CICPA with experience and capability in financial and accounting business.



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2009年度審計委員會共舉行了4次會議，為保證匯報的獨立性，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 2009, the Audit Committee totally held 4 meetings. To ensure the independence of the reporting, the Committee Chairperson 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 (%) |
|------------|---------------------------------------|---------------------------------|--|---------------------------------|
| 李 燕(委員會主席) | LI Yan (Chairperson of the Committee) | 4 | 4 | 100 |
| 付 洋 | FU Yang | 4 | 4 | 100 |
| 潘昭國 | POON Chiu Kwok | 4 | 4 | 100 |
| 王樹文 | WANG Shu Wen | 4 | 4 | 100 |
| 馬 爽 | Mark F. SCHUMM | 0 | 2 | 0 |

(註：馬爽董事於2009年5月1日起辭去所任審計委員會委員職務)

(Note: Mr. SCHUMM had resigned as member of the Audit Committee on 1 May 2009)

審計委員會在本年度主要工作包括：

Main work by the Audit Committee in the year includes:

- 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宜向董事會提供建議；
- 檢討公司內部控制體系及制度的有效性。

- Reviewed the Company's annual, interim and quarterly reports, and financial reports;
- Made proposals to the Board on the renewed appointment of the auditor;
- Reviewed the effectiveness of internal control system and regulations of the Company

2. 戰略與投資委員會(「戰略委員會」)

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

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。

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.

現任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及非執行董事山崎史雄、唐駿先生和獨立非執行董事李燕女士組成。(註：伯樂思先生和馬爽先生於2009年5月1日起辭去所任職務)。戰略委員會於2009年度未召開任何會議。

The members of the Strategy Committee include: Executive Director & President Mr. SUN Ming Bo (Chairman of the Committee), Executive Director Mr. SUN Yu Guo, Non-executive Director Mr. Fumio YAMAZAKI and Mr. TANG Jun, and Independent Non-Executive Director Ms. LI Yan (Note: Mr. Stephen J. BURROWS and Mr. Mark F. SCHUMM had resigned on 1 May 2009 from the position they ever took). The Strategy Committee did not hold any meetings in 2009.

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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。

薪酬委員會成員包括：獨立非執行董事付洋先生(委員會主席)、李燕女士、潘昭國先生及王樹文女士和非執行董事唐駿先生。

薪酬委員會於2009年度舉行了2次會議，就公司高管層薪酬方案和提名公司非執行董事人選等相關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：

| 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 (%) |
|--------------|-------------------------------------|---------------------------------|--|---------------------------------|
| 付洋(委員會主席) | FU Yang (Chairman of the Committee) | 2 | 2 | 100 |
| 李燕 | LI Yan | 2 | 2 | 100 |
| 潘昭國 | POON Chiu Kwok | 2 | 2 | 100 |
| 王樹文 | WANG Shu Wen | 2 | 2 | 100 |
| 馬爽 | Mark F.SCHUMM | 0 | 1 | 0 |

(註：馬爽董事於2009年5月1日起辭去所任薪酬委員會委員職務)

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 of the Company, to work out the appraisal standards, to study the schemes to improve the corporate governance.

Members of the Remuneration Committee include: Independent Non-Executive Directors Mr. FU Yang (Chairman of the Committee), Ms. LI Yan, Mr. POON Chiu Kwok and Ms. WANG Shu Wen, and Non-executive Director Mr. TANG Jun.

The Remuneration Committee held 2 meetings in 2009, considering and providing professional comments to the Board for the issues including senior management remuneration scheme and the nomination of the candidates for the non-executive director of the Company. The attendance of the Committee meetings by the members is as follows:

(Note: Mr. SCHUMM had resigned as member of the Remuneration Committee on 1 May 2009).

四. 監控機制

1. 監事會

公司監事會於2008年6月10日順利完成換屆，新一屆監事之任期自2008年6月10日起為期三年。監事會現有7名成員，其中包括股東監事4名，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」。小路明善先生作為公司股東朝日啤酒提名的監事代表於2009年11月2日當選就任。

IV. Supervisory Mechanism

1. Board of Supervisors

The latest Board of Supervisors was successfully set up on 10 June 2008, whose duty term is three years since 10 June 2008. It currently has 7 members in which including 4 supervisors as shareholder and 3 supervisors as employee. The profile of current supervisors is set out in the *Profiles of Directors, Supervisors and Senior Management* in the Annual Report. Mr. Akiyoshi KOJI was elected Supervisor as Shareholder on 2 November 2009 as nominated by Asahi Breweries, a shareholder of the Company.

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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。2009年度，監事會共舉行8次會議(包括現場會議和書面決議)，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. 內部控制自我評估

建立健全並有效實施內部控制是董事會及管理層的責任。本公司內部控制的目標是：合理保證公司經營管理合法合規、資產安全、財務報告及相關信息真實完整，提高經營效率和效果，促進公司實現發展戰略。為實現本公司內部控制目標，公司每年組織開展風險評估工作，通過風險評估識別出內外部風險及評價風險對公司實現經營目標的影響，根據風險評估的結果，進一步完善公司內控制度。本公司內控部根據審計委員會和公司管理層的要求，按照公司批准的工作計劃組織推進年度內部控制體系建設及內控評價工作。

本公司在公司及其所控制公司的關鍵業務環節建立了較為完善的以內控流程為主的內控制度體系。在銷售、採購、人力資源、預算、投資、融資、關聯交易、貨幣資金、固定資產、生產運行、信息系統控制、合同、稅務、募集資金使用、擔保、信息披露、環保、食品安全等關鍵業務領域建立了完善的內控制度。2009年，在原有內控制度的基礎上，公司在總部和營銷系統開展流程優化項目，進一步完善了流程關鍵控制環節的控制措施、明確了重大管理授權，提升了公司流程效率和風險控制能力。

The Board of Supervisors legally exercises 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 8 meetings (including site meetings and resolutions in written form) in 2009, to supervise on behalf of shareholders over the finance, the validity and compliance of the directors and senior management 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 the Annual Report.

2. Self-appraisal of internal control

It is the responsibility of the Board and the management team of the Company to set up and improve the internal control system and effectively implement it. The targets of the internal control of the Company are: to reasonably secure the Company's compliant operation and management, safeness of the assets, true and complete financial reports and its related information, to improve the operational efficiency and results, and to promote the Company to realize its developing strategies. To realize the targets of the internal control of the Company, it organizes the risk assessment annually, to recognize the internal and external risks through the risk assessment, and to appraise the impacts of the risks to realizing the operational targets of the Company, and to further improve the Company's internal control system according to the results of the risk assessment. Under the requirements of the Audit Committee and the management team of the Company, the Internal Control Dept. of the Company has organized to improve the annual internal control system construction and appraisal work pursuant to the work plan as approved by the Company.

The Company has set up the comparatively improved internal control system which focuses on the internal procedures in the key business links in the Company and the companies controlled by it. And it has set up the matured internal control system in the key business areas including sales, purchasing, human resources, budgets, investments, financing, connected transactions, currency funds, fixed assets, production operations, information control system, contracts, taxes, use of proceeds received, guarantees, information disclosure, environment protection, and food safety. In 2009, based on the existing internal control system, the Company carried out the project of procedure optimization in its headquarters and marketing system, further improved the controlling measures to the key controlling sections in the procedures, clarified the authorization to significant management, and improve the procedure efficiency and risk control ability of the Company.

企業管治報告 Corporate Governance Report

審計委員會負責督導、審查公司內部控制工作，內控部每年向審計委員會和管理層匯報工作。公司建立了內控評價體系，內控部、公司總部職能部門分別按計劃組織對公司及所控制單位實施獨立內控評價、職能審計工作。評價內容包括公司所有主要業務領域的內控設計健全性和內控執行有效性兩部分，評價的結果以《內控評價通報》的形式向公司管理層匯報，同時，針對內控評價中發現的問題以《內控督查單》的方式督促被評價單位組織整改。內控部是公司內控評價、內控整改工作的督導部門。

董事會對本年度公司內部控制進行了自我評估，評估發現，自本年度1月1日起至本報告期末，未發現本公司在內部控制設計或執行方面存在重大缺陷。

董事會認為，自本年度1月1日起至本報告期末止，本公司內部控制是健全的、有效的。

3. 外聘審計師及酬金

本年度報告所收錄之財務報表分別根據中國企業會計準則和香港財務報告準則編製，並分別經普華永道中天會計師事務所（「普華永道中天」）和羅兵咸永道會計師事務所（「羅兵咸永道」）審計。普華永道中天及羅兵咸永道已為本公司連續提供審計服務8年。2009年度，本公司應向普華永道中天會計師事務所和羅兵咸永道會計師事務所支付其年度審計工作的酬金為人民幣728萬元，本公司不承擔其差旅費及其它費用。

審計委員會已對普華永道中天及羅兵咸永道的專業素質、2009年度審計工作的執行情況進行了討論和評估，並提出了相應的意見和改進建議。審計委員會向董事會提出了聘任普華永道中天為公司國內審計師、聘任羅兵咸永道為公司國際審計師的建議，並將提交2009年度股東年會供股東最終批准。

The Audit Committee is in charge of supervising and inspecting the Company's internal control work, while the Internal Control Dept. should report to the Audit Committee and the management team of the Company for each year. The Company sets up an internal control appraisal system, under which the Internal Control Dept. and the functional departments of the headquarters of the Company respectively plan and organize to carry out the independent internal control appraisal and functional auditing to the Company and the units controlled by it. The content of the appraisal includes the soundness of the design of internal control and the effectiveness of the implementation of the internal control in the main business areas in the Company, and the results of the appraisal will be reported to the management team of the Company in form of *Circular of Internal Control Appraisal*, meanwhile, it will urge the appraised units to organize the improvements in form of *Internal Supervision Sheet* for the problems discovered in the internal control appraisal. The Internal Control Dept. is the supervising unit which is in charge of internal control appraisal and internal control improvements in the Company.

The Board had made self-appraisal to the internal control of the Company in the year, and found that, since 1 January 2009 to the end of the reporting period, no material weakness in the design or implementation of the internal control of the Company was ever found.

The Board is of the view that, the internal control of the Company is sound and effective for the period from 1 January 2009 to the end of the reporting period.

3. External auditor and remuneration

The financial statements included in this Annual Report are prepared in accordance with PRC GAAP and HKFRS respectively, and have been audited by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company ("PwC Zhong Tian") and PricewaterhouseCoopers ("PwC") respectively. PwC Zhong Tian and PwC have provided auditing services for 8 years in consecution. For the year of 2009, the Company should pay RMB7.28 million to PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company and PricewaterhouseCoopers for their full-year auditing work, and all expenses for business travels and others will not be borne by the Company.

The Audit Committee has discussed and appraised the professional qualities and the implementation of 2009 auditing work of PwC Zhong Tian and PwC, and provided relative comments and suggestions for improvements. The Committee suggests appoint PwC Zhong Tian as the Company's domestic auditor, while PwC as its international auditor, and will submit it to the 2009 AGM for shareholders' final approval.

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。2009年6月16日和11月2日，公司分別召開股東年會和臨時股東大會。

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，幫助公司提升公司治理和經營管理水平。

V. Shareholders and Other Interest-related Parties

1. General meeting

The Company has been devoting to maintaining 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 *Order of Meeting for the General Meeting*. The Company's general meeting is convened by the Board and hosted by the Chairperson 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 (Scrutineer 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 distributing 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 AGM and extraordinary general meeting on 16 June and 2 November 2009 respectively.

2. Investor relations and communications

The Company pays much attention to the management work 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. Meanwhile, 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 improve corporate governance and operational management.

企業管治報告 Corporate Governance Report

2009年本公司共舉行了4次海內外路演和業績推介活動及1次網上路演，參加國內外證券金融機構組織的投資論壇、推介會共10次，同時公司通過日常接待境內外證券分析員、基金經理及其它投資機構現場調研及參觀，與投資者舉行小組會或單對單會議共計100餘場次，與證券分析員、基金經理進行電話會議100餘次，取得了良好的效果。報告期內，公司榮獲英國《IR Magazine》頒發的「2009年度中小市值公司最佳投資者關係大獎」。該獎項的獲得，證明公司的合規運作和信息披露獲得了市場和投資者的廣泛認可。

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，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。

In 2009, the Company totally sponsored 4 domestic and overseas road-shows and results presentations, and 1 on-line road-show, participated in 10 investment forums and presentations organized by domestic and overseas securities financial institutions, and held over 100 group meetings or one-on-one meetings with investors through arranging the site research and visits paid by the national and international securities analysts, fund managers and other investing institutions, and arranged over 100 conference calls with securities analysts and fund managers, which were fruitful. During the reporting period, the Company was awarded the “Grand prix for best overall investor relations among small and mid-cap companies for the year of 2009” by the *IR Magazine* in the U.K., which showed the compliant operations and information disclosure of the Company had obtained gross acknowledgement from the market and the investors.

3. Other interest-related parties

The Company is of view that, it should insist on the operations with integrity and fulfilment 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 environmental protection activities while keeping on steady growth of its operational results.

A good corporate governance is helpful to the healthy 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、2009年中國啤酒市場簡況

Profile of China beer market in 2009

- 國際金融危機對中國啤酒市場影響較輕，全國啤酒產量達到4,294萬千升，同比增長4.7%，連續多年成為世界啤酒產銷量最大的啤酒市場。
As the international financial crisis did not bring too much impact to China's beer market, the national output volume of beer reached 429.4 million hl, representing an increase of 4.7% comparing with that of the same period in last year, which helped it be the largest beer market in term of output volume in the world for successive years.

- 進口大麥價格迅速回落及其它原材料價格繼續低位運行，使啤酒行業整體盈利狀況明顯改善。
The overall profitability of the beer industry obtained a great improvement as the price of imported barley dropped back significantly, and that of other raw materials continued to be kept at a low level.
- 啤酒市場增長幅度放緩和產能過剩，使行業供求矛盾仍較突出，競爭異常激烈。
The lower growth in the market and the overmuch of output capacity led to serious conflicts between the sales and the supplies, which resulted in a severe competition.
- 大型啤酒企業憑借品牌、渠道(市場銷售網絡)以及完善的市場布局等優勢，增長速度高於行業平均水平，行業集中度進一步提升。
The beer industry became more concentrative as the growth rate of large breweries, by relying on the advantages including brand, channel (sales and marketing networks) and the improved market layouts, higher than that of the average level of the beer industry.

孫明波先生
Mr. SUN Ming Bo

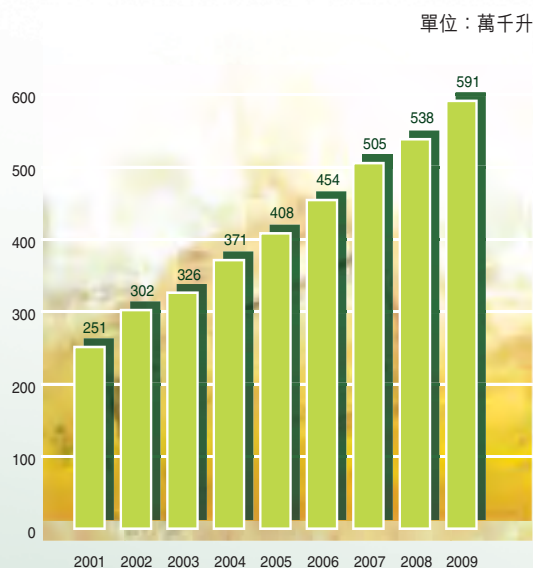


管理層討論與分析 Management Discussion and Analysis

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

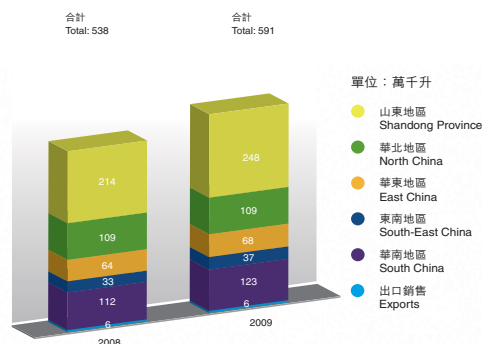
1、銷量增長趨勢

Trend of growth of sales volume



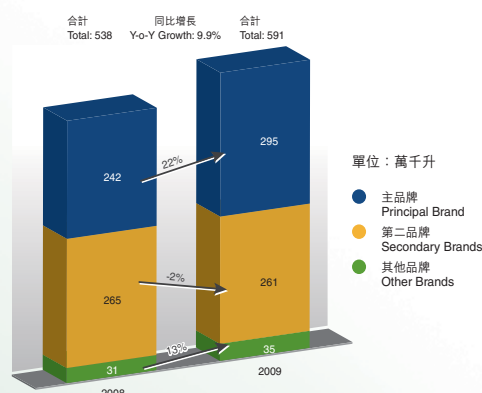
2、分地區啤酒銷量

Sales volume of beer in geographical regions



3、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 Main Finance during the Reporting Period (In accordance with the PRC GAAP)

(I) 公司主營業務及經營情況分析

Analysis to principal business and operational situations of the Company

2009年度公司實現啤酒銷售量591萬千升，同比增長9.9%；實現銷售淨收入177.61億元人民幣，同比增長12.5%；實現歸屬於母公司股東的淨利潤12.53億元人民幣，同比增長79.2%，繼續呈現淨利潤增幅高於銷售收入、銷售收入增幅高於銷量的良好發展態勢。

In 2009, the Company's sales volume of beer reached 59.1 million hl, representing an increase of 9.9% comparing with that of the same period in prior year; net sales revenue reached RMB17.761 billion, representing an increase of 12.5% comparing with that of the same period in prior year; net profits attributable to the shareholders of parent company reached RMB1.253 billion, representing an increase of 79.2% comparing with that of the same period in prior year, which continued to show a good development trend in which the growth in net profit was greater than the increase in sales income, which was in turn greater than the increase in sales volume.

管理層討論與分析 Management Discussion and Analysis

單位：人民幣千元
Unit: RMB'000

| 利潤構成項目 Items under profit | | 2009年度 Year of 2009 | 2008年度 Year of 2008 | 增減額 Increased/ (Decreased) amount | 增減幅度 Increased/ (Decreased) percent |
|------------------------------|---|---------------------------|---------------------------|--|--|
| 營業收入 | Operating incomes | 18,026,108 | 16,023,442 | 2,002,666 | 12.5% |
| 營業成本 | Operating costs | 10,285,132 | 9,509,013 | 776,119 | 8.2% |
| 銷售費用 | Distribution costs | 3,484,403 | 2,972,028 | 512,375 | 17.2% |
| 管理費用 | Administrative expenses | 998,141 | 902,134 | 96,007 | 10.6% |
| 財務費用 | Finance costs | 62,854 | 45,613 | 17,241 | 37.8% |
| 資產減值損失 | Impairment losses for assets | 67,852 | 179,092 | (111,240) | (62.1%) |
| 公允價值變動收益 ／(損失) | Gain/(Loss) on fair value of financial instruments | (1,763) | 24,564 | (26,327) | (107.2%) |
| 投資收益／(損失) | Investment incomes/(losses) | 10,067 | (27,104) | 37,171 | 137.1% |
| 營業外收入 | Non-operating gains | 213,327 | 154,665 | 58,662 | 37.9% |
| 營業外支出 | Non-operating losses | 62,719 | 35,449 | 27,270 | 76.9% |

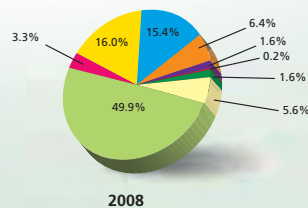
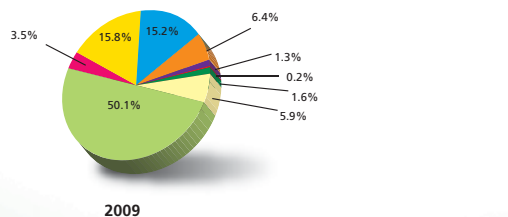
- (1) 營業收入同比增加12.5%，主要原因：一是報告期內優化產品銷售結構，主品牌所佔比重增加；二是報告期內公司主營產品銷售增長趨勢較好，銷售量增長，使得營業收入提高所致。

The operating incomes increased 12.5% from the previous year, which was mainly due to: firstly, the percent of principal brand increased as it optimized the product and sales mix during the reporting period; secondly, during the reporting period the operating incomes increased as the sales volume increased with the satisfying growth trend of the sales of principal products.

- (2) 營業成本
Operating costs

2009年本集團營業成本同比增長8.2%。主要原因是報告期內公司銷售規模的擴大，使得營業成本提高所致。有關生產成本結構比例如下：

In 2009, the operating costs of the Group increased 8.2% from the previous year, which was mainly due to the increase of operating costs caused by the expansion of sales scale during the reporting period. The structure of production cost is as follows:



- (3) 期間費用
Expenses during the period

- (i) 2009年銷售費用同比增加17.2%，主要原因是報告期內公司產品結構優化，高端產品銷售量增長較高，促銷費用增長所致。

In 2009, the distribution costs increased 17.2% from the previous year, which was mainly due to the rise of promotional fees driven by the growth of sales volume of high-end products resulting from the optimization of product mix during the reporting period.

- (ii) 2009年管理費用同比增加10.6%，主要原因是報告期內公司產銷量增長，運行支出增加及職工薪酬增長所致。

In 2009, the administrative expenses increased 10.6% from the previous year, which was mainly due to the increase of production and sales volume, operational expenses and staff's remuneration during the reporting period.

- (iii) 2009年財務費用同比增加37.8%，主要原因是報告期內人民幣匯率趨於穩定，匯兌收益同比减少所致。

In 2009 the finance costs increased 37.8% from the previous year, which was mainly due to the decrease of revenues from foreign exchange from the previous year as the exchange rate of Renminbi got to steady during the reporting period.

管理層討論與分析 Management Discussion and Analysis

(4) 資產減值損失

Impairment losses for assets

2009年資產減值損失同比減少62.1%，主要原因是報告期內公司計提的固定資產減值損失減少所致。

In 2009, the impairment losses for assets decreased 62.1% from the previous year, which was mainly due to the decrease of accrued impairment losses for fixed assets of the Company during the reporting period.

(5) 公允價值變動收益／(損失)

Gain/(Loss) on fair value of financial instruments

2009年公允價值變動收益同比減少107.2%，主要原因是上年同期遠期外匯交易合同到期交割增加公允價值變動收益較大所致；

In 2009, the gain on fair value of financial instruments decreased 107.2% from the previous year, which was mainly due to the big increase of the gain on fair value of financial instruments on fair value of financial instruments as the settlement of some expiring long-term foreign exchanges transaction agreements of the same period in previous year.

(6) 投資收益／(損失)

Investments incomes/(losses)

2009年投資收益同比增加137.1%，主要原因報告期內公司出售持有的交通銀行股票增加投資收益所致。

In 2009, the investment incomes increased 137.1% from the previous year, which was mainly due to the increase of investment incomes from the sales of shares held by the Company in Bank of Communications during the reporting period.

(7) 營業外收入

Non-operating gains

2009年營業外收入比去年增加37.9%，主要原因為子公司本年收到的政府補助增加所致。

In 2009, the non-operating gains increased 37.9% from the previous year, which was mainly due to the increase of subsidies received by the subsidiaries from the government in the year.

(8) 營業外支出

Non-operating losses

2009年營業外支出同比增加76.9%，主要原因是部分子公司搬遷處置固定資產損失增加所致。

In 2009, the non-operating losses increased 76.9%, which was mainly due to the increase of losses from the disposition of fixed assets resulting from the relocation of some subsidiaries.

(II) 資產負債構成情況說明

Explanation of Composition of Assets/Liabilities

單位：人民幣千元
Unit: RMB'000

| 經營成果項目 Items | | 2009年 12月31日 31 December 2009 | 2008年 12月31日 31 December 2008 | 增減額 Increased/ (Decreased) amount | 增減幅度 Percentage of Increase/ (Decrease) |
|-----------------|--|--|--|--|--|
| 貨幣資金 | Cash and bank | 5,350,581 | 2,393,510 | 2,957,071 | 123.5% |
| 交易性金融資產 | Derivative financial instruments | — | 1,763 | (1,763) | (100.0%) |
| 預付帳款 | Prepayments | 139,233 | 225,456 | (86,223) | (38.2%) |
| 存貨 | Inventories | 1,877,379 | 2,756,337 | (878,958) | (31.9%) |
| 其他流動資產 | Other current assets | 9,979 | 55,276 | (45,297) | (81.9%) |
| 可供出售金融資產 | Available-for-sale financial assets | — | 4,416 | (4,416) | (100.0%) |
| 長期股權投資 | Long-term investments | 152,818 | 34,366 | 118,452 | 344.7% |
| 遞延所得稅資產 | Deferred income tax assets | 240,843 | 94,930 | 145,913 | 153.7% |
| 短期借款 | Short-term borrowings | 153,472 | 414,907 | (261,435) | (63.0%) |
| 應付票據 | Bills payable | 89,828 | 146,983 | (57,155) | (38.9%) |
| 應付職工薪酬 | Payrolls payable | 524,189 | 284,893 | 239,296 | 84.0% |
| 應交稅費 | Taxes payable | 467,030 | 317,676 | 149,354 | 47.0% |
| 一年內到期的 非流動負債 | Non-current liabilities to expire within 1 year | 28,341 | 112,490 | (84,149) | (74.8%) |
| 長期借款 | Long-term borrowings | 28,267 | 15,868 | 12,399 | 78.1% |
| 專項應付款 | Specific accounts payable | 13,035 | 136,997 | (123,962) | (90.5%) |
| 其他非流動負債 | Other non-current liabilities | 171,134 | 81,738 | 89,396 | 109.4% |
| 資本公積 | Other reserves | 4,194,817 | 3,025,716 | 1,169,101 | 38.6% |
| 未分配利潤 | Retained earnings | 2,055,206 | 1,206,404 | 848,802 | 70.4% |

管理層討論與分析 Management Discussion and Analysis

(1) 貨幣資金

Cash and bank

2009年貨幣資金期末比期初增加123.5%，主要原因是報告期內經營活動產生的現金淨流量增加和公司發行的認股權證在本報告期內權募集資金所致。

In 2009, the cash and bank of the year end increased 123.5% from the year beginning, which was mainly due to, during the reporting period, the increase of net cash-flow from the business activities and the proceeds from the exercising of the warrants of the bonds with warrants issued by the Company.

(2) 交易性金融資產

Derivative financial instruments

2009年交易性金融資產期末比期初減少100%，主要原因是報告期內遠期外匯交易合同到期交割所致。

In 2009, the derivative financial instruments of the year end decreased 100% from the year beginning, which was mainly due to the settlement of the long-term foreign exchange transaction agreements expired during the reporting period.

(3) 預付帳款

Prepayments

2009年預付帳款期末比期初減少38.2%，主要原因是報告期內減少使用預付帳款結算方式所致。

In 2009, the prepayments of the year end decreased 38.2% from the year beginning, which was mainly due to the decrease of settlements with prepayments during the reporting period.

(4) 存貨

Inventories

2009年存貨期末比期初減少31.9%，主要原因是報告期內減少主要原材料儲備及部分主要原材料庫存平均成本下降所致。

In 2009, the inventories of the year end decreased 31.9% from the year beginning, which was mainly due to the decrease of storage of main raw materials and the average cost of some main raw materials during the reporting period.

(5) 其他流動資產

Other current assets

2009年其他流動資產期末比期初減少81.9%，主要原因是報告期末預繳的企業所得稅減少所致。

In 2009, the other current assets of the year end decreased 81.9% from the year beginning, which was mainly due to the decrease of pre-paid enterprise income tax at the end of the reporting period.

(6) 可供出售金融資產

Available-for-sale financial assets

2009年可供出售金融資產期末比期初減少100%，主要因為報告期內公司出售持有的交通銀行股票所致。

In 2009, the available-for-sale financial assets of the year end decreased 100% from the year beginning, which was mainly due to the sale of shares held by the Company in Bank of Communications during the reporting period.

(7) 長期股權投資

Long-term investments

2009年長期股權投資期末比期初增加344.7%，主要原因是報告期內公司收購煙臺朝日啤酒39%股權所致。

In 2009, the long-term investments of the year end increased 344.7% from the year beginning, which was mainly due to the acquisition of 39% equity interests in Yantai Asahi Brewery by the Company during the reporting period.

(8) 遞延所得稅資產

Deferred income tax assets

2009年遞延所得稅資產期末比期初增加153.7%，主要原因是待付費用增加使得確認的遞延所得稅資產增加所致。

In 2009, the deferred income tax assets of the year end increased 153.7% from the year beginning, which was mainly due to the increase of deferred income tax assets resulting from the increase of the accrued expenses pending for payment.

(9) 應付票據

Bills payable

2009年應付票據期末比期初減少38.9%，主要原因是報告期末開具的承兌票據減少所致。

In 2009, the bills payable of the year end decreased 38.9% from the year beginning, which was mainly due to the decrease of accepted bills issued at the end of the reporting period.

管理層討論與分析 Management Discussion and Analysis

(10) 應付職工薪酬

Payrolls payable

2009年應付職工薪酬期末比期初增加84.0%，主要原因是報告期內計提的職工工資獎金及內退員工薪酬使得職工薪酬餘額增加所致。

In 2009, the payrolls payable of the year end increased 84.0% from the year beginning, which was mainly due to the increase of balance of staff remunerations resulting from the accrued staff salary and allowance, and the remunerations of internally retiring staff.

(11) 應交稅費

Taxes payable

2009年應交稅費期末比期初增加47.0%，主要原因是報告期內公司銷售收入和利潤總額增加使得應交增值稅、所得稅增加所致。

In 2009, the taxes payable of the year end increased 47.0% from the year beginning, which was mainly due to the increase of value-added tax payable and income tax payable resulting from the increase of total amount of sales earnings and profits of the Company during the reporting period.

(12) 一年內到期的非流動負債

Non-current liabilities to expire within 1 year

2009年一年內到期的非流動負債期末比期初減少74.8%，主要原因是報告期內償還A-B Jade借款所致。

In 2009, the non-current liabilities to expire within 1 year of the year end decreased 74.8% from the year beginning, which was mainly due to the repayment of the borrowings from A-B Jade during the reporting period.

(13) 專項應付款

Specific accounts payable

2009年專項應付款期末比期初減少90.5%，主要原因是部分子公司搬遷項目實施，動用政府搬遷補償款所致。

In 2009, the specific accounts payable of the year end decreased 90.5% from the year beginning, which was mainly due to the utilization of relocating compensations provided by the government as some of the subsidiaries carried out the relocating projects during the reporting period.

(14) 其他非流動負債

Other non-current liabilities

2009年其他非流動負債期末比期初增加109.4%，主要原因是部分子公司搬遷項目逐步實施，按照搬遷進度逐步確認的遞延收益增加所致。

In 2009, the other non-current liabilities of the year end increased 109.4% from the year beginning, which was mainly due to the increase of deferred earnings gradually confirmed against the process of the relocation with the carrying out of the relocating projects of some of the subsidiaries.

(15) 銀行借款

Banking borrowings

2009年短期借款期末比期初減少63.0%，主要原因是本報告期內公司利用自有資金歸還部分短期借款所致。

In 2009, the short-term borrowings of the year end decreased 63.0% from the year beginning, which was mainly due to the repayment of some short-term borrowings by the Company with own funds during the reporting period.

2009年長期借款期末比期初增加78.1%，主要原因是香港公司借入交通銀行港幣借款所致。

In 2009, the long-term borrowings of the year end increased 78.1% from the year beginning, which was mainly due to the borrowings in Hong Kong dollars from Bank of Communications by the subsidiary in Hong Kong.

2009年期末本集團銀行借款共為2.08億元人民幣，其中短期借款153,472千元人民幣，長期借款54,481千元人民幣。長期借款中：1年以內到期部分26,214千元人民幣，1至5年22,557千元人民幣，超過5年5,710千元人民幣。

By the end of 2009, the total amount of banking borrowings of the Group was RMB208 million, in which including RMB153,472 thousand of short-term borrowings and RMB54,481 thousand of long-term borrowings. Among the long-term borrowings, those will expire within 1 year are amounted to RMB26,214 thousand, those will expire in 1-5 years are amounted to RMB22,557 thousand, and those will expire over 5 years are amounted to RMB5,710 thousand.

管理層討論與分析 Management Discussion and Analysis

2009年期末本集團銀行借款按借款幣種分為人民幣借款81,000千元人民幣，港幣借款110,899千元人民幣，歐元借款10,003千元人民幣，丹麥克朗借款6,051千元人民幣。

By the end of 2009, the borrowings in Renminbi were amounted to RMB81,000 thousand, borrowings in Hong Kong dollars were amounted to RMB110,899 thousand, borrowings in Euro were amounted to RMB10,003 thousand, and borrowings in Danish krone were amounted to RMB6,051 thousand.

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4.827%、1.314%。

All borrowings of the Group are affected by the interest fluctuation, and the effective annual interest rate for the borrowings in Renminbi and Hong Kong dollars as of the settling date is 4.827% and 1.314% respectively.

(III) 現金流量情況分析

Analysis of currency flow

(16) 資本公積

Other reserves

2009年資本公積期末比期初增加38.6%，主要原因是報告期內公司發行的認股權證行權增加的股本溢價所致。

In 2009, the other reserves of the year end increased 38.6% from the year beginning, which was mainly due to the increase premium of share capital resulting from the exercising of the warrants of the bonds with warrants, during the reporting period, of the bonds with warrants issued by the Company.

(17) 未分配利潤

Retained earnings

2009年未分配利潤期末比期初增加70.4%，主要原因是本報告期淨利潤增加所致。

In 2009, the retained earnings of the year end increased 70.4% from the year beginning, which was mainly due to the increase of net profits at the end of the reporting period.

單位：人民幣千元
Unit: RMB'000

| 項目 Item | | 2009年度 Year of 2009 | 2008年度 Year of 2008 | 增減額 Increased/ Decreased amount | 增減幅度 Increased/ Decreased percent |
|-------------------|--|------------------------|------------------------|--|--|
| 經營活動產生的 現金流量淨額 | Net amount of cash flow from operating activities | 3,361,001 | 1,509,486 | 1,851,515 | 122.7% |
| 投資活動產生的 現金流量淨額 | Net amount of cash flow from investing activities | (909,883) | (853,987) | (55,896) | 6.5% |
| 籌資活動產生的 現金流量淨額 | Net amount of cash flow from financing activities | 471,555 | 441,990 | 29,565 | 6.7% |
| 現金及現金等價 物淨增加額 | Net increased amount of cash and cash equivalents | 2,926,531 | 1,096,402 | 1,830,129 | 166.9% |

管理層討論與分析 Management Discussion and Analysis

- (1) 2009年經營活動產生的現金流量淨額同比增加122.7%，主要原因：一是報告期內公司主營產品銷售增長趨勢較好，銷售商品的收入較高；二是部分主要原材料價格下降，存貨庫存佔用減少及減少預付款結算方式所致。

In 2009, the net amount of cash flow from operating activities increased 122.7% from the previous year, which mainly due to that, firstly, during the reporting period, the revenues from sales was high with the satisfying growth trend of sales of principal products of the Company; secondly, the prices of some main raw materials fell, the decrease of inventories and the decrease of pre-payments.

- (2) 2009年投資活動產生的現金流量淨額同比增加6.5%，主要原因是本報告期內收到的搬遷補償款同比減少所致。

In 2009, the net amount of cash flow from investing activities increased 6.5% from the previous year, which mainly due to that the compensations received for relocation decreased from the previous year during the reporting period.

- (3) 2009年籌資活動產生的現金流量淨額同比增加6.7%，主要原因是報告期償還債務金額小於去年同期所致。

In 2009, the net amount of cash flow financing activities increased 6.7% from the previous year, which mainly due to the less amount of repayment of the debts during the reporting period from the previous year.

(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2009年12月31日的債務資本率為13.0%（2008年12月31日：15.9%）。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 2009, the Group's debt/capital ratio was 13.0% (15.9% on 31 December 2008), the calculation of debt/capital is: total amount of long-term borrowings/(total amount of long-term borrowings + shareholders' interests attributable to the parent company).

(2) 資產抵押

Assets mortgage

於2009年12月31日，本集團銀行借款均非抵押擔保借款（二零零八年十二月三十一日：無）

As of 31 December 2009, none of the banking facilities of the Group were the borrowings with mortgage (As of 31 December 2008, nil)

(3) 匯率波動風險

Risk of flexible exchange rate

由於本集團目前用於主品牌生產的原材料大麥主要依賴進口，因此匯率的變動將會間接影響本集團的原材料價格，從而對本集團的盈利能力產生一定影響。

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

(4) 資本性開支

Capital expenses

2010年公司將對資本性開支實施重點控制，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 2010, the Company will focus on the control over the capital expenses, and 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 inflow 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注。

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注。

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

公司第六屆董事會成員簡介 Directors



金志國先生
Mr. JIN Zhi Guo

金志國先生，1956年出生，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, born in 1956, is the Senior Economist with EMBA at China Europe International Business School and Ph.D at Qingdao University. He ever served as General Manager of Tsingtao Brewery (Xi'an) Company Limited, General Manager of Tsingtao Brewery North Office, 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, sales and 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
Mr. WANG Fan

王帆先生，1953年出生，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，青島啤酒集團有限公司副董事長。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, born in 1953, obtained Master's Degree of Engineering at Xi'an Jiaotong University. He ever served as Superintendent of Qingdao Product Quality Supervision & Test Institute, Deputy Director of Qingdao Economic Commission, Director of Qingdao Labor and Social Security Bureau. Mr. WANG is currently Vice Chairman, Secretary to China Communist Party of the Company, and Vice Chairman 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
Mr. SUN Ming Bo

孫明波先生，1956年出生，南開大學EMBA碩士，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，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、生產技術管理及併購重組經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。

Mr. SUN Ming Bo, born in 1956, is the Applied Researcher of engineering series with EMBA at Nankai University and Doctorial Degree of Management and Engineering at Tongji University. Mr. SUN ever served as Deputy Factory Manager and Chief Engineer of Tsingtao Brewery No. 1, Assistant to 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



劉英弟先生
Mr. LIU Ying Di

劉英弟先生，1956年出生，高級工程師。曾任青島啤酒廠副廠長、本公司副總經理，現任本公司執行董事，青島啤酒集團有限公司董事、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, born in 1956, is the Senior Engineer. He ever served as Deputy Factory Manager of Tsingtao Brewery, and Deputy General Manager of the Company. Mr. LIU is currently Executive Director of the Company, Executive Director and Vice President of Tsingtao Brewery Group Company Limited with substantial experience in management of production technology, information and construction 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.



孫玉國先生
Mr. SUN Yu Guo

孫玉國先生，1954年出生，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, born in 1954, is the non-practical member of The Chinese Institute of Certified Public Accountant and The Chinese Institute of Certified Public Valuator. He ever 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.



付洋先生
Mr. FU Yang

付洋先生，1949年出生。曾任全國人大法制工作委員會經濟法室副主任、中華全國律師協會第三、四、五屆副會長，現任本公司獨立非執行董事，中國國際航空股份有限公司獨立非執行董事，北京市康達律師事務所合夥人、主任，中國國際經濟貿易仲裁委員會仲裁員。主要參加過經濟合同法、涉外經濟合同法、礦產資源法、藥品管理法、公司法、環保法等40餘部法律的制訂工作。

Mr. FU Yang, born in 1949, ever served as Deputy Director of the Economic Law Office in the Commission of Legislative Affairs of National People’s Congress, Vice Chairman of the 3rd, 4th and 5th All China Lawyers Association. He is currently Independent Non-executive Director of the Company, Independent Non-executive Director of Air China Limited, Partner and Director of Kang Da Law Firm in Beijing, Arbitrator of China International Economic and Trade Arbitration Commission. Mr. FU participated in preparation of over 40 laws such as *Economic Contract Law*, *Law on Economic Contracts Involving Foreign Interest*, *Mineral Resources Law*, *Law on the Administration of Drugs*, *Company Law*, and *Environmental Protection Law*.

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



李燕女士
Ms. LI Yan

李燕女士，1957年出生。現任本公司獨立非執行董事，北京華力創通科技股份有限公司獨立董事，中央財經大學財政學院副院長、教授，中國法學會財稅法學研究會理事，全國財政學教學研究會理事。主編出版國家級重點教材、專著多部，主持了包括國家社會科學基金項目在內的多項重大課題，並參與了多項國家級、省部級課題的研究，做為全國人大財經委諮詢專家參與了我國《稅收徵管法》、《預算法》等法律的制定、修改，長期在企業任財稅顧問，有豐富的財稅理論與實踐經驗。

Ms. LI Yan, born in 1957, is currently Independent Non-executive Director of the Company, Independent Director of Hwa Create Co., Ltd. in Beijing, Vice President and Professor in the Finance School at Central University of Finance and Economics, member of China Finance and Taxation Law Society and member of National Institute of Teaching Study of Finance. She has obtained sufficient financial and tax theories and substantial practical experience through publishing a couples of books and national textbooks as chief editor, hosting dozens of significant subjects including the project of the National Social Science Fund, participating in the researches on the State and provincial subjects, and participating in the preparation and revision of laws including *Law of Administration of Taxes Collection and Budget Law* as consulting expert of Finance and Economy Committee of National People's Congress. She also serves as financial consultant in the companies for a considerable period.



潘昭國先生
Mr. POON Chiu Kwok

潘昭國先生，1962年出生，獲英國倫敦大學法律深造證書，並持有法律學士學位、國際會計學碩士學位及商業學學士學位。曾任深圳中航集團股份有限公司獨立非執行董事（於2009年6月離任），現任本公司獨立非執行董事，華寶國際控股有限公司（在香港聯交所上市）執行董事，香港證券專業學會會員及其特邀講師、其專業教育委員會委員，英國特許秘書及行政人員公會及香港特許秘書公會會員。具有監管、商業及投資銀行的工作經歷，在金融及證券法規方面擁有廣泛的經驗。

Mr. POON Chiu Kwok, born in 1962, obtained a postgraduate certificate in laws at London University in U.K. He also has Bachelor's Degree of Laws, Business Studies and Master's Degree of International Accounting. Mr. POON was ever Independent Non-executive Director of CATIC Shenzhen Holdings Ltd. (ceased from the position in June 2009), and is currently Independent Non-executive Director of the Company, Executive Director of Huabao International Holdings Limited (listed on the Stock Exchange), member and Associate Instructor of Hong Kong Securities Institute ("HKSI"), member of Professional Education Commission of HKSI, member of Institute of Chartered Secretaries and Administrators, and member of Hong Kong Institute of Chartered Secretaries. He ever worked in the fields of regulation, commerce and investment banking, which equipped him with extensive experience in finance and securities regulations.



王樹文女士
Ms. WANG Shu Wen

王樹文女士，1963年出生，中國人民大學企業管理博士畢業。現任本公司獨立非執行董事，中國海洋大學法政學院教授、副院長，MPA教育中心副主任。主持或參與國家級、省部級等課題研究10餘項，撰寫的「現代公司法人治理結構研究」、「我國管理層收購融資體制問題研究」等文章在國家級及核心期刊發表，編寫了《走向21世紀的中國經濟》、《企業成長與矛盾管理》等著作。

Ms. WANG Shu Wen, born in 1963, obtained Doctorial Degree of Enterprise Management at Renmin University of China. She is currently Independent Non-executive Director of the Company, Professor and Vice President of Law and Politics School, and Vice Dean of MPA Program Center of Ocean University of China. Ms. WANG has sponsored or participated in more than 10 national and provincial research subjects, in which her articles such as *A Study on Modern Corporation Governance Structure*, and *A Study on Financing System of Management Buy-out in China* were published in the national or core journals. She also has works including *Chinese Economy towards the 21st Century* and *Enterprise Growth and Contradictory Management*.

董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management



山崎史雄先生
Mr. Fumio YAMAZAKI

山崎史雄先生，1950年出生，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，朝日啤酒株式會社常務執行董事兼中國代表部總代表，深圳青島啤酒朝日有限公司董事，煙台啤酒青島朝日有限公司董事長職務。長期負責酒類銷售業務，積累了豐富的市場拓展經驗。

Mr. Fumio YAMAZAKI, born in 1950, graduated from business administration at Kwansai Gakuin University. He ever 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.



唐駿先生
Mr. TANG Jun

唐駿先生，1962年出生，博士學位，北京大學和美國德克薩斯大學等多所大學的特聘教授。曾任微軟全球技術中心總經理，微軟中國公司總裁，盛大網絡公司總裁，現任本公司非執行董事，新華都實業集團股份有限公司總裁兼CEO。擁有多年的海外創業及資本運作、市場開拓經驗，曾獲得中國年度CEO，中國十大傑出職業經理人，中國十大營銷人物等榮譽。

Mr. TANG Jun, born in 1962, is the distinguished professor of several universities including Peking University and The University of Texas in U.S. with doctoral degree. He ever served as General Manager of Microsoft Global Technical Engineering Center, President of Microsoft China Co., Ltd. and President of Shanda Interactive Entertainment Co. Ltd. He is currently Non-executive Director of the Company, and President & CEO of New Huadu Group Co. Ltd. He has considerable experience in starting overseas business, capital operations and market exploration. Mr. Tang was awarded China Yearly CEO, China Top Ten Professional Executives, China Top Ten Marketing Talents, and etc.

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

公司第六屆監事會成員簡介 Supervisors



杜常功先生
Mr. DU Chang Gong

杜常功先生，1953年出生。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。具有豐富的財政管理和企業管理經驗。

Mr. DU Chang Gong, born in 1953, was ever Deputy Commissioner, Accountant-in-Chief in Qingdao Finance Bureau. He is currently Chairman of the Board of Supervisors of the Company, Chairman of the Board of Supervisors in Enterprises Directly under Qingdao Government, Chairman of the Board of Supervisors of Tsingtao Brewery Group Company Limited, Qingdao Double Star Group Co., Ltd. and Qingdao Textile Co., Ltd. with rich experience in financial and enterprise management.



滕安功先生
Mr. TENG An Gong

滕安功先生，1950年出生。曾任青島市委政治體制改革工作研究室副主任、市委政策研究室研究員，本公司黨委副書記、工會主席、青島啤酒集團有限公司董事，現任本公司職工監事、青島啤酒集團有限公司監事。具有豐富的政策研究和企業管理經驗。

Mr. TENG An Gong, born in 1950, ever served as Deputy Head of Researching Office of Political Body Reform, and Researcher of Policy Researching Office in Qingdao Municipal Commission, Vice Secretary to the Party and Chairman of Staff Union of the Company, and Director of Tsingtao Brewery Group Company Limited. He is currently Supervisor as Staff Representative of the Company, and Supervisor of Tsingtao Brewery Group Company Limited with rich experience in policy research and corporate management.



曹向東先生
Mr. CAO Xiang Dong

曹向東先生，1951年出生。曾任青島啤酒二廠、青島啤酒廠廠長，青島啤酒華東營銷有限公司總經理、董事長，本公司總經理助理、副總裁，現任本公司職工監事、青島啤酒集團有限公司監事。具有豐富的市場管理和企業管理經驗。

Mr. CAO Xiang Dong, born in 1951, ever served as Factory Manager of Tsingtao Brewery No. 2 and Tsingtao Brewery Factory, General Manager and Chairman of Shanghai Tsingtao Brewery East China Sales Company Limited, Assistant to General Manager and Vice President of the Company. He is currently Supervisor as Staff Representative of the Company, and Supervisor of Tsingtao Brewery Group Company Limited with substantial experience in market and corporate management.

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
Mr. XUE Chao Shan

薛超山先生，1958年出生，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、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, born in 1958, graduated from EMBA course at Xiamen University. He ever 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. Mr. XUE is currently Supervisor as Staff Representative of the Company and Factory Manager of Tsingtao Brewery Factory with rich experience in marketing and corporate management.



劉清遠先生
Mr. LIU Qing Yuan

劉清遠先生，1948年出生，畢業於青島科技大學。曾任青島市市南區律師事務所律師，青島市市南區政府法律顧問，現任本公司股東監事，山東天和人律師事務所主任，青島律師協會常務理事、副會長。具有長期的法律工作經驗。

Mr. LIU Qing Yuan, born in 1948, graduated from Qingdao Sci-technology University. He ever served as lawyer of Qingdao Shinan District Law Firm, and Law Consultant of the Government of Shinan District of Qingdao. Mr. LIU is currently Supervisor as Shareholders Representative of the Company, Director of Shandong Tianheren Law Firm, Standing Director and Vice Chairman of Qingdao Lawyers Society with substantial experience in legal affairs for a long period.



鐘明山先生
Mr. ZHONG Ming Shan

鐘明山先生，1952年出生，曾任青島會計師事務所副所長、山東德盛有限責任會計師事務所所長，現任本公司股東監事，信永中和會計師事務所審計合夥人、青島分所主任會計師。具有長期的審計工作經驗。

Mr. ZHONG Ming Shan, born in 1952, was ever Deputy Head of Qingdao CPA Services, and Head of Shandong Desheng CPA Ltd. He is currently Supervisor as Shareholders Representative of the Company, audit partner of Shinewing Certified Public Accountants and Chief Accountant of its Qingdao Branch with a long history in auditing work.



小路明善先生
Mr. Akiyoshi KOJI

小路明善先生，1951年出生，畢業於日本青山學院大學法學部。曾任朝日啤酒東京支社特約店銷售部長、人事部副部長兼人事科長、人事戰略部部長，朝日飲料株式會社的常務執行董事及專務董事，現任本公司股東監事，朝日啤酒株式會社常務董事及常務執行董事。負責朝日啤酒經營戰略、人事戰略以及業務促進和財務工作，積累了豐富的酒類及飲料銷售經驗。

Mr. Akiyoshi KOJI, born in 1951, graduated from Law Department at Aoyama Gakuin University. He ever served as General Manager of Sales Section for Wholesalers at Tokyo Branch Office, Deputy Manager and Section Head of Human Resources Dept., General Manager of Human Resource Strategy Dept. of Asahi Breweries, Managing Director and Senior Managing Director of Asahi Soft Drinks Co., Ltd. Mr. KOJI is currently Supervisor as Shareholders Representative of the Company, Managing Director and Managing Executive Officer of Asahi Breweries, Ltd. He is in charge of corporate strategy, human resource strategy, business promotion and finance work of Asahi Breweries, which helps accumulate considerable experiences in sales of its alcohol and soft drink businesses.

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



嚴旭女士
Ms. YAN Xu

嚴旭女士，1964年出生，北京大學EMBA工商管理碩士。曾任珠江啤酒集團董事兼副總經理，青島啤酒華南營銷有限公司總經理，現任本公司副總裁兼營銷中心總裁。具有豐富的市場營銷和企業管理經驗，2006年中國十大經濟女性年度人物，2008年中國改革開放三十年女性新聞人物，2009年中國職業女性榜樣獎。

Ms. YAN Xu, born in 1964, obtained EMBA at Peking University. She ever served as Director & Deputy General Manager of Zhujiang River Brewery Group Company, and General Manager of Tsingtao Brewery South China Sales Company Limited. Ms. YAN is currently Vice President of the Company and President of Marketing Center with rich experience in marketing. She was awarded 2006 China Top Ten Economic Female, 2008 China Female News Personality for the 30-Year of Opening Up, and 2009 Example of China Professional Females.



樊偉先生
Mr. FAN Wei

樊偉先生，1959年出生，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中心總裁。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, born in 1959, is Applied Researcher of engineering series with a Master's Degree at Southern Yangtze University. He ever served as Deputy Factory Manager, Chief Engineer of Tsingtao Brewery No. 2 and Chief Brewer of the Company. Mr. FAN is currently Vice President of the Company & President of Manufacturing Center 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.



姜宏女士
Ms. JIANG Hong

姜宏女士，1956年出生，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，現任本公司副總裁。具有豐富的生產管理和人力資源管理經驗，2006年中國傑出人力資源管理者，2009年青島市優秀經濟女性。

Ms. JIANG Hong, born in 1956, is Senior Economist with EMBA at Nankai University. She ever served as Factory Manager of Tsingtao Brewery 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 Vice President of the Company with rich experience in production and HR management. She was awarded 2006 China Outstanding HR Manager and 2009 Qingdao Outstanding Economic Female.



張安文先生
Mr. ZHANG An Wen

張安文先生，1957年出生，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, born in 1957, obtained EMBA at Business Management College of Xi'an Jiaotong University. He ever served as Deputy Manager, General Manager of Tsingtao Brewery (Xi'an) Company Limited. Mr. ZHANG is currently Vice President of the Company with rich experience in production and 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
Mr. DONG Jian Jun

董建軍先生，1960年出生，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, born in 1960, is the Applied Researcher of the engineering series with Doctorial Degree of Ferment Engineering at Tianjin University of Science & Technology. He ever served as Chief Engineer of Tsingtao Brewery No. 2, and Head of Quality Management Dept. of the Company. Mr. DONG 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.



于嘉平先生
Mr. YU Jia Ping

于嘉平先生，1962年出生，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，現任本公司製造中心副總裁。具有豐富的生產運營管理及商務管理經驗。

Mr. YU Jia Ping, born in 1962, EMBA at China Europe International Business School. He ever served as Factory Manager of Tsingtao Brewery No. 2, Factory Manager of Tsingtao Brewery Factory, and Assistant to President & Head of Qingdao Office of the Company. Mr. YU is currently Vice President of Production Center of the Company with rich experience in production and operations management, and business management.



楊華江先生
Mr. YANG Hua Jiang

楊華江先生，1962年出生，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，現任本公司營銷中心副總裁。具有豐富的市場營銷及企業管理經驗。

Mr. YANG Hua Jiang, born in 1962, is Senior Economist with Doctorial Degree of Management Science at Xi'an Jiaotong University. He ever served as Head of Corporate Management Dept., Head of Marketing Dept., and Assistant to President & Head of Marketing Management Dept. of the Company. Mr. YANG is currently Vice President of Marketing Center with rich experience in marketing and business management.

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



黃克興先生
Mr. HUANG Ke Xing

黃克興先生，1962年出生，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，現任本公司副總裁。具有豐富的啤酒行業戰略管理、投資管理及併購管理經驗。

Mr. HUANG Ke Xing, born in 1962, is Senior Engineer with EMBA at Guanghai School of Management of Peking University. He ever served as General Manager of Tsingtao Brewery Engineering Company Limited, and Assistant to President & Head of Strategic Investment Management Dept. of the Company. Mr. HUANG is currently Vice President of the Company with substantial experience of strategic, investing and M&A management in the beer industry.



張學舉先生
Mr. ZHANG Xue Ju

張學舉先生，1954年出生。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, born in 1954, ever served as Head of Finance Dept., General Manager of sales company and Vice President of the Company. He is currently Secretary to the Board of Directors of the Company with rich experience of sales and financial management.

重要事項 Significant Events

一. 報告期內發生的關連交易事項

在綜合財務報表附註37所披露的若干關聯方交易根據上市規則亦構成關連交易。於本部分及標題為「報告期內公司對外投資事項」的部分內所列載的此類交易，本公司已根據上市規則的規定作出相關公布(如需要)。

1. 本公司於2009年4月22日與煙台啤酒青島朝日有限公司(「煙台啤酒」)簽署《產品經銷合同》，本公司取得銷售所有煙台啤酒產品之權利。由於煙台啤酒(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，根據上市規則的規定，煙台啤酒為本公司的關連人士的聯繫人，而根據《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。根據《產品經銷合同》，預計本公司在2009年4月22日至2009年12月31日、2010年1月1日至2010年12月31日、2011年1月1日至2011年12月31日期間為2009、2010及2011年每個截至12月31日結束之財政年度，應支付給煙台啤酒的總採購金額將根據年度交易金額上限分別為人民幣43,953萬元、49,248萬元及52,973萬元。本公司於2009年6月16日召開的年度股東年會已審議通過了該持續關連交易議案，因朝日啤酒對於《產品經銷合同》擁有重大利益，已就該議案放棄投票。有關該關連交易事項的其他詳情請見公司於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。

I. Connected Transactions Occurred during the Reporting Period

Certain related party transactions as disclosed in Note 37 to the Financial Statements also constituted connected transactions under the *Listing Rules*. Such transactions are set out in this section and the section headed “External Investments of the Company during the Reporting Period” which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the *Listing Rules*.

1. The Company had on 22 April 2009 entered into the *Product Distribution Agreement* with Yantai Beer Tsingtao Asahi Company Limited (“Yantai Beer”), whereby the Company obtained the rights for the distribution of all products of Yantai Beer. 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 and the transactions contemplated under the *Product Distribution Agreement* thus constituted continuing connected transactions under the *Listing Rules* subject to the votes for approval by independent shareholders. It is expected that the aggregate annual purchase price payable by the Company to Yantai Beer under the *Product Distribution Agreement* for the period from 22 April 2009 to 31 December 2009, the period from 1 January 2010 to 31 December 2010 and the period from 1 January 2011 to 31 December 2011 for each of the financial years ending 31 December 2009, 2010 and 2011 shall not exceed the cap amount of RMB439,530,000, RMB492,480,000 and RMB529,730,000 respectively. The said resolution for the continuing connected transaction had been considered and approved at the annual general meeting of the Company held on 16 June 2009, at which Asahi Breweries abandoned its voting right for the resolution as it held material interests in the *Product Distribution Agreement*. For other 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 on the websites of the stock exchanges on which the shares of the Company are listed.



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2. 經本公司董事會審議批准，2009年5月8日，本公司控股子公司——深圳青島啤酒朝日有限公司（「深朝日」）與朝日啤酒及其全資附屬公司朝日啤酒（上海）產品服務有限公司（「朝日上海」）簽訂兩份《產品銷售合同》，朝日啤酒及朝日上海同意向深朝日購買「朝日」品牌啤酒產品。預計2009年5月8日至2009年12月31日，朝日啤酒向深朝日支付的總採購金額不超過人民幣84,650,000元；及朝日啤酒（上海）向深朝日支付的總採購金額不超過人民幣10,470,000元。朝日啤酒是深朝日的主要股東（持有29%權益）及本公司主要股東（持有約19.99%權益），根據上市規則之規定，朝日啤酒及朝日上海構成本公司關連人士，深朝日向朝日啤酒及朝日上海出售產品之交易構成需本公司做出申報及公佈的持續性關連交易，但無需獲得本公司獨立股東批准。有關該持續關連交易事項的其他詳情請見本公司於2009年5月8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。本公司之獨立非執行董事已審核上述各項持續關連交易，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) 是根據有關交易的協議條款進行，而交易條款公平合理並符合本公司股東的整體利益；

本公司董事會委聘本公司核數師就本集團上述的持續關連交易執行若干協定程序。核數師已向董事會彙報結果，確認了上市規則第14A.38條所述事項。

3. 股東亦請注意本公司於2009年5月18日有關深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，深朝日成為本公司的關連人士，深朝日與本

2. Upon the approval by the Board, Shenzhen Tsingtao-Asahi Company Limited (“Shenzhen Asahi”), a controlling subsidiary of the Company, had on 8 May 2009 entered into two *Product Sales Agreements* respectively with Asahi Breweries and a wholly-owned subsidiary of Asahi Breweries, Asahi Beer (Shanghai) Product Services Co., Ltd. (“Asahi Beer (Shanghai)”), whereby Asahi Breweries and Asahi Beer (Shanghai) agreed to purchase the beer products under the brand of “Asahi” from Shenzhen Asahi. It is expected that the aggregate purchase price payable by Asahi Breweries from 8 May 2009 to 31 December 2009 shall not exceed the cap amount of RMB84,650,000; and the aggregate purchase price payable by Asahi Beer (Shanghai) to Shenzhen Asahi from 8 May 2009 to 31 December 2009 shall not exceed the cap amount of RMB10,470,000. As Asahi Breweries is a substantial shareholder (holding 29% equity interests) of Shenzhen Asahi and a substantial shareholder of the Company (holding approximately 19.99% equity interests), pursuant to the *Listing Rules*, Asahi Breweries and Asahi Beer (Shanghai) are connected persons of the Company, and the transactions under the two *Product Sales Agreement* thus constituted continuing connected transactions and were subject to the reporting and announcements requirements, but were exempt from the approval by the independent shareholders requirement. For other details of these continuing connected transactions, please refer to the announcement of the Company published on 8 May 2009 on the websites of the stock exchanges on which the shares of the Company are listed.

During the reporting period, the aforesaid continuing connected transactions were carried out pursuant to the above agreements. The independent non-executive directors of the Company had reviewed the aforesaid continuing connected transactions 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 provided to the independent third party or not worse than those offered by the independent third party;
- (3) on the terms of the agreement 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 board of Directors engaged the auditors of the Company to perform certain agreed upon procedures in respect of the aforesaid continuing connected transactions of the Group. The auditors have reported their findings to the board of Directors and confirmed the matters stated under Rule 14A.38 of the Listing Rules.

3. Shareholders’ attention is also drawn to the announcement of the Company of 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

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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請見本公司於2009年5月18日在本公司上市地交易所網站發佈的公告。

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。

4. 於2009年3月9日，本公司的全資子公司深圳市青島啤酒華南投資有限公司（「華南投資」）與珠海市門門縣皇妹企業集團有限公司（「賣方」）簽訂轉讓協議（「轉讓協議」）。據此，華南投資以總代價人民幣2,560萬元收購賣方在青島啤酒（珠海）有限公司（「青啤珠海」）的出售資本及終止繳付商標使用費用。

由於賣方乃青啤珠海的主要股東，賣方為本公司的關連人士，轉讓協議之簽訂亦構成本公司的關連交易。有關該關連交易事項的其他詳情請見本公司於2009年3月9日在本公司上市地交易所網站發佈的公告。

5. 於2009年7月27日，本公司與青島啤酒集團有限公司（「青啤集團」）簽訂股權託管協議（「託管協議」），以支付青啤集團人民幣9百萬元的代價對青島啤酒（濟南）的突泉銷售有限公司（「目標公司」）實施託管經營，並將其賬目併入本集團財務報表。目標公司於2008年設立，青啤集團於2009年6月向獨立第三方收購其全部股權。青啤集團是本公司的主要股東，根據上市規則的規定，構成本公司關連人士，簽署託管協議即構成本公司的關連交易。有關該關連交易事項的其他詳情，請見本公司於2009年7月29日在本公司上市地交易所網站發佈的公告。

Company and the transactions between Shenzhen Asahi and certain members 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 exchanges on which the shares of the Company are listed.

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

4. On 9 March 2009, Shenzhen Tsingtao Brewery South China Investment Company Limited (“South China Investment”), a wholly-owned subsidiary of the Company, entered into the transfer agreement (the “Transfer Agreement”) with Zhuhai Doumen County Emperor Younger Sister Enterprise Group Limited (the “Vendor”), whereby South China Investment acquired the sale capital of Tsingtao Brewery (Zhuhai) Company Limited (“Tsingtao Zhuhai”) from the Vendor and terminated the trademark fee payable by Tsingtao Zhuhai to the Vendor, at a total consideration of RMB25.6 million.

As the Vendor is a substantial shareholder of Tsingtao Zhuhai, a non-wholly owned subsidiary of the Company, the Vendor is a connected person of the Company and the entering into of the Transfer Agreement constituted a connected transaction of the Company under the Listing Rules. For other details of the connected transaction, please refer to the announcement of the Company published on 9 March 2009 on the websites of the stock exchanges on which the shares of the Company are listed.

5. On 27 July 2009, the Company and Tsingtao Brewery Group Company Limited (“Tsingtao Group”) entered into an equity custodian agreement (“Custodian Agreement”) whereby the Company would at a consideration of RMB9,000,000 being paid to Tsingtao Group be entitled to all custodian rights in relation to the equity of the Tsingtao Brewery (Jinan) Bao Tu Quan Sales Company Limited (“Target Company”) and the rights in relation to the equity of the Target Company and the accounts of the Target Company would be consolidated into the financial statement of the Group. The Target Company was established in 2008, whose entire equity interests were acquired in June 2009 by Tsingtao Group from an independent third party. As Tsingtao Group is a substantial shareholder of the Company, Tsingtao Group is a connected person of the Company and the entering into of the Custodian Agreement constituted a connected transaction of the Company under the Listing Rules. For other details of the connected transaction, please refer to announcement of the Company published on 29 July 2009 on the websites of the stock exchanges on which the shares of the Company are listed.

II. 報告期內公司對外投資事項

1. 2009年6月，本公司附屬公司 — 深圳市青島啤酒華南投資有限公司與中鐵十六局集團鐵運工程有限公司（「鐵運公司」）簽訂股權轉讓協議，約定由華南投資以人民幣9,320,668元的價格受讓取得鐵運公司持有的青島啤酒（郴州）有限公司（「郴州公司」）11.2%的少數股權，並於2009年8月辦理完畢上述股權轉讓的工商變更手續。按照上市規則的規定，鐵運公司為持有郴州公司11.2%股權的

II. External Investments of the Company during the Reporting Period

1. In June 2009, Shenzhen Tsingtao Brewery South China Investment Company Limited, a subsidiary of the Company, entered into an equity transfer agreement with Railway Transportation Construction Company of China Railway No. 16 Bureau Group (“Railway Transportation Company”), whereby South China Investment agreed to acquire 11.2% minority equity interests of Tsingtao Brewery (Chenzhou) Company Limited (“Chenzhou Company”) held by Railway Transportation Company for a consideration of RMB9,320,668, and the process for

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主要股東，為本公司的關連人士，上述交易因此構成本公司的關連交易，但該交易適用的各項百分比比率均未超越上市規則第14A.33條下之最低豁免水平。

2. 2009年9月29日，本公司附屬公司青島啤酒第五有限公司（「第五公司」）與朝日啤酒（中國）投資有限公司（「朝日投資」）簽訂股權轉讓協議，約定由第五公司以人民幣1元的價格受讓取得朝日投資持有的青島青啤朝日飲品有限公司（「朝日飲品」）60%股權，並於2010年1月辦理完畢上述股權轉讓的工商變更手續，朝日飲品名稱亦變更為「青島啤酒飲料有限公司」，並由第五公司全資擁有。日本朝日啤酒株式會社為持有本公司已發行總股本約19.74%的主要股東，按照上市規則的規定，其附屬公司朝日投資為本公司的關連人士，第五公司受讓股權之交易因此構成本公司的關連交易，但該交易適用的各項百分比比率均未超越上市規則第14A.33條下之最低豁免水平。

change of registration at the industrial and commercial administration for the transfer of the aforesaid equity interests had been completed in August 2009. As Railway Transportation Company is a substantial shareholder of Chenzhou Company holding 11.2% equity interests in the Chenzhou Company and is a connected person of the Company, thus the aforesaid transaction constituted a connected transaction under the *Listing Rules*, but all applicable percentage ratios in relation to the transaction did not exceed the de minimis thresholds under Rule 14A.33 of the *Listing Rules*.

2. Tsingtao Brewery No. 5 Company Limited (“No. 5 Company”), a subsidiary of the Company, had on 29 September 2009 entered into an equity transfer agreement with Asahi Beer (China) Investment Co., Ltd. (“Asahi Investment”), whereby No. 5 Company agreed to acquire 60% equity interests held by Asahi Investment in Qingdao Tsingtao-Asahi Beverage Company Limited (“Asahi Beverage”) for a consideration of RMB1.00. The procedures for change of registration at the industrial and commercial administration for the transfer of the aforesaid equity interests had been completed in January 2010, and Asahi Beverage was renamed as “Tsingtao Brewery Beverage Company Limited” and became a wholly-owned subsidiary of No. 5 Company. As Asahi Breweries, Ltd. is a substantial shareholder of the Company holding 19.74% of the entire issued share capital of the Company, Asahi Investment, its subsidiary, is the connected person of the Company and the transaction regarding the transfer of the equity interests to No. 5 Company thus constituted a connected transaction of the Company under the *Listing Rules*, but all applicable percentage ratios in relation to the transaction did not exceed the de minimis thresholds under Rule 14A.33 of the *Listing Rules*.

三. 報告期內公司提供擔保及委託貸款事項

經本公司董事會批准，截至報告期末，本公司為下屬控股子公司的承兌匯票業務提供擔保的總金額為人民幣45,500萬元。詳情請見本公司於2010年2月1日發出之公告。

III. Guarantees and Trusted Loans Provided by the Company during the Reporting Period

As at the end of the reporting period, upon the approval by the Board, the total amount guaranteed by the Company for the accepted bills of exchange of its controlling subsidiaries was RMB455 million. For details, please refer to the announcement published on 1 February 2010 by the Company.



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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102,487萬元。

四. 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%股權進行受托管理，並將揚州公司納入財務報表合併範圍。

五. 報告期後公司重大投資事項

經公司董事會審議批准，2010年3月1日，公司與青啤集團簽訂股權轉讓協議，本公司通過青島產權交易所(「青島產交所」)公開交易的方式受讓青啤集團所持有的目標公司全部股權，本次股權轉讓的交易對價為人民幣17,416萬元。其作價參考了目標公司的淨資產價值估值以及掛牌價格而釐定，於協議生效後的5個工作日內，本公司需向青啤集團在青島產交所的指定賬戶付清收購股權之全部對價。公司董事會(包括獨立非執行董事)認為，本次交易有利於公司在中國山東省濟南地區啤酒市場業務的長期發展，及符合本公司打造濟南核心基地市場的經營戰略。本次交易定價屬公平合理，並符合公司及其股東的整體利益。於本次股權轉讓完成後，托管協議即告終止。有關交易的詳情請見公司於2010年3月2日刊載於上市地交易所網站之公告。

During the reporting period, no event in relation to entrusted financial management had occurred. To secure the production and operation of its subsidiaries, upon the approval by the Board, trusted loans with an aggregated amount of approximately RMB1,024.87 million were provided by the Company to its controlling subsidiaries.

IV. Other Events during the Reporting Period

1. During the reporting period, the Company did not involve in newly arose significant litigations or arbitration affairs.
2. Under the *Entrusted Operation and Management Agreement* and its supplemental agreement entered into between the Company and Tsingtao Group, during the reporting period, the Company continued to manage 80% equity interests held by Tsingtao Group in Tsingtao Brewery (Yangzhou) Company Limited (“Yangzhou Company”) as its custodian and the financial statements of Yangzhou Company were consolidated into the Group’s accounts.

V. Significant Investments after the Reporting Period

Upon the approval by the Board, the Company had on 1 March 2010 entered into an equity transfer agreement with Tsingtao Group, whereby the Company agreed to acquire the entire equity held by Tsingtao Group in the Target Company in the tender auction process in Qingdao Property Rights Exchange (“QDPREx”) for a consideration of RMB174.16 million. Such consideration was arrived at with reference to the valuation of the net asset value and the bidding price of the Target Company. The Company was required to make full payment for the consideration for the acquisition of the equity to the account designated by QDPREx within 5 working days after the agreement took effect. The Board (including the independent non-executive Directors) was of the view that the transaction would be beneficial to the Company’s long-term development of the business in the beer market in Jinan, Shandong Province, PRC, and was in line with the operational strategies of the Company to build its core base market in Jinan. The transaction was fair and reasonable, on normal commercial terms and was in the interests of the Company and the Shareholders as a whole. The custodian agreement was terminated upon the completion of the subject equity transfer. For details of the transaction, please refer to the announcement published on 2 March 2010 on the websites of the stock exchanges where the shares of the Company are listed.



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Independent Auditor's Report



羅兵咸永道會計師事務所

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TO THE SHAREHOLDERS OF TSINGTAO BREWERY COMPANY LIMITED

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Tsingtao Brewery Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 144, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8 April 2010

Balance Sheets

| | Note | Group | | Company | |
|---|------|-------------------|-------------------|-------------------|------------------|
| | | As at 31 December | | As at 31 December | |
| | | 2009 | 2008 | 2009 | 2008 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Leasehold land and land use rights | 6 | 818,477 | 842,077 | 62,183 | 64,031 |
| Property, plant and equipment | 7 | 5,605,900 | 5,617,314 | 899,317 | 917,609 |
| Investment property | | — | — | 19,681 | 20,253 |
| Prepayment for land use rights | | — | 17,442 | — | 17,442 |
| Intangible assets | 8 | 423,841 | 249,468 | 188,510 | 102,230 |
| Investments in subsidiaries | 9(a) | — | — | 3,765,442 | 3,782,143 |
| Loans to subsidiaries | 9(b) | — | — | 928,713 | 1,218,383 |
| Interests in jointly controlled entity and associates | 10 | 147,449 | 28,697 | 126,625 | 7,200 |
| Deferred income tax assets | 22 | 240,843 | 94,930 | 95,397 | 11,796 |
| Available-for-sale financial assets | 13 | 5,369 | 10,085 | 4,685 | 7,055 |
| Other long-term assets | | 11,814 | 10,987 | 4,965 | 2,733 |
| | | <u>7,253,693</u> | <u>6,871,000</u> | <u>6,095,518</u> | <u>6,150,875</u> |
| Current assets | | | | | |
| Inventories | 15 | 1,877,379 | 2,756,337 | 405,246 | 643,698 |
| Amounts due from subsidiaries | | — | — | 315,030 | 262,890 |
| Trade and other receivables | 14 | 375,821 | 454,345 | 122,289 | 116,641 |
| Derivative financial instruments | | — | 1,763 | — | 1,763 |
| Income tax recoverable | 17 | 9,979 | 55,276 | — | 45,979 |
| Pledged bank deposits | | 43,006 | 12,466 | 28,845 | — |
| Cash and cash equivalents | 16 | 5,307,575 | 2,381,044 | 3,646,814 | 1,408,380 |
| | | <u>7,613,760</u> | <u>5,661,231</u> | <u>4,518,224</u> | <u>2,479,351</u> |
| Total assets | | <u>14,867,453</u> | <u>12,532,231</u> | <u>10,613,742</u> | <u>8,630,226</u> |
| EQUITY | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 18 | 1,350,983 | 1,308,219 | 1,350,983 | 1,308,219 |
| Other reserves | 20 | 5,081,834 | 3,835,057 | 5,149,458 | 3,929,089 |
| Retained earnings | 19 | | | | |
| — Proposed final dividend | | 216,157 | 327,055 | 216,157 | 327,055 |
| — Others | | 1,571,606 | 611,907 | 838,036 | 361,093 |
| | | <u>8,220,580</u> | <u>6,082,238</u> | <u>7,554,634</u> | <u>5,925,456</u> |
| Minority interest | | <u>342,574</u> | <u>335,377</u> | <u>—</u> | <u>—</u> |
| Total equity | | <u>8,563,154</u> | <u>6,417,615</u> | <u>7,554,634</u> | <u>5,925,456</u> |

Balance Sheets

| | Note | Group | | Company | |
|--|-------|-------------------|-------------------|-------------------|------------------|
| | | As at 31 December | | As at 31 December | |
| | | 2009 | 2008 | 2009 | 2008 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 21 | 1,230,139 | 1,157,508 | 1,198,896 | 1,137,179 |
| Deferred income tax liabilities | 22 | 34,281 | 13,117 | — | — |
| Deferred government grants | 23 | 184,169 | 194,198 | — | 10,710 |
| Other financial liabilities | | 11,168 | 36,515 | — | — |
| | | 1,459,757 | 1,401,338 | 1,198,896 | 1,147,889 |
| Current liabilities | | | | | |
| Trade and other payables | 24 | 4,449,805 | 4,086,931 | 1,629,941 | 1,284,362 |
| Current income tax liabilities | | 212,925 | 98,949 | 60,271 | — |
| Loan due to a former shareholder | 37(e) | — | 107,890 | — | — |
| Borrowings | 21 | 181,812 | 419,508 | 170,000 | 272,519 |
| | | 4,844,542 | 4,713,278 | 1,860,212 | 1,556,881 |
| Total liabilities | | 6,304,299 | 6,114,616 | 3,059,108 | 2,704,770 |
| Total equity and liabilities | | 14,867,453 | 12,532,231 | 10,613,742 | 8,630,226 |
| Net current assets | | 2,769,218 | 947,953 | 2,658,012 | 922,470 |
| Total assets less current liabilities | | 10,022,911 | 7,818,953 | 8,753,530 | 7,073,345 |

The notes on pages 77 to 144 are an integral part of these financial statements.

The financial statements on pages 71 to 144 were approved by the Board of Directors on 8 April 2010 and were signed on its behalf.

JIN Zhiguo
Director

SUN Yuguo
Director

Consolidated Income Statement

| | Note | Year ended 31 December | |
|--|-------|------------------------|------------------|
| | | 2009 RMB'000 | 2008 RMB'000 |
| Sales | 5 | 17,760,536 | 15,781,382 |
| Cost of goods sold | 27 | (11,655,094) | (10,770,245) |
| Gross profit | | 6,105,442 | 5,011,137 |
| Distribution costs | 27 | (3,475,050) | (2,974,159) |
| Administrative expenses | 27 | (1,003,123) | (907,087) |
| Other gains — net | 25 | 246,762 | 166,769 |
| Other operating losses — net | 26 | (37,689) | (117,883) |
| Operating profit | | 1,836,342 | 1,178,777 |
| Finance costs | 29 | (98,959) | (70,711) |
| Share of profit of jointly controlled entity and associates — net | | 1,950 | 23 |
| Profit before income tax | | 1,739,333 | 1,108,089 |
| Income tax expense | 30(a) | (440,221) | (374,317) |
| Profit for the year | | 1,299,112 | 733,772 |
| Profit attributable to: | | | |
| — Equity holders of the Company | | 1,253,291 | 699,554 |
| — Minority interest | | 45,821 | 34,218 |
| | | 1,299,112 | 733,772 |
| Earnings per share attributable to equity holders of the Company during the year (expressed in RMB per share) | | | |
| — Basic earnings per share | 32 | 0.953 | 0.535 |
| — Diluted earnings per share | 32 | 0.953 | 0.535 |
| Dividends | 33 | 216,157 | 327,055 |

The notes on pages 77 to 144 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

| | <i>Note</i> | Year ended 31 December | |
|--|-------------|------------------------|------------------------|
| | | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
| Profit for the year | | 1,299,112 | 733,772 |
| Other comprehensive income: | | | |
| Available-for-sale financial assets, net of tax | 20(a) | (2,409) | (7,603) |
| Currency translation differences | 20(a) | 240 | 156 |
| Other comprehensive income for the year, net of tax | | (2,169) | (7,447) |
| Total comprehensive income for the year | | 1,296,943 | 726,325 |
| Attributable to: | | | |
| — Equity holders of the Company | | 1,251,122 | 692,365 |
| — Minority interest | | 45,821 | 33,960 |
| Total comprehensive income for the year | | 1,296,943 | 726,325 |

The notes on pages 77 to 144 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

| | Note | Attributable to equity holders of the Company | | | Minority | Total |
|--|-------|---|------------------|-------------------|------------------|------------------|
| | | Share capital | Other reserves | Retained earnings | interest | equity |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2008 | | 1,308,219 | 3,632,861 | 568,105 | 479,150 | 5,988,335 |
| Comprehensive income | | | | | | |
| Profit for the year | | — | — | 699,554 | 34,218 | 733,772 |
| Other comprehensive income | | | | | | |
| Available-for-sale financial assets, net of tax | 20(a) | — | (7,345) | — | (258) | (7,603) |
| Currency translation differences | 20(a) | — | 156 | — | — | 156 |
| Total other comprehensive income | | — | (7,189) | — | (258) | (7,447) |
| Total comprehensive income | | — | (7,189) | 699,554 | 33,960 | 726,325 |
| Transactions with owners | | | | | | |
| Acquisition of minority interests in subsidiaries | 20(a) | — | (115,442) | — | (151,312) | (266,754) |
| Convertible bonds — equity component, net of transaction costs and tax | 20(a) | — | 283,064 | — | — | 283,064 |
| Profit appropriation to surplus reserve | 19 | — | 40,889 | (40,889) | — | — |
| Contribution from minority shareholders | | — | — | — | 5,085 | 5,085 |
| Dividends relating to 2007 | 33 | — | — | (287,808) | (33,077) | (320,885) |
| Others | | — | 874 | — | 1,571 | 2,445 |
| Total transactions with owners | | — | 209,385 | (328,697) | (177,733) | (297,045) |
| Balance at 31 December 2008 | | 1,308,219 | 3,835,057 | 938,962 | 335,377 | 6,417,615 |
| Balance at 1 January 2009 | | 1,308,219 | 3,835,057 | 938,962 | 335,377 | 6,417,615 |
| Comprehensive income | | | | | | |
| Profit for the year | | — | — | 1,253,291 | 45,821 | 1,299,112 |
| Other comprehensive income | | | | | | |
| Available-for-sale financial assets, net of tax | 20(a) | — | (2,409) | — | — | (2,409) |
| Currency translation differences | 20(a) | — | 240 | — | — | 240 |
| Total other comprehensive income | | — | (2,169) | — | — | (2,169) |
| Total comprehensive income | | — | (2,169) | 1,253,291 | 45,821 | 1,296,943 |
| Transactions with owners | | | | | | |
| Acquisition of minority interests in subsidiaries | 20(a) | — | 27,174 | — | (92,664) | (65,490) |
| Acquisition of a subsidiary | 9(a)v | — | — | — | 82,617 | 82,617 |
| Profit appropriation to surplus reserve | 19 | — | 77,435 | (77,435) | — | — |
| Proceeds from shares issued | 18 | 42,764 | 1,144,337 | — | — | 1,187,101 |
| Dividends relating to 2008 | 33 | — | — | (327,055) | (28,577) | (355,632) |
| Total transactions with owners | | 42,764 | 1,248,946 | (404,490) | (38,624) | 848,596 |
| Balance at 31 December 2009 | | 1,350,983 | 5,081,834 | 1,787,763 | 342,574 | 8,563,154 |

The notes on pages 77 to 144 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

| | Note | Year ended 31 December | |
|--|-------|------------------------|------------------|
| | | 2009 RMB'000 | 2008 RMB'000 |
| Cash flows from operating activities | | | |
| Cash generated from operations | 34 | 3,748,558 | 2,059,303 |
| Interest received | 25 | 41,087 | 30,051 |
| Income tax paid | | (428,644) | (609,870) |
| Net cash generated from operating activities | | 3,361,001 | 1,479,484 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment ('PP&E') and intangible assets | | (720,350) | (893,052) |
| Purchase of equity shares in an associate | 10(b) | (120,025) | — |
| Purchase of minority interests | | (86,167) | (178,060) |
| Net cash (increase)/decrease in short-term bank and other deposits | | (27,453) | 22,708 |
| Cash received from government grants | | 23,000 | 204,613 |
| Cash received from disposal of available-for-sale financial assets | | 8,526 | — |
| Proceeds from disposal of PP&E and intangible assets | 34 | 7,602 | 6,745 |
| Dividend received | | 2,602 | 3,443 |
| Acquisition of a subsidiary, net of cash acquired | 9(a)v | 944 | 5,397 |
| Cash received/(paid) from disposal of derivative financial instruments | | 756 | (25,781) |
| Proceeds from disposal of investment in an associate | 10(b) | 682 | — |
| Net cash used in investing activities | | (909,883) | (853,987) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | | (1,021,529) | (1,356,104) |
| Dividends paid to the Company's shareholders | | (326,956) | (305,808) |
| Dividends paid to minority interests | | (33,570) | (25,745) |
| Interest paid for bank borrowings and convertible bonds | | (37,538) | (53,649) |
| Net cash (paid)/received for pledged deposit of bills | | (4,637) | 1,712 |
| Cash paid for finance lease | | (2,565) | (2,458) |
| Proceeds from shares issued | 18 | 1,187,101 | — |
| Proceeds from issuance of convertible bonds | | — | 1,464,543 |
| Proceeds from borrowings | | 711,249 | 714,414 |
| Contributions from minority shareholders | | — | 5,085 |
| Net cash from financing activities | | 471,555 | 441,990 |
| Net increase in cash and cash equivalents | | 2,922,673 | 1,067,487 |
| Cash and cash equivalents at beginning of the year | | 2,381,044 | 1,314,643 |
| Exchange gains/(losses) on cash and cash equivalents | | 3,858 | (1,086) |
| Cash and cash equivalents at end of the year | 16 | 5,307,575 | 2,381,044 |

The notes on pages 77 to 144 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 General information

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

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 company on 27 December 1995. Its 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 Company’s registered address is No 56, Dengzhou Road, Qingdao, PRC.

These financial statements are presented in RMB, unless otherwise stated.

The English names of some of the companies referred to in the financial statements represent unofficial translations of their registered Chinese names by management and these English names have not been legally adopted by these entities.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRSs as of 1 January 2009:

- HKFRS 7 “Financial Instruments — Disclosures” (amendment) (effective 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- HKAS 1 (revised), “Presentation of financial statements” (effective 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) New and amended standards adopted by the Group (continued)

- HKAS 23 (Revised), “Borrowing costs” (effective 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The change in accounting policy had no material impact on the Group.
- HKFRS 8, “Operating segments” (effective 1 January 2009). HKFRS 8 replaces HKAS 14, “Segment reporting”, and aligns segment reporting with the requirements of the US standard SFAS 131, “Disclosures about segments of an enterprise and related information”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes.

The Group is mainly engaged in the production and distribution of beer products. The internal reporting provided to the chief operating decision-maker is provided on a basis of geographical segment which is the similar to previously reported, accordingly, the change in accounting policy had no material impact on the Group.

- HKAS 36 (Amendment), “Impairment of assets” (effective 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Since the change in accounting policy only impacts presentation aspects, there is no impact on the Group’s financial statements.
- HKAS 38 (Amendment), “Intangible assets” (effective 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The adoption did not result in material impact on the Group’s financial statements.
- HKAS 23 (Amendment), “Borrowing costs” (effective 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 “Financial instruments: Recognition and measurement”. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The adoption did not result in material impact on the Group’s financial statements.
- HKAS 28 (Amendment), “Investments in associates” (and consequential amendments to HKAS 32, “Financial Instruments: Presentation” and HKFRS 7, “Financial instruments: Disclosures”) (effective 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The adoption did not result in material impact on the Group’s financial statements.
- HKAS 19 (Amendment), “Employee benefits” (effective 1 January 2009).
 - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
 - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
 - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

The adoption did not result in material impact on the Group’s financial statements.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) Standards, amendments and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them.

- HKAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010. The Group has already chosen the similar accounting policy as HKAS 27 (revised) in prior years (Note 2.2).
- HKFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- HKAS 38 (amendment), 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. It is not expected to have a material impact on the Group's financial statements.
- HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and Company will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.
- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.
- HKAS 36, "Unit of accounting for goodwill impairment test" (effective from 1 January 2010). Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of HKFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of HKFRS 8). Management does not anticipate that this will result in a material impact to the Group's financial statements.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) Standards, amendments and interpretations to existing standards that are relevant to the Group but not yet effective and have not been early adopted by the Group (continued)

- HKFRS 2, “Scope of HKFRS 2 and HKFRS 3 (revised)” (effective for periods beginning on or after 1 January 2010). Amendment to confirm that, in addition to business combinations as defined by HKFRS 3 (revised) “Business combinations”, contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of HKFRS 2, “Share-based payment”. It is not expected to have a material impact on the Group’s financial statements.
- HKFRS 8, “Disclosure of information about segment assets” (effective for periods beginning on or after 1 January 2010). Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. It is not expected to have a material impact on the Group’s financial statements.
- HKAS 7, “Classification of expenditures on unrecognised assets” (effective for periods beginning on or after 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. It is not expected to have a material impact on the Group’s financial statements.
- HKAS 17, “Classification of leases of land and buildings” (effective for periods beginning on or after 1 January 2010). Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of HKAS 17. It is not expected to have a material impact on the Group’s financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill (Note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company’s balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity holders of the Company. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity.

(c) Jointly controlled entities/associates

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the ventures have their respective interests and establish a contractual arrangement among them to define joint control over the economic activity of the entity.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

(c) Jointly controlled entities/associates

Investments in jointly controlled entities/associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities/associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.7 for the impairment of non-financial assets including goodwill.

The Group's share of its jointly controlled entities'/associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity/an associate equals or exceeds its interest in the jointly controlled entity/associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity/associate.

Unrealised gains on transactions between the Group and its jointly controlled entities/associates are eliminated to the extent of the Group's interest in the jointly controlled entities/associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities/associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in jointly controlled entities/associates are recognised in the income statement.

In the Company's balance sheet, the interests in jointly controlled entities/associates are stated at cost less provision for impairment losses (Note 2.7). The results of jointly controlled entities/associates are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions, which consists of senior management led by the CEO and the president of the Group.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "other gains — net".

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|----------------------|---------------|
| Plants and buildings | 20 — 40 years |
| Machinery | 5 — 14 years |
| Motor vehicles | 5 — 12 years |
| Other equipment | 5 — 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains — net", in the income statement.

2.6 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) *Trademarks*

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. "TSINGTAO BEER" trademark has an indefinite useful life, accordingly, it is not subject to amortisation but annual impairment assessments. Other trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 10 years.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.6 Intangible assets *(continued)*

(c) Sales networks

Sales networks acquired in business combination are recognised at fair value at the acquisition date and sales networks acquired separately are stated at historical cost. Sales networks have finite useful lives and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the estimated useful lives of 10 years.

(d) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs those are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives of ten years.

(e) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(f) Technology known-how

Technology known-how of the Group is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the expected period of inflow of economic benefits of 10 years.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.7 Impairment of investments in subsidiaries, jointly controlled entities, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairments are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Note 2.14).

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of them within 12 months of the end of the reporting period.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.9 Financial assets *(continued)*

2.9.1 Classification *(continued)*

(d) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets. During the year, the Group did not hold such kind of financial assets.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other gains — net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “gains or losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.11 Impairment of financial assets *(continued)*

(a) Assets carried at amortised cost (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.12 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument or not. During the year, no derivatives had been designated as hedging instruments and they were all accounted for at fair value through profit and loss accordingly. Such changes in the fair value are presented in the consolidated income statement as “other gains — net”.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.19 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds with attached warrants subscription rights.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.21 Employee benefit

(a) Retirement benefit obligations

The employees of the Group stationed in the PRC are covered by various government-sponsored pension plans. These government agencies are responsible for the pension liability to these employees. The Group contributes on a monthly basis to these pension plans based on certain percentages of the salaries of the employees, subject to a certain ceiling. Under these plans, the Group has no legal or constructive obligation for retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

A subsidiary operating in Hong Kong has established a defined contribution mandatory provident fund scheme in accordance with the Mandatory Provident Fund legislation of the government of Hong Kong. It makes monthly contributions to the scheme based on 5% of the employees' basic salaries with the maximum amount of contribution made by the subsidiary and the employees being limited to HK\$12,000 (equivalent to RMB10,583) per annum per each employee. The Group's contributions to the defined contribution retirement scheme are expensed as incurred. The Group has no legal or constructive obligation for retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Housing funds

Employees are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(d) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.23 Revenue recognition

Revenue comprises 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 value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

The Group manufactures and sells beer products. Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectability of related receivables is reasonably assured.

The products are often sold with volume discounts. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the assets are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) including upfront payment made for leasehold land and land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies *(continued)*

2.25 Leases *(continued)*

The Group leases certain properties, plant and equipment. Leases of property, plant and equipment where the Group has substantially accepted all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.27 Investment property

Investment property, principally comprising buildings, is held for long term rental yields.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 40 years. The residual value and useful life of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the income statement when the changes arise.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) *Market risk*

(i) *Foreign exchange risk*

The foreign exchange risks of the Group occur due to the fact that the Group has financing activities and commercial transactions which are denominated in foreign currencies, primarily in Euro and US dollars. As the borrowings denominated in foreign currencies are not significant and the commercial transactions are mainly denominated in RMB, the directors are of the opinion that the Group's exposure to foreign exchange risk would be immaterial.

Notes to the Consolidated Financial Statements

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Company and the Group's interest bearing assets are mainly bank deposits, and loans to subsidiaries which bear fixed rates and expose the Company and the Group to fair value interest rate risk.

The Group's interest rate risk also arising from long-term borrowings. The Group's US dollar-denominated borrowings were issued at variable rates and exposed the Group to cash flow interest rate risk. The Group's RMB-denominated borrowings were issued at fixed rates and exposed the Group to fair value interest rate risk. To cover interest rate risk, the Group maintains the loan portfolio in a preferred fixed/floating interest rate mix and review regularly.

The directors are of the opinion that future interest rate changes would not lead to significant adverse impact on the Group's operating results.

At 31 December 2009, if interest rates on borrowings had increased/decreased 0.5% with all other variables held constant, post-tax profit for the year would have been approximately RMB1,455,000 (2008: RMB2,690,000) lower/higher, mainly as a result of higher/lower interest expense.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Group has limited its credit exposure by restricting their selection of financial institutions on those state-owned and PRC banks with good credit rating. Sales are mainly settled in cash or prepayment and there is no significant credit risk on trade customers.

Management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure adequate funds are available for its short term and long term requirements and compliance with the covenants as stipulated in the loans agreement.

Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements — for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts or time deposits with appropriate maturities or sufficient liquidity to provide sufficient head room as determined by the above mentioned forecasts.

Notes to the Consolidated Financial Statements

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk (continued)

The net cash generated from operating activities for the year 2009 with amount of approximately RMB3,361,001,000, together with the proceeds from issuance of ordinary shares with the amount of approximately RMB1,187,101,000, makes the net current assets of the Group reach to approximately RMB2,769,218,000 as at 31 December 2009 (2008: RMB947,953,000). Although most of the bank financing of the Group is in the form of short-term bank loans, the directors are of the view that the Group will be able to renew its short-term bank loan facilities upon maturity. In addition, the Group had unutilised banking facilities granted by certain banks in an aggregate amount of approximately RMB4,810,140,000 as at 31 December 2009 (Note 21(a)) which the Group could utilise in order to meet its short-term cash needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Comparative information has been restated as permitted by the amendments to HKFRS 7 for the liquidity risk disclosures.

| | Less than 1 year <i>RMB'000</i> | Between 1 and 2 years <i>RMB'000</i> | Between 2 and 5 years <i>RMB'000</i> | Over 5 years <i>RMB'000</i> |
|---|---------------------------------------|--|--|-----------------------------------|
| Group | | | | |
| At 31 December 2009 | | | | |
| Borrowings excluding finance lease liabilities | 179,686 | 16,315 | 1,506,242 | 5,710 |
| Finance lease liabilities | 2,565 | 2,565 | 640 | — |
| Trade and other payables excluding deposits and advances from customers | 4,178,789 | — | 11,168 | — |
| At 31 December 2008 | | | | |
| Borrowings and other loan excluding finance lease liabilities | 524,833 | 2,050 | 5,849 | 1,507,969 |
| Finance lease liabilities | 2,565 | 2,565 | 3,205 | — |
| Trade and other payables excluding deposits and advances from customers | 3,746,172 | — | 36,515 | — |
| Company | | | | |
| At 31 December 2009 | | | | |
| Borrowings | 170,000 | — | 1,500,000 | — |
| Trade and other payables excluding deposits and advances from customers | 1,497,570 | — | — | — |
| At 31 December 2008 | | | | |
| Borrowings | 272,519 | — | — | 1,500,000 |
| Trade and other payables excluding deposits and advances from customers | 1,131,418 | — | — | — |

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The Group has no derivative financial liabilities at 31 December 2009.

Notes to the Consolidated Financial Statements

3 Financial risk management *(continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) plus loan due to a shareholder. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus total debt.

The gearing ratios at 31 December 2009 and 2008 were as follows:

| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Total borrowings <i>(Note 21)</i> | 1,411,951 | 1,577,016 |
| Loan due to a former shareholder | — | 107,890 |
| Total debt | 1,411,951 | 1,684,906 |
| Total equity | 8,563,154 | 6,417,615 |
| Total capital | 9,975,105 | 8,102,521 |
| Gearing ratio | 14.15% | 20.79% |

The decrease in the gearing ratio during 2009 resulted primarily from the repayment of bank borrowings and loan due to the shareholder.

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 31 December 2009, the Group has no financial instruments that are measured at fair value need to be disclosed. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Notes to the Consolidated Financial Statements

4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of each identified cash-generating units 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 estimates (see Note 8).

For the year ended 31 December 2009, the Group had no impairment loss (2008: nil) on goodwill based on such calculations.

Impairment loss of goodwill would not need to be recognised even if the actual gross profit margin had been 5% lower or the pre-tax discounted rate had been 5% higher than management's estimates with all other variables held constant.

(b) Estimated impairment of property, plant and equipment

The Group also tests whether property, plant and equipment have suffered any impairment, whenever events or changes in circumstances, indicate that the carrying amount may not be recoverable in accordance with the accounting policy as stated in Note 2.7. Similar to impairment of goodwill, the recoverable amounts of the property, plant and equipments 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 estimates which are similar to (a) stated above.

For the year ended 31 December 2009, the Group recorded impairment losses amounting to approximately RMB40,834,000 (2008: RMB162,467,000) for property, plant and equipment based on such calculations (Note 7).

If the estimated gross profit margin had been 5% lower or pre-tax discount rate applied to the discounted cash flows adopted in the calculation had been 5% higher than management's estimates at 31 December 2009, the Group would have recognised a further impairment losses against property, plant and equipment by approximately RMB13,739,000 or RMB3,084,000.

If the estimated gross margin had been 5% higher or the pre-tax discounted rate had been 5% lower than management's estimates in 2009, the Group would be able to reduce impairment losses by approximately RMB17,196,000 or RMB3,199,000 that had been recognised on these assets in current year.

(c) Deferred income tax assets

As at 31 December 2009, a deferred income tax assets of approximately RMB240,843,000 has been recognised in the Group's balance sheet. As stated in Note 22, The Group had unrecognised deferred income tax assets aggregated to approximately RMB394,271,000 as at 31 December 2009, 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 income tax assets may arise accordingly.

Notes to the Consolidated Financial Statements

5 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. As the Group is mainly engaged in the production and distribution of beer products, the Executive Committee considers the business mainly from a geographic perspective.

The Executive Committee assesses the performance of the operating segments based on profit before income tax which is consistent with that in the financial statements. Other information, as noted below, is also provided to the Executive Committee.

The segment information provided to Executive Committee for the reportable segments for the year ended 31 December 2009 is as follows:

| | Shandong Region RMB'000 | Huanan Region RMB'000 | Huabei Region RMB'000 | Huadong Region RMB'000 | Dongnan Region RMB'000 | Overseas RMB'000 | Unallocated RMB'000 | Eliminations RMB'000 | Total Group RMB'000 |
|--|-------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|---------------------|------------------------|-------------------------|------------------------|
| Segment revenue | 8,576,361 | 3,880,761 | 3,136,092 | 1,709,364 | 1,211,333 | 363,830 | — | (1,117,205) | 17,760,536 |
| Inter-segment revenue | (420,705) | (151,639) | (436,103) | (15,877) | (90,281) | (2,600) | — | 1,117,205 | — |
| Revenue (from external customers) | 8,155,656 | 3,729,122 | 2,699,989 | 1,693,487 | 1,121,052 | 361,230 | — | — | 17,760,536 |
| Profit before income tax | 1,060,599 | 493,883 | 198,606 | 42,867 | 92,996 | 73,810 | (275,204) | 51,776 | 1,739,333 |
| Distribution cost | (1,782,127) | (751,647) | (327,154) | (298,008) | (220,500) | (95,614) | — | — | (3,475,050) |
| Depreciation and amortisation | (169,649) | (166,432) | (98,188) | (61,639) | (23,457) | (1,321) | (27,587) | — | (548,273) |
| Impairment losses of PP&E | (25,261) | (12,837) | (885) | (517) | (1,334) | — | — | — | (40,834) |
| Finance income | 26,254 | 6,390 | 6,301 | 1,316 | 568 | 258 | — | — | 41,087 |
| Finance costs | (7,359) | (13,886) | (40,580) | (8,289) | (2,774) | 307 | (78,483) | 52,105 | (98,959) |
| Income tax expense | (222,183) | (154,546) | (39,355) | (9,038) | 1,538 | (16,637) | — | — | (440,221) |
| Share of profit from jointly controlled entity and associates | — | — | — | — | — | — | 1,950 | — | 1,950 |
| Total assets | 4,463,588 | 3,038,324 | 2,111,381 | 1,239,581 | 560,068 | 228,553 | 4,370,974 | (1,145,016) | 14,867,453 |
| Total assets include: | | | | | | | | | |
| Interests in jointly controlled entity and associates | — | — | — | — | — | — | 147,449 | — | 147,449 |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | 430,272 | 186,692 | 60,599 | 56,846 | 13,308 | 1,668 | 160,895 | — | 910,280 |
| Total liabilities | 1,938,359 | 1,427,677 | 1,675,533 | 708,096 | 365,771 | 66,777 | 1,391,894 | (1,269,808) | 6,304,299 |

Notes to the Consolidated Financial Statements

5 Segment information (continued)

The segment information for the year ended 31 December 2008 is as follows:

| | Shandong Region RMB'000 | Huanan Region RMB'000 | Huabei Region RMB'000 | Huadong Region RMB'000 | Dongnan Region RMB'000 | Overseas RMB'000 | Unallocated RMB'000 | Eliminations RMB'000 | Total Group RMB'000 |
|--|-------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|---------------------|------------------------|-------------------------|------------------------|
| Segment revenue | 7,327,738 | 3,469,096 | 2,817,781 | 1,512,433 | 917,614 | 361,306 | — | (624,586) | 15,781,382 |
| Inter-segment revenue | (299,124) | (79,082) | (222,548) | (2,992) | (18,744) | (2,096) | — | 624,586 | — |
| Revenue (from external customers) | 7,028,614 | 3,390,014 | 2,595,233 | 1,509,441 | 898,870 | 359,210 | — | — | 15,781,382 |
| Profit/(Losses) before income tax | 878,991 | 443,457 | (139,746) | 6,304 | (3,621) | 62,758 | (227,032) | 86,978 | 1,108,089 |
| Distribution cost | (1,626,285) | (587,486) | (268,033) | (229,781) | (178,499) | (85,362) | — | 1,287 | (2,974,159) |
| Depreciation and amortisation | (147,358) | (150,580) | (130,848) | (63,941) | (25,937) | (1,357) | (36,509) | — | (556,530) |
| Impairment losses of PP&E | (9,586) | (45) | (145,841) | (6,995) | — | — | — | — | (162,467) |
| Finance income | 18,480 | 2,302 | 4,795 | 2,802 | 501 | 1,171 | — | — | 30,051 |
| Finance costs | 25,130 | (16,706) | (60,516) | (29,968) | (12,624) | (4,854) | (76,069) | 104,896 | (70,711) |
| Income tax expense | (197,541) | (123,123) | (28,346) | (13,100) | 919 | (13,126) | — | — | (374,317) |
| Share of profit from jointly controlled entity and associates | — | — | — | — | — | — | 23 | — | 23 |
| Total assets | 4,962,540 | 3,005,562 | 2,155,486 | 1,228,036 | 594,323 | 283,109 | 1,799,925 | (1,496,750) | 12,532,231 |
| Total assets include: | | | | | | | | | |
| Interests in jointly controlled entity and associates | — | — | — | — | — | — | 28,697 | — | 28,697 |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | 404,048 | 354,801 | 63,918 | 52,364 | 14,936 | 137 | 45,011 | — | 935,215 |
| Total liabilities | 1,920,003 | 1,428,289 | 1,837,833 | 709,241 | 466,633 | 99,897 | 1,272,634 | (1,619,914) | 6,114,616 |

Sales between segments are carried out based on terms agreed. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the income statement.

A reconciliation of reportable segments' profit before tax to total profit before tax is provided as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|------------------|------------------|
| Total segments' profit before tax | 2,014,537 | 1,335,121 |
| Share of profit of jointly controlled entity and associates-net | 1,950 | 23 |
| Interest expense on convertible bond | (73,717) | (53,126) |
| Interest expense on corporate bank borrowings | (4,765) | (22,943) |
| Corporate overhead | (205,026) | (148,422) |
| Losses from derivative instruments | (1,007) | (1,218) |
| Other unallocated gains/(losses) | 7,361 | (1,346) |
| Profit before income tax | 1,739,333 | 1,108,089 |

Notes to the Consolidated Financial Statements

5 Segment information (continued)

The amounts provided to the Executive Committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Total assets exclude deferred tax, available-for-sale financial assets, derivative financial instruments and interests in jointly controlled entity and associates, all of which are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-------------------|-------------------|
| Total segments assets | 10,496,479 | 10,732,306 |
| Unallocated: | | |
| Deferred income tax assets | 240,843 | 94,930 |
| Interests in jointly controlled entity and associates | 147,449 | 28,697 |
| Available-for-sale financial assets | 5,369 | 10,085 |
| Derivative financial instruments | — | 1,763 |
| Corporate pledged bank deposits | 28,845 | — |
| Corporate cash and equivalents | 3,595,598 | 1,315,233 |
| Corporate property, plant and equipment, intangible assets and leasehold land and land use rights | 352,870 | 349,217 |
| Total assets per balance sheet | 14,867,453 | 12,532,231 |

The amounts provided to the Executive Committee with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the treasury function.

Reportable segments' liabilities are reconciled to total liabilities as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|--|------------------|------------------|
| Total segments liabilities | 4,912,405 | 4,841,982 |
| Unallocated: | | |
| Deferred income tax liabilities | 34,281 | 13,117 |
| Convertible bonds payable | 1,198,896 | 1,137,179 |
| Other unallocated corporate liabilities | 158,717 | 122,338 |
| Total liabilities per balance sheet | 6,304,299 | 6,114,616 |

The Group is domiciled in Mainland China. The result of its revenue from external customers in Mainland China for the year ended 31 December 2009 is approximately RMB17,336,847,000 (2008: RMB15,318,548,000), and the total of its revenue from external customers from out of Mainland China is approximately RMB423,689,000 (2008: RMB462,834,000).

At 31 December 2009, the total of non-current assets other than financial instruments and deferred tax assets located in Mainland China is approximately RMB7,005,405,000 (2008: RMB6,763,843,000), and the total of these non-current assets located out of Mainland China is approximately RMB2,076,000 (2008: RMB2,142,000).

Notes to the Consolidated Financial Statements

6 Leasehold land and land use rights

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

| | Group | | Company | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Outside Hong Kong, held on: | | | | |
| Leases of between 10 to 50 years | 818,477 | 842,077 | 62,183 | 64,031 |
| | | | | |
| | Group | | Company | |
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Net book value at 1 January | 842,077 | 717,172 | 64,031 | 65,878 |
| Additions | 7,693 | 166,040 | — | — |
| Amortisation | (19,772) | (22,188) | (1,848) | (1,847) |
| Disposals | (6,117) | (18,947) | — | — |
| Impairment charges (Note 34) | (5,404) | — | — | — |
| Net book value at 31 December | 818,477 | 842,077 | 62,183 | 64,031 |

As at 31 December 2009, the relevant legal procedures for certificates application of the Group's land use right with carrying value of approximately RMB29,598,000 (2008: RMB39,606,000) is 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 it is unnecessary to accrue for the impairment of intangible assets.

Plant and buildings of certain subsidiaries of the Group were located on parcels of allocated land owned by certain local municipal governments and these lands are occupied by the Group at nil consideration. Carrying values of the associated buildings and facilities constructed thereon were approximately RMB71,174,000 as at 31 December 2009 (2008: RMB71,170,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

Notes to the Consolidated Financial Statements

7 Property, plant and equipment

(a) Group

| | Plant and buildings RMB'000 | Machinery RMB'000 | Motor vehicles RMB'000 | Other equipment RMB'000 | Construction -in-progress RMB'000 | Total RMB'000 |
|--|-----------------------------------|----------------------|------------------------------|-------------------------------|---|------------------|
| At 1 January 2008 | | | | | | |
| Cost | 3,215,238 | 6,316,520 | 394,397 | 344,989 | 226,496 | 10,497,640 |
| Accumulated depreciation and impairment | (883,309) | (3,518,934) | (249,021) | (236,315) | (1,115) | (4,888,694) |
| Net book amount | 2,331,929 | 2,797,586 | 145,376 | 108,674 | 225,381 | 5,608,946 |
| Year ended 31 December 2008 | | | | | | |
| Opening net book amount | 2,331,929 | 2,797,586 | 145,376 | 108,674 | 225,381 | 5,608,946 |
| Acquisition of a subsidiary | — | 534 | 886 | 106 | — | 1,526 |
| Additions | 11,168 | 7,650 | 20,282 | 34,937 | 669,604 | 743,641 |
| Transfers | 232,265 | 526,630 | 6,921 | 20,499 | (786,315) | — |
| Disposals | (30,214) | (10,559) | (8,705) | (1,295) | — | (50,773) |
| Depreciation (Note 34) | (86,972) | (374,193) | (24,528) | (37,866) | — | (523,559) |
| Impairment charges (Note 34) | (54,547) | (105,859) | (1,580) | (18) | (463) | (162,467) |
| Closing net book amount | 2,403,629 | 2,841,789 | 138,652 | 125,037 | 108,207 | 5,617,314 |
| At 31 December 2008 | | | | | | |
| Cost | 3,401,560 | 6,751,802 | 386,139 | 381,719 | 109,785 | 11,031,005 |
| Accumulated depreciation and impairment | (997,931) | (3,910,013) | (247,487) | (256,682) | (1,578) | (5,413,691) |
| Net book amount | 2,403,629 | 2,841,789 | 138,652 | 125,037 | 108,207 | 5,617,314 |
| Year ended 31 December 2009 | | | | | | |
| Opening net book amount | 2,403,629 | 2,841,789 | 138,652 | 125,037 | 108,207 | 5,617,314 |
| Acquisition of a subsidiary (Note 9(a)v) | — | — | — | 5 | — | 5 |
| Additions | 14,300 | 12,877 | 14,623 | 43,099 | 496,096 | 580,995 |
| Transfers | 167,302 | 322,267 | — | 15,464 | (505,033) | — |
| Disposals (Note 34) | (22,115) | (15,895) | (6,888) | (2,541) | — | (47,439) |
| Depreciation (Note 34) | (87,249) | (356,821) | (18,377) | (41,694) | — | (504,141) |
| Impairment charges (Note 34) | (111) | (39,931) | (792) | — | — | (40,834) |
| Closing net book amount | 2,475,756 | 2,764,286 | 127,218 | 139,370 | 99,270 | 5,605,900 |
| At 31 December 2009 | | | | | | |
| Cost | 3,543,296 | 6,902,046 | 360,729 | 403,023 | 100,848 | 11,309,942 |
| Accumulated depreciation and impairment | (1,067,540) | (4,137,760) | (233,511) | (263,653) | (1,578) | (5,704,042) |
| Net book amount | 2,475,756 | 2,764,286 | 127,218 | 139,370 | 99,270 | 5,605,900 |

Notes to the Consolidated Financial Statements

7 Property, plant and equipment (continued)

(b) Company

| | Plant and buildings RMB'000 | Machinery RMB'000 | Motor vehicles RMB'000 | Other equipment RMB'000 | Construction -in-progress RMB'000 | Total RMB'000 |
|---|-----------------------------------|----------------------|------------------------------|-------------------------------|---|------------------|
| At 1 January 2008 | | | | | | |
| Cost | 534,064 | 1,367,576 | 118,110 | 166,791 | 20,969 | 2,207,510 |
| Accumulated depreciation and impairment | (179,370) | (861,853) | (115,750) | (102,724) | (1,115) | (1,260,812) |
| Net book amount | 354,694 | 505,723 | 2,360 | 64,067 | 19,854 | 946,698 |
| Year ended 31 December 2008 | | | | | | |
| Opening net book amount | 354,694 | 505,723 | 2,360 | 64,067 | 19,854 | 946,698 |
| Additions | 1,572 | 9,486 | 2,911 | 16,424 | 46,396 | 76,789 |
| Transfers | 6,290 | 36,352 | 2,158 | 4,236 | (49,036) | — |
| Disposals | (5,896) | (2,404) | (58) | (561) | — | (8,919) |
| Depreciation | (13,229) | (57,403) | (5,283) | (20,159) | — | (96,074) |
| Impairment charges | — | (422) | — | — | (463) | (885) |
| Closing net book amount | 343,431 | 491,332 | 2,088 | 64,007 | 16,751 | 917,609 |
| At 31 December 2008 | | | | | | |
| Cost | 530,833 | 1,396,990 | 122,199 | 172,486 | 18,329 | 2,240,837 |
| Accumulated depreciation and impairment | (187,402) | (905,658) | (120,111) | (108,479) | (1,578) | (1,323,228) |
| Net book amount | 343,431 | 491,332 | 2,088 | 64,007 | 16,751 | 917,609 |
| Year ended 31 December 2009 | | | | | | |
| Opening net book amount | 343,431 | 491,332 | 2,088 | 64,007 | 16,751 | 917,609 |
| Additions | 962 | 6,067 | 4,980 | 24,762 | 46,911 | 83,682 |
| Transfers | 11 | 29,735 | — | 4,490 | (34,236) | — |
| Disposals | (58) | (5,494) | (211) | (1,226) | — | (6,989) |
| Depreciation | (13,162) | (54,917) | (4,525) | (22,381) | — | (94,985) |
| Closing net book amount | 331,184 | 466,723 | 2,332 | 69,652 | 29,426 | 899,317 |
| At 31 December 2009 | | | | | | |
| Cost | 531,806 | 1,432,792 | 127,179 | 201,738 | 31,004 | 2,324,519 |
| Accumulated depreciation and impairment | (200,622) | (966,069) | (124,847) | (132,086) | (1,578) | (1,425,202) |
| Net book amount | 331,184 | 466,723 | 2,332 | 69,652 | 29,426 | 899,317 |

Notes:

- i. Depreciation expense of approximately RMB449,354,000 (2008: RMB482,245,000) has been charged in cost of goods sold; RMB13,546,000 (2008: RMB19,260,000) in distribution costs and approximately RMB41,241,000 (2008: RMB22,054,000) in administrative expenses of the consolidated income statement.
- ii. As at 31 December 2009, there was no bank borrowing that was secured on property, plant and equipment (2008: nil).

Notes to the Consolidated Financial Statements

7 Property, plant and equipment (continued)

Notes: (continued)

- iii. As at 31 December 2009, ownership certificates of certain buildings of the Group with respective carrying values of approximately RMB482,394,000 (2008: RMB527,806,000) had not yet been obtained, which include values of approximately RMB437,326,000 are in the application process and approximately RMB45,068,000 are not ready for application as there are lack of appropriate documents. Consulted 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, therefore, there are no significant adverse impact on the operations of the Group, and therefore, no provision for fixed assets impairment is considered necessary.

- iv. Machinery includes the following amounts where the Group is a lessee under a finance lease:

| | 2009 RMB'000 | 2008 RMB'000 |
|-----------------------------------|-----------------|-----------------|
| Cost — capitalised finance leases | 10,214 | 10,214 |
| Accumulated depreciation | (1,867) | (1,175) |
| Net book amount | <u>8,347</u> | <u>9,039</u> |

- v. The Group performed impairment assessments on the carrying values of certain fixed assets of the Group as at 31 December 2009 based on the accounting policy set out in Note 2.7.

The Group's cash-generating units (CGUs) are identified as individual entity which can generate independent cash inflows. The recoverable amounts of CGU have been determined based on the higher of the fair value less costs to sell and value in use with support of valuation performed by independent third party valuer and/or management. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% which does not exceed the long-term average growth rate of the brewery industry in the PRC.

The key assumptions used for calculations in 2009 are as follows:

| | Heze Company* | Chongqing Company* |
|-----------------------|---------------|-----------------------|
| Budgeted gross margin | 35.8% | 12.6% |
| Pre-tax discount rate | 17.1% | 16.0% |

The key assumptions used for calculations in 2008 are as follows:

| | Five Star Company* | Three Ring Company* | Gansu Nongken Company* |
|-----------------------|-----------------------|------------------------|---------------------------|
| Budgeted gross margin | 21.2% | 24.4% | 23.0% |
| Pre-tax discount rate | 15.6% | 17.7% | 15.6% |

* Defined in Note 9(a).

These assumptions have been used for the analysis of each CGU. Management determined budgeted gross margin based on past performance and its expectation of market developments. The weighted average growth rates used are consistent with the PRC brewery industry forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

As a result of performing such assessments, an impairment losses of approximately RMB40,834,000 (2008: RMB162,467,000) relating to fixed assets of certain CGUs were recognised, with the details set out as follows:

| | RMB'000 |
|--------------------|---------------|
| Heze Company | 24,633 |
| Chongqing Company | 11,733 |
| Other subsidiaries | 4,468 |
| | <u>40,834</u> |

The management has adjusted the assets using plan as the market share of the Group in these CGUs had been declining in recent years due to the more fierce competition than expected and the market investment in these CGUs had increased than expected.

Notes to the Consolidated Financial Statements

8 Intangible assets

(a) Group

| | Goodwill (iii) RMB'000 | Sales networks (ii) RMB'000 | Trademarks (i) RMB'000 | Technology know-how RMB'000 | Software and others RMB'000 | Total RMB'000 |
|---|------------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------|
| At 1 January 2008 | | | | | | |
| Cost | 320,228 | — | 124,946 | 18,629 | 49,590 | 513,393 |
| Accumulated amortisation and impairment | (197,411) | — | (54,554) | (16,168) | (7,991) | (276,124) |
| Net book amount | 122,817 | — | 70,392 | 2,461 | 41,599 | 237,269 |
| Year ended 31 December 2008 | | | | | | |
| Opening net book amount | 122,817 | — | 70,392 | 2,461 | 41,599 | 237,269 |
| Additions | — | — | — | — | 19,579 | 19,579 |
| Amortisation charge | — | — | (1,584) | (1,864) | (3,810) | (7,258) |
| Disposal | — | — | — | — | (122) | (122) |
| Closing net book amount | 122,817 | — | 68,808 | 597 | 57,246 | 249,468 |
| At 31 December 2008 | | | | | | |
| Cost | 320,228 | — | 124,946 | 18,629 | 69,047 | 532,850 |
| Accumulated amortisation and impairment | (197,411) | — | (56,138) | (18,032) | (11,801) | (283,382) |
| Net book amount | 122,817 | — | 68,808 | 597 | 57,246 | 249,468 |
| Year ended 31 December 2009 | | | | | | |
| Opening net book amount | 122,817 | — | 68,808 | 597 | 57,246 | 249,468 |
| Acquisition of a subsidiary (Note 9 (a)v) | — | 95,276 | — | — | — | 95,276 |
| Additions | — | 94,475 | — | — | 5,735 | 100,210 |
| Amortisation charge | — | (13,431) | (84) | (597) | (6,736) | (20,848) |
| Disposal | — | — | — | — | (265) | (265) |
| Closing net book amount | 122,817 | 176,320 | 68,724 | — | 55,980 | 423,841 |
| Cost | 320,228 | 189,751 | 124,946 | 18,629 | 74,517 | 728,071 |
| Accumulated amortisation and impairment | (197,411) | (13,431) | (56,222) | (18,629) | (18,537) | (304,230) |
| Net book amount | 122,817 | 176,320 | 68,724 | — | 55,980 | 423,841 |

Notes to the Consolidated Financial Statements

8 Intangible assets (continued)

(b) Company

| | Sales networks (ii) RMB'000 | Trademarks (i) RMB'000 | Software and others RMB'000 | Total RMB'000 |
|------------------------------------|-----------------------------------|------------------------------|-----------------------------------|------------------|
| At 1 January 2008 | | | | |
| Cost | — | 100,000 | 36,184 | 136,184 |
| Accumulated amortisation | — | (33,750) | (6,940) | (40,690) |
| Net book amount | — | 66,250 | 29,244 | 95,494 |
| Year ended 31 December 2008 | | | | |
| Opening net book amount | — | 66,250 | 29,244 | 95,494 |
| Additions | — | — | 10,624 | 10,624 |
| Amortisation charge | — | — | (3,766) | (3,766) |
| Disposal | — | — | (122) | (122) |
| Closing net book amount | — | 66,250 | 35,980 | 102,230 |
| At 31 December 2008 | | | | |
| Cost | — | 100,000 | 46,686 | 146,686 |
| Accumulated amortisation | — | (33,750) | (10,706) | (44,456) |
| Net book amount | — | 66,250 | 35,980 | 102,230 |
| Year ended 31 December 2009 | | | | |
| Opening net book amount | — | 66,250 | 35,980 | 102,230 |
| Additions | 94,475 | — | 4,561 | 99,036 |
| Amortisation charge | (7,873) | — | (4,883) | (12,756) |
| Closing net book amount | 86,602 | 66,250 | 35,658 | 188,510 |
| At 31 December 2009 | | | | |
| Cost | 94,475 | 100,000 | 51,247 | 245,722 |
| Accumulated amortisation | (7,873) | (33,750) | (15,589) | (57,212) |
| Net book amount | 86,602 | 66,250 | 35,658 | 188,510 |

The carrying amount of the segments has been reduced to their recoverable amount through recognition of impairment losses against goodwill.

Amortisation of approximately RMB7,417,000 (2008: RMB7,258,000) is included in 'administrative expenses' and RMB13,431,000 (2008: nil) is included in 'distribution costs' of the income statement.

(i) 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 initial recorded value of the trademark was assessed based on the results of the valuation as approved by the State-Owned Assets Administration Bureau of the PRC.

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 assessment.

Notes to the Consolidated Financial Statements

8 Intangible assets *(continued)*

(ii) Sales networks

The Company acquired sales networks of Yantai Brewery (Tsingtao Asahi) Co., Ltd. (“Yantai Asahi”) at a consideration of approximately RMB94,475,000.

Other sales networks of approximately RMB95,276,000 were reflected as a result of consolidation of Tsingtao Beer (Jinan) Baotouquan Sales Co., Ltd. at its fair value at the acquisition date (Note 9(a)v).

(iii) Goodwill

Goodwill is allocated to the Group’s cash-generating units (CGUs) identified according to operating segment.

An operating segment-level summary of the goodwill allocation is presented below:

| | 2009 <i>RMB’000</i> | 2008 <i>R MB’000</i> |
|----------------|------------------------|-------------------------|
| Dongnan region | 114,031 | 114,031 |
| Other regions | 8,786 | 8,786 |
| | 122,817 | 122,817 |

The recoverable amounts of CGU have been determined based on the higher of the fair value less costs to sell and value in use. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% which does not exceed the long-term average growth rate of the brewery industry in the PRC.

The key assumptions used for calculations are as follows:

| | Dongnan Region | | Other Regions | |
|-----------------------|----------------|-------|---------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| Budgeted gross margin | 39.1% | 32.5% | 19.8-35.8% | 15.9-33.3% |
| Pre-tax discount rate | 20.3% | 18.1% | 16.0-17.1% | 15.6% |

These assumptions have been used for the analysis of each CGU within the operating segment. As the adoption of HKFRS 8 has no material impact on the number of reportable segments presented (see Note 5), no reallocation of goodwill is required.

Management determined budgeted gross margin based on past performance and its expectation of market developments. The weighted average growth rates used are consistent with the PRC brewery industry forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

As a result of such assessment, no goodwill had been assessed to have been impaired during the year.

Notes to the Consolidated Financial Statements

9 Investment in and loans to subsidiaries

(a) Investments in subsidiaries

| | Company | |
|---|------------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 |
| Unlisted equity investments — cost less impairments | 3,765,442 | 3,782,143 |

The following is a list of the principal subsidiaries at 31 December 2009:

| Name | Place of Incorporation | Principal activities | Registered capital | Interest held | |
|---|------------------------|--|--------------------|---------------|------------|
| | | | | Directly | Indirectly |
| Shenzhen Tsingtao Brewery Huanan Holding Company Limited (“Huanan Holding Company”) | Shenzhen, the PRC | Investment holding | RMB200,000,000 | 100% | — |
| Tsingtao Brewery (Zhuhai) Company Limited (“Zhuhai Company”) (a) (iii) | Zhuhai, the PRC | Manufacture and domestic trading of beer | RMB60,000,000 | — | 99.47% |
| Tsingtao Brewery (Sanshui) Company Limited | Sanshui, the PRC | Manufacture and domestic trading of beer | US\$5,000,000 | — | 75% |
| Tsingtao Brewery (Chenzhou) Company Limited (“Chenzhou Company”) (a) (iii) | Chenzhou, the PRC | Manufacture and domestic trading of beer | RMB70,000,000 | 88.80% | 11.20% |
| Tsingtao Brewery (Huangshi) Company Limited | Huangshi, the PRC | Manufacture and domestic trading of beer | RMB5,000,000 | 5% | 95% |
| Tsingtao Brewery (Yingcheng) Company Limited | Yingcheng, the PRC | Manufacture and domestic trading of beer | RMB5,000,000 | 5% | 95% |
| Shenzhen Tsingtao Beer Asahi Company Limited (“Shenzhen Asahi”) | Shenzhen, the PRC | Manufacture and trading of beer | US\$30,000,000 | 51% | — |
| Shenzhen Huanan Tsingtao Brewery Sales Company Limited (“Huanan Sales Company”) | Shenzhen, the PRC | Domestic trading of beer | RMB20,000,000 | 100% | — |
| Tsingtao Brewery (Nanning) Company Limited (“Nanning Company”) | Nanning, the PRC | Manufacture and domestic trading of beer | RMB730,000,000 | — | 75% |
| Tsingtao Brewery (Changsha) Company Limited (“Changsha Company”) | Changsha, the PRC | Manufacture and domestic trading of beer | RMB68,000,000 | 70% | 30% |
| Tsingtao Brewery Huadong Holding Company Limited | Shanghai, the PRC | Investment holding | RMB100,000,000 | 100% | — |
| Tsingtao Brewery Huadong Shanghai Sales Company Limited | Shanghai, the PRC | Domestic trading of beer | RMB50,300,000 | 94.04% | 5.96% |
| Tsingtao Brewery Huadong Nanjing Sales Company Limited | Nanjing, the PRC | Domestic trading of beer | RMB1,000,000 | — | 99.93% |

Notes to the Consolidated Financial Statements

9 Investment in and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

| Name | Place of Incorporation | Principal activities | Registered capital | Interest held | |
|---|------------------------|--|--------------------|---------------|------------|
| | | | | Directly | Indirectly |
| Tsingtao Brewery (Wuhu) Company Limited | Wuhu, the PRC | Manufacture and domestic trading of beer | RMB114,290,000 | 84.25% | 15.75% |
| Tsingtao Brewery (Maanshan) Company Limited | Maanshan, the PRC | Manufacture and domestic trading of beer | RMB85,000,000 | 94.12% | 5.64% |
| Tsingtao Brewery Shanghai Songjiang Company Limited ("Songjiang Company") (a) (iii) | Shanghai, the PRC | Manufacture and domestic trading of beer | US\$36,640,000 | 75% | 25% |
| Tsingtao Brewery (Shouguang) Company Limited | Shouguang, the PRC | Manufacture and domestic trading of beer | RMB60,606,060 | 99% | — |
| Tsingtao Brewery (Weifang) Company Limited | Weifang, the PRC | Manufacture and domestic trading of beer | RMB75,000,000 | 100% | — |
| Tsingtao Brewery No. 3 Company Limited | Pingdu, the PRC | Manufacture and domestic trading of beer | RMB230,000,000 | 99.78% | 0.22% |
| Tsingtao Brewery (Xuzhou) Huaihai Sales Company Limited | Xuzhou, the PRC | Domestic trading of beer | RMB55,000,000 | 100% | — |
| Tsingtao Brewery (Xuzhou) Company Limited | Peixian, the PRC | Manufacture and domestic trading of beer | RMB39,336,899 | — | 66% |
| Tsingtao Brewery (Xuzhou) Pengcheng Company Limited | Pengcheng, the PRC | Manufacture and domestic trading of beer | RMB245,000,000 | 98.16% | 1.84% |
| Tsingtao Brewery (Xuecheng) Company Limited | Xuecheng, the PRC | Manufacture and domestic trading of beer | RMB45,000,000 | — | 85% |
| Tsingtao Brewery (Tengzhou) Company Limited | Tengzhou, the PRC | Manufacture and domestic trading of beer | RMB61,020,000 | 76.65% | 23.35% |
| Tsingtao Brewery (Heze) Company Limited ("Heze Company") | Heze, the PRC | Manufacture and domestic trading of beer | RMB130,000,000 | 93.08% | 6.92% |
| Tsingtao Brewery (Suqian) Company Limited | Suqian, the PRC | Manufacture and domestic trading of beer | RMB25,000,000 | 62% | 38% |
| Tsingtao Brewery (Taierzhuang) Malt Company Limited | Taierzhuang, the PRC | Manufacture and domestic trading of malt | RMB5,000,000 | — | 90.20% |
| Beijing Tsingtao Brewery Three Ring Company Limited ("Three Ring Company") | Beijing, the PRC | Manufacture and domestic trading of beer | US\$28,900,000 | 29% | 25% |
| Beijing Five Star Tsingtao Brewery Company Limited ("Five Star Company") | Beijing, the PRC | Manufacture and domestic trading of beer | RMB862,000,000 | 37.64% | 25% |

Notes to the Consolidated Financial Statements

9 Investment in and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

| Name | Place of Incorporation | Principal activities | Registered capital | Interest held | |
|---|------------------------|--|--------------------|---------------|------------|
| | | | | Directly | Indirectly |
| Tsingtao Brewery (Langfang) Company Limited ("Langfang Company") (a) (ii) | Langfang, the PRC | Manufacture and domestic trading of beer | RMB99,000,000 | 80.80% | 19.20% |
| Tsingtao Brewery Xi'an Han's Group Company Limited | Xi'an, the PRC | Manufacture and domestic trading of beer | RMB287,900,000 | 100% | — |
| Tsingtao Brewery Weinan Company Limited | Weinan, the PRC | Manufacture and domestic trading of beer | RMB50,000,000 | 28% | 72% |
| Tsingtao Brewery (Gansu) Nongken Company Limited ("Gansu Nongken Company") | Lanzhou, the PRC | Manufacture and domestic trading of beer | RMB174,420,800 | — | 55.06% |
| Tsingtao Brewery Wuwei Company Limited | Lanzhou, the PRC | Manufacture and domestic trading of beer | RMB36,100,000 | — | 54.91% |
| Tsingtao Brewery Hansi Baoji Company Limited | Baoji, the PRC | Manufacture and domestic trading of beer | RMB30,000,000 | — | 100% |
| Tsingtao Brewery (Anshan) Company Limited | Anshan, the PRC | Manufacture and domestic trading of beer | RMB50,000,000 | 60% | — |
| Tsingtao Brewery (Xingkaihu) Company Limited | Jixi, the PRC | Manufacture and domestic trading of beer | RMB130,000,000 | 100% | — |
| Tsingtao Brewery (Mishan) Company Limited | Mishan, the PRC | Manufacture and domestic trading of beer | RMB23,400,000 | 100% | — |
| Tsingtao Brewery (Haerbin) Company Limited | Haerbin, the PRC | Manufacture and domestic trading of beer | RMB52,000,000 | 100% | — |
| Tsingtao Brewery (Penglai) Company Limited | Penglai, the PRC | Manufacture and domestic trading of beer | RMB37,500,000 | 80% | — |
| Tsingtao Brewery (Rongcheng) Company Limited | Rongcheng, the PRC | Manufacture and domestic trading of beer | RMB20,000,000 | 70% | — |
| Tsingtao Brewery Import/Export Company Limited | Qingdao, the PRC | Import/Export trading of beer | RMB11,000,000 | 100% | — |
| Tsingtao Brewery (No. 5) Company Limited ("No. 5 Company") | Qingdao, the PRC | Manufacture and domestic trading of beer | RMB34,610,000 | 100% | — |
| Tsingtao Brewery (Pingyuan) Company Limited | Pingyuan, the PRC | Manufacture and domestic trading of beer | RMB25,000,000 | 100% | — |
| Tsingtao Brewery (Rizhao) Company Limited | Rizhao, the PRC | Manufacture and domestic trading of beer | RMB290,000,000 | 100% | — |

Notes to the Consolidated Financial Statements

9 Investment in and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

| Name | Place of Incorporation | Principal activities | Registered capital | Interest held | |
|---|------------------------|--|--------------------|---------------|------------|
| | | | | Directly | Indirectly |
| Chengdu Tsingtao Brewery Xinan Sales Company Limited | Chengdu, the PRC | Domestic trading of beer | RMB100,000,000 | 95% | 5% |
| Tsingtao Brewery (Chongqing) Company Limited ("Chongqing Company") | Chongqing, the PRC | Manufacture and domestic trading of beer | RMB60,000,000 | 88.92% | 11.08% |
| Tsingtao Brewery (Luzhou) Company limited | Luzhou, the PRC | Manufacture and domestic trading of beer | RMB111,110,000 | — | 95% |
| Tsingtao Brewery (Taizhou) Company Limited | Taizhou, the PRC | Manufacture and domestic trading of beer | RMB70,000,000 | 86.43% | 13.57% |
| Tsingtao Brewery (Hong Kong) Trading Company Limited ("Hong Kong Company") | Hong Kong, the PRC | Trading of beer in Hong Kong | HK\$40,500,000 | 100% | — |
| Tsingtao Brewery (Hanzhong) Company Limited | Hanzhong, the PRC | Manufacture and domestic trading of beer | RMB29,410,000 | — | 66% |
| Tsingtao Brewery Beifang Sales Company Limited | Beijing, the PRC | Domestic trading of beer | RMB89,980,000 | 95% | 5% |
| Tsingtao Brewery (Suizhou) Company Limited | Suizhou, the PRC | Manufacture and domestic trading of beer | RMB24,000,000 | — | 90% |
| Tsingtao Brewery (Xiamen) Company Limited ("Xiamen Company") | Xiamen, the PRC | Manufacture and domestic trading of beer | RMB90,000,000 | — | 100% |
| Xiamen Tsingtao Brewery Dongnan Sales Company Limited ("Dongnan Sales Company") | Xiamen, the PRC | Domestic trading of beer | RMB215,000,000 | 97.44% | 2.56% |
| Tsingtao Brewery (Fuzhou) Company Limited ("Fuzhou Company") | Fuzhou, the PRC | Manufacture and domestic trading of beer | US\$26,828,100 | — | 100% |
| Tsingtao Brewery (Zhangzhou) Company Limited | Zhangzhou, the PRC | Manufacture and domestic trading of beer | RMB100,000,000 | — | 90% |
| Tsingtao Brewery (Jinan) Company Limited | Jinan, the PRC | Manufacture and domestic trading of beer | RMB560,000,000 | 100% | — |
| Tsingtao Brewery (Chengdu) Company Limited | Chengdu, the PRC | Manufacture and domestic trading of beer | RMB200,000,000 | 100% | — |
| Tsingtao Brewery Yulin Company Limited ("Yulin Company") | Yulin, the PRC | Manufacture and domestic trading of beer | RMB55,000,000 | — | 100% |
| Tsingtao Brewery (Yangzhou) Company Limited ("Yangzhou Company") (a) (iv) | Yangzhou, The PRC | Manufacture and domestic trading of beer | RMB5,000,000 | 20% | — |

Notes to the Consolidated Financial Statements

9 Investment in and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

| Name | Place of Incorporation | Principal activities | Registered capital | Interest held | |
|--|------------------------|--|--------------------|---------------|------------|
| | | | | Directly | Indirectly |
| Tsingtao Brewery Cultural Communication Company Limited | Qingdao, the PRC | Pre-packaged food, accommodation and design | RMB3,500,000 | 100% | — |
| Tsingtao Brewery Construction Company Limited | Qingdao, the PRC | Indoor decoration, industrial equipment fixing | RMB13,142,200 | 100% | — |
| Tsingtao Brewery Chengyang Sales Company Limited (“Chengyang Sales Company”) (a) (i) | Qingdao, the PRC | Pre-packaged food | RMB8,000,000 | 100% | — |
| Tsingtao Brewery Chenzhou Sales Company Limited | Chenzhou, the PRC | Domestic trading of beer | RMB1,000,000 | — | 100% |
| Tsingtao Beer (Jinan) Baotuquan Sales Company Limited (“Baotuquan Company”) (a) (v) | Jinan, the PRC | Domestic trading of beer | RMB20,000,000 | — | — |

Notes:

i. New subsidiaries established

Subsidiaries of Tsingtao Brewery Machinery and Equipment Company Limited and Chengyang Sales Company were newly established during the year.

ii. Increase in registered capital of a subsidiary

In accordance with the Board Resolutions approved in August 2009, the Company converted its loans to Langfang Company with an amount of RMB79,000,000 into equity investment.

iii. Acquisition of minority interests of subsidiaries

During the year, Hong Kong Company acquired 25% share of minority interest of Songjiang Company with a consideration of approximately RMB51,250,000; and Huanan Holding Company acquired 21.35% share of minority interest of Zhuhai Company with a consideration of RMB25,600,000 and 11.2% share of minority interest of Chenzhou Company with a consideration of approximately RMB9,321,000.

The differences between the consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiaries are recorded in equity (Note 20).

iv. Pursuant to the agreements entered into between the Group and Tsingtao Brewery Group Company (“TB Group Company”) in January 2003 and December 2004 respectively, TB Group Company, being the majority 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 its financial and operating decisions.

v. In June 2009, TB Group Company acquired 100% share of interest of Baotuquan Company from a third party, Shandong Commercial Group General Corporation (“Lushang Group”). On 27 July 2009, the Company entered into a one-year entrust agreement with TB Group Company. Pursuant to the agreement, the Company has been entitled to all entrusted rights, including the control and operation rights, appointment of board members other than the right to dispose the equity in Baotuquan Company. Effectively, Baotuquan Company was fully consolidated from the date on which control is transferred to the Group.

On 1 March 2010, the Company entered into an agreement with TB Group Company to obtain 100% equity interest of Baotuquan Company. The transaction is still in legal procedures when these financial statements are approved. Detailed information is given in Note 38.

Notes to the Consolidated Financial Statements

9 Investment in and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

Notes: (Continued)

v. (Continued)

The fair value of assets and liabilities of Baotuhan Company consolidated as of 27 July 2009 is as follows:

| | <i>RMB'000</i> |
|--|----------------|
| Cash and cash equivalents | 944 |
| Property, plant and equipment (Note 7) | 5 |
| Intangible assets (Note 8) | 95,276 |
| Deferred tax assets | 3,012 |
| Trade and other receivables | 40,731 |
| Trade and other payables | (33,532) |
| Deferred tax liabilities (Note 22) | (23,819) |
| Fair value of net assets | 82,617 |
| Minority interest | (82,617) |
| Total purchase consideration | — |
| Purchase consideration settled in cash | — |
| Cash and cash equivalents in subsidiary acquired | 944 |
| Cash inflow on acquisition | 944 |

The amount of the profit of Baotuhan Company since the acquisition date included in the consolidated financial statements is immaterial.

vi. Subsidiaries liquidated

Xi'an Fengyuan Materials Recycling Company Limited was deregistered during the year and no material gain or loss occurred from the liquidation.

As at 31 December 2009, all the subsidiaries owned by the Company are limited liability companies.

(b) Loans to subsidiaries

| | Company | |
|-----------------------|----------------|----------------|
| | 2009 | 2008 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Loans to subsidiaries | 928,713 | 1,218,383 |

The loans to subsidiaries are unsecured, interest bearing and denominated in RMB. According to the Group's long-term supporting strategy to subsidiaries, these loans are renewable upon their maturity and the directors consider the loans to subsidiaries as non-current assets. The carrying amount of these borrowings approximated to their respective fair values as at 31 December 2009, the effective interest rates are similar to the market interest rate.

The Company performed impairment tests on the carrying amounts of its investments in and loans to subsidiaries in accordance with the accounting policy as stated in Note 2.7. Because of the revised business strategy implemented in the operating segment and less optimistic estimated future expected operating results in the respective subsidiaries, approximately a total of RMB104,302,000 and RMB24,000,000 of impairment provisions were recognised for the investment in subsidiaries and loans to subsidiaries respectively in 2009.

Notes to the Consolidated Financial Statements

10 Interests in jointly controlled entity and associates — Group

(a) Interests in jointly controlled entity — Group

| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
|---|------------------------|------------------------|
| At 1 January | — | 577 |
| Share of results of jointly controlled entity | — | (577) |
| At 31 December | — | — |

The Group's share of the results of its jointly controlled entity, which is unlisted, and its aggregated assets and liabilities, are as follows:

| Name | Country of incorporation | Assets | Liabilities | Revenues | Loss | interest held |
|--|-----------------------------|--------------|--------------|--------------|--------------|---------------|
| 2008 | | | | | | |
| Tsingtao Brewery Equipment Manufacture Company Limited ("Equipment Manufacture") | PRC | 5,648 | 6,372 | 1,699 | (1,304) | 50% |
| 2009 | | | | | | |
| Equipment Manufacture | PRC | 4,422 | 5,327 | 3,503 | (180) | 50% |

As the Group's share of losses of Equipment Manufacture has exceeded its interest in it, the Group has discontinued recognising its share of further losses amounting to RMB180,000 (2008: RMB725,000) for Equipment Manufacture. The accumulated losses not recognised were RMB905,000 (2008: RMB725,000).

There are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities of the venture itself.

(b) Interests in associates

| | Group | | Company | |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
| At 1 January | 28,697 | 27,882 | 7,200 | 7,200 |
| Addition | 120,025 | 215 | 120,025 | — |
| Share of results of associates | 1,950 | 600 | — | — |
| Dividends received | (2,541) | — | — | — |
| Disposals | (682) | — | (600) | — |
| At 31 December | 147,449 | 28,697 | 126,625 | 7,200 |

Investments in associates at 31 December 2009 include goodwill of approximately RMB9,641,000 (2008: nil).

In the opinion of the directors, the underlying values of the associates as at 31 December 2009 were not less than the carrying amounts of these investments.

Notes to the Consolidated Financial Statements

10 Interests in jointly controlled entity and associates — Group (continued)

(b) Interests in associates (continued)

The Group's share of the results of its principal associates, all of which are unlisted, and its aggregated assets (including goodwill) and liabilities, are as follows:

| Name | Country of incorporation | Assets | Liabilities | Revenues | Profit/(Loss) | interest held |
|--|--------------------------|----------------|---------------|----------------|---------------|---------------|
| 2008 | | | | | | |
| Liaoning Shenqing Tsingtao Brewery Company Limited ("Liaoning Shenqing") | PRC | 5,429 | 3,084 | 96,099 | 893 | 30% |
| Tsingtao Beer and Asahi Beverages Company Limited ("Asahi Beverage") | PRC | 33,529 | 23,269 | 14,747 | (4,186) | 40% |
| Tsingtao Brewery Import&Export S.A.R.L | France | 10,744 | 9,508 | 26,962 | (493) | 40% |
| Qingdao Zhaoshang Logistics Company Limited ("Zhaoshang Logistics") | PRC | 22,072 | 7,980 | 26,163 | 4,386 | 30% |
| | | <u>71,774</u> | <u>43,841</u> | <u>163,971</u> | <u>600</u> | |
| 2009 | | | | | | |
| Liaoning Shenqing | PRC | 8,248 | 5,330 | 110,372 | 423 | 30% |
| Asahi Beverage (i) | PRC | 17,831 | 12,401 | 5,588 | (4,830) | 40% |
| Tsingtao Brewery Import&Export S.A.R.L | France | 11,196 | 9,594 | 25,384 | 343 | 40% |
| Zhaoshang Logistics | PRC | 21,279 | 4,781 | 78,137 | 4,947 | 30% |
| Yantai Asahi (ii) | PRC | 157,519 | 46,179 | 127,707 | 1,067 | 39% |
| | | <u>216,073</u> | <u>78,285</u> | <u>347,188</u> | <u>1,950</u> | |

Notes:

- i. The remaining 60% share of interest of Asahi Beverage was acquired by the Group in January 2010 (Note 38).
- ii. 39% share of interest of Yantai Asahi was acquired by the Company with the details listed below:

| | <i>RMB'000</i> |
|---------------------------------------|----------------|
| Total consideration | 120,025 |
| Fair value of share interest acquired | (110,384) |
| Goodwill | 9,641 |

Notes to the Consolidated Financial Statements

11 Financial instruments by category — Group and Company

(a) Group

| | 31 December 2009 | | | |
|--|-------------------------------------|--|--|------------------|
| | Loans and Receivables RMB'000 | Derivatives RMB'000 | Available- for-sale RMB'000 | Total RMB'000 |
| Assets as per balance sheets | | | | |
| Available-for-sale financial assets (Note 13) | — | — | 5,369 | 5,369 |
| Trade and other receivables excluding prepayments (Note 14) | 236,588 | — | — | 236,588 |
| Cash and cash equivalents (Note 16) | 5,307,575 | — | — | 5,307,575 |
| | 5,544,163 | — | 5,369 | 5,549,532 |
| 31 December 2008 | | | | |
| | Loans and Receivables RMB'000 | Derivatives RMB'000 | Available- for-sale RMB'000 | Total RMB'000 |
| Assets as per balance sheets | | | | |
| Available-for-sale financial assets (Note 13) | — | — | 10,085 | 10,085 |
| Derivative financial instruments | — | 1,763 | — | 1,763 |
| Trade and other receivables excluding prepayments (Note 14) | 228,889 | — | — | 228,889 |
| Cash and cash equivalents (Note 16) | 2,381,044 | — | — | 2,381,044 |
| | 2,609,933 | 1,763 | 10,085 | 2,621,781 |
| Liabilities as per balance sheets | | | | |
| | | 31 December 2009 | 31 December 2008 | |
| | | Other financial liabilities at amortised cost RMB'000 | Other financial liabilities at amortised cost RMB'000 | |
| Borrowings excluding finance lease liabilities (Note 21) | | 1,406,849 | 1,569,990 | |
| Loan due to a former shareholder (Note 37(e)) | | — | 107,890 | |
| Finance lease liabilities (Note 21) | | 5,102 | 7,026 | |
| Trade and other payables excluding deposits and advances from customers (Note 24) | | 4,178,789 | 3,746,172 | |
| | | 5,590,740 | 5,431,078 | |

Notes to the Consolidated Financial Statements

11 Financial instruments by category — Group and Company (continued)

(b) Company

| | 31 December 2009 | | | |
|--|--------------------------|------------------|------------------------|------------------|
| | Loans and Receivables | Derivatives | Available- for-sale | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Assets as per balance sheets | | | | |
| Available-for-sale financial assets (Note 13) | — | — | 4,685 | 4,685 |
| Trade and other receivables excluding prepayments (Note 14) | 115,230 | — | — | 115,230 |
| Cash and cash equivalents (Note 16) | 3,646,814 | — | — | 3,646,814 |
| Loans to subsidiaries (Note 9(b)) | 928,713 | — | — | 928,713 |
| | 4,690,757 | — | 4,685 | 4,695,442 |
| 31 December 2008 | | | | |
| | Loans and Receivables | Derivatives | Available- for-sale | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Assets as per balance sheets | | | | |
| Available-for-sale financial assets (Note 13) | — | — | 7,055 | 7,055 |
| Derivative financial instruments | — | 1,763 | — | 1,763 |
| Trade and other receivables excluding prepayments (Note 14) | 106,700 | — | — | 106,700 |
| Cash and cash equivalents (Note 16) | 1,408,380 | — | — | 1,408,380 |
| Loans to subsidiaries (Note 9 (b)) | 1,218,383 | — | — | 1,218,383 |
| | 2,733,463 | 1,763 | 7,055 | 2,742,281 |
| 31 December 2009 | | | | |
| Other financial liabilities at amortised cost | | | | |
| RMB'000 | | | | |
| 31 December 2008 | | | | |
| Other financial liabilities at amortised cost | | | | |
| RMB'000 | | | | |
| Liabilities as per balance sheets | | | | |
| Borrowings excluding finance lease liabilities (Note 21) | | 1,368,896 | | 1,409,698 |
| Trade and other payables excluding deposits and advances from customers (Note 24) | | 1,497,570 | | 1,131,418 |
| | | 2,866,466 | | 2,541,116 |

Notes to the Consolidated Financial Statements

12 Credit quality of financial assets — Group and Company

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

(a) Trade receivables

The Group has a policy in place that sales are on cash on delivery terms for most of the domestic customers, and letters of credit have to be received for overseas customers. Only certain long-term overseas distributors with good credit history and certain domestic distributors are granted credit terms ranging from three to six months.

(b) Cash and bank and short-term bank deposits

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Cash on hand | 752 | 741 | 142 | 185 |
| State-owned banks in the PRC | 3,273,341 | 1,281,327 | 2,361,382 | 884,882 |
| Listed commercial banks in the PRC | 1,591,502 | 852,933 | 884,350 | 392,324 |
| Foreign invested banks | 162 | 1,790 | — | — |
| Other domestic banks in the PRC | 441,818 | 244,253 | 400,940 | 130,989 |
| | 5,307,575 | 2,381,044 | 3,646,814 | 1,408,380 |

All banks deposits are with respectable banks. None of the bank deposits is considered as exposure to major credit risk. None of the financial assets that are fully performing has been renegotiated in the last year.

13 Available-for-sale financial assets — Group and Company

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| At 1 January | 10,085 | 20,223 | 7,055 | 12,496 |
| Fair value gains/(losses) transfer to equity | 4,082 | (10,138) | 2,695 | (5,441) |
| Net gains transfer from equity | (7,294) | — | (4,565) | — |
| Disposals | (1,504) | — | (500) | — |
| At 31 December | 5,369 | 10,085 | 4,685 | 7,055 |
| Less: non-current portion | (5,369) | (10,085) | (4,685) | (7,055) |
| Current portion | — | — | — | — |
| Including: | | | | |
| Listed securities | | | | |
| — Equity securities — PRC | — | 4,416 | — | 2,370 |
| Unlisted equity investment | 5,369 | 5,669 | 4,685 | 4,685 |
| | 5,369 | 10,085 | 4,685 | 7,055 |

The Group removed profits of RMB7,294,000 (2008: nil) from equity into the income statement.

The available-for-sale financial assets are denominated in RMB. None of these financial assets are either past due or impaired.

Notes to the Consolidated Financial Statements

14 Trade and other receivables — Group and Company

| | Group | | Company | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Trade receivables (a) | | | | |
| — third parties | 288,934 | 285,539 | 76,972 | 64,596 |
| — related parties | 55,696 | 45,320 | 52,278 | 45,320 |
| | 344,630 | 330,859 | 129,250 | 109,916 |
| Less: provision for impairments | (252,035) | (249,406) | (82,954) | (77,322) |
| Trade receivables — net | 92,595 | 81,453 | 46,296 | 32,594 |
| Bills receivables (b) | 10,750 | 9,055 | 6,500 | 3,850 |
| Prepayments (c) | | | | |
| — third parties | 129,812 | 221,283 | 2,559 | 9,941 |
| — related parties | 9,421 | 4,173 | 4,500 | — |
| | 139,233 | 225,456 | 7,059 | 9,941 |
| Deposits and other receivables (c) | | | | |
| — third parties | 204,588 | 211,826 | 87,277 | 96,730 |
| — related parties | 2,886 | 2,187 | 698 | — |
| | 207,474 | 214,013 | 87,975 | 96,730 |
| Less: Provision for impairments | (74,231) | (75,632) | (25,541) | (26,474) |
| Deposits and other receivables — net | 133,243 | 138,381 | 62,434 | 70,256 |
| | 375,821 | 454,345 | 122,289 | 116,641 |

The net book value of trade and other receivables approximated to their fair value as at 31 December 2009 and 31 December 2008.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

| | 2009 RMB'000 | 2008 RMB'000 |
|-----------|-----------------|-----------------|
| RMB | 287,160 | 385,907 |
| HK dollar | 54,277 | 33,350 |
| Euro | 17,241 | 15,285 |
| US dollar | 15,779 | 18,546 |
| CAD | 1,364 | 1,257 |
| | 375,821 | 454,345 |

Notes to the Consolidated Financial Statements

14 Trade and other receivables — Group and Company (continued)

(a) Trade receivables

At 31 December 2009 and 2008, the Group's ageing analysis of trade receivables were as follows:

| | 31 December 2009 | | | 31 December 2008 | | |
|------------------------|------------------|--|-------------------------------|------------------|--|-------------------------------|
| | Amount | Provision for impairment of receivable | Balance after provision | Amount | Provision for impairment of receivable | Balance after provision |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Less than 1 year | 90,932 | (804) | 90,128 | 80,843 | (835) | 80,008 |
| 1 to less than 2 years | 2,134 | (1,029) | 1,105 | 681 | (209) | 472 |
| 2 to less than 3 years | 633 | (394) | 239 | 3,828 | (3,828) | — |
| Over 3 years | 250,931 | (249,808) | 1,123 | 245,507 | (244,534) | 973 |
| | <u>344,630</u> | <u>(252,035)</u> | <u>92,595</u> | <u>330,859</u> | <u>(249,406)</u> | <u>81,453</u> |

At 31 December 2009 and 2008, the Group's ageing analysis of trade receivables were as follows:

| | 31 December 2009 | | | 31 December 2008 | | |
|------------------------|------------------|--|-------------------------------|------------------|--|-------------------------------|
| | Amount | Provision for impairment of receivable | Balance after provision | Amount | Provision for impairment of receivable | Balance after provision |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Less than 1 year | 47,097 | (801) | 46,296 | 32,594 | (5) | 32,589 |
| 1 to less than 2 years | — | — | — | 352 | (347) | 5 |
| Over 3 years | 82,153 | (82,153) | — | 76,970 | (76,970) | — |
| | <u>129,250</u> | <u>(82,954)</u> | <u>46,296</u> | <u>109,916</u> | <u>(77,322)</u> | <u>32,594</u> |

The majority of the Group's domestic sales are transacted at cash on delivery terms. For export sales transacted out of the PRC, they are mainly covered by letters of credit. Credit is only granted to customers with good credit history. There is no concentration of credit risk with respect to the trade receivables balances since the Group has a large number of customers which are nationally dispersed.

The Group makes specific impairment provision against its doubtful trade receivables balances based on the credit status of the customers and the existence of any evidence which indicates that a portion or the full amount of the outstanding balance is uncollectible.

As of 31 December 2009, trade receivables of approximately RMB1,406,000 (2008: RMB527,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|------------------|-----------------|-----------------|
| Less than 1 year | 44 | 527 |
| Over 1 year | 1,362 | — |
| | <u>1,406</u> | <u>527</u> |

Notes to the Consolidated Financial Statements

14 Trade and other receivables — Group and Company (continued)

(a) Trade receivables (continued)

As of 31 December 2009, trade receivables of approximately RMB252,408,000 (2008: RMB251,477,000) were impaired. The amount of the provision was approximately RMB252,035,000 as of 31 December 2009 (2008: RMB249,406,000). The individually impaired receivables mainly relate to distributors who are in difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these impaired receivables is as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|------------------------------|-----------------|-----------------|
| Less than 1 year | 72 | 1,461 |
| 1 year to less than 2 years | 2,134 | 681 |
| 2 years to less than 3 years | 394 | 3,828 |
| Over 3 years | 249,808 | 245,507 |
| Total | <u>252,408</u> | <u>251,477</u> |

Movements in the provision for impairment of trade receivables are as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-------------------------|-------------------------|
| At 1 January | (249,406) | (234,853) |
| Provision for receivable impairment | (5,221) | (15,060) |
| Receivables written off during the year as uncollectible | 2,592 | 507 |
| At 31 December | <u>(252,035)</u> | <u>(249,406)</u> |

The provision for impaired receivables have been included in 'distribution costs' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(b) Bills receivables

As of 31 December 2009, bills receivables are generated from sales transactions, and the ageing of the bills receivables is all within 6 months.

(c) Prepayment, deposits and other receivables

At 31 December 2009 and 2008, prepayment, deposits and other receivables represent the followings:

| | Group | | Company | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Prepayments | 139,233 | 225,456 | 7,059 | 9,941 |
| Staff advance | 24,306 | 21,699 | 5,392 | 5,712 |
| Prepayment of land use rights | 35,434 | 17,992 | 17,442 | — |
| Deposits | 15,053 | 24,635 | 3,010 | 2,833 |
| VAT refund | 3,085 | 7,264 | — | — |
| Others | 129,596 | 142,423 | 62,131 | 88,185 |
| | <u>346,707</u> | <u>439,469</u> | <u>95,034</u> | <u>106,671</u> |
| Less: provision for impairment | (74,231) | (75,632) | (25,541) | (26,474) |
| | <u>272,476</u> | <u>363,837</u> | <u>69,493</u> | <u>80,197</u> |

Notes to the Consolidated Financial Statements

14 Trade and other receivables — Group and Company (continued)

(c) Prepayment, deposits and other receivables (continued)

At 31 December 2009 and 2008, the Group's ageing analysis of prepayment, deposits and other receivables were as follows:

| | 31 December 2009 | | | 31 December 2008 | | |
|------------------------|-------------------|---|--|-------------------|---|--|
| | Amount RMB'000 | Provision for impairment of receivable RMB'000 | Balance after provision RMB'000 | Amount RMB'000 | Provision for impairment of receivable RMB'000 | Balance after provision RMB'000 |
| | | | | | | |
| Less than 1 year | 224,207 | (190) | 224,017 | 325,825 | (749) | 325,076 |
| 1 to less than 2 years | 24,002 | (545) | 23,457 | 25,470 | (993) | 24,477 |
| 2 to less than 3 years | 4,387 | (1,307) | 3,080 | 4,686 | (1,978) | 2,708 |
| Over 3 years | 94,111 | (72,189) | 21,922 | 83,488 | (71,912) | 11,576 |
| | <u>346,707</u> | <u>(74,231)</u> | <u>272,476</u> | <u>439,469</u> | <u>(75,632)</u> | <u>363,837</u> |

At 31 December 2009 and 2008, the Group's ageing analysis of prepayment, deposits and other receivables were as follows:

| | 31 December 2009 | | | 31 December 2008 | | |
|------------------------|-------------------|---|--|-------------------|---|--|
| | Amount RMB'000 | Provision for impairment of receivable RMB'000 | Balance after provision RMB'000 | Amount RMB'000 | Provision for impairment of receivable RMB'000 | Balance after provision RMB'000 |
| | | | | | | |
| Less than 1 year | 47,048 | — | 47,048 | 36,861 | — | 36,861 |
| 1 to less than 2 years | 4,236 | — | 4,236 | 2,650 | — | 2,650 |
| 2 to less than 3 years | 82 | (75) | 7 | 40,585 | (100) | 40,485 |
| Over 3 years | 43,668 | (25,466) | 18,202 | 26,575 | (26,374) | 201 |
| | <u>95,034</u> | <u>(25,541)</u> | <u>69,493</u> | <u>106,671</u> | <u>(26,474)</u> | <u>80,197</u> |

Movements in the provision for impairment of prepayment, deposits and other receivables were as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-----------------|-----------------|
| At 1 January | (75,632) | (75,041) |
| Provision for impairment | (425) | (2,071) |
| Receivables written off during the year as uncollectible | 1,826 | 1,480 |
| At 31 December | <u>(74,231)</u> | <u>(75,632)</u> |

Notes to the Consolidated Financial Statements

15 Inventories — Group and Company

| | Group | | Company | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
| Raw materials, packaging materials and auxiliary materials | 1,440,226 | 2,210,611 | 271,639 | 499,166 |
| Work-in-progress | 234,984 | 279,098 | 39,919 | 54,548 |
| Finished goods | 202,169 | 266,628 | 93,688 | 89,984 |
| Inventories, net | 1,877,379 | 2,756,337 | 405,246 | 643,698 |

The cost of inventories recognised as expense and included in 'cost of sales' amounted to approximately RMB8,046,544,000 (2008: RMB7,530,045,000).

The Group recognised the write-down of inventories with an amount of approximately RMB31,671,000 and reversed a previous provision of RMB704,700 in 2009. The amounts recognised and reversed have been included in 'cost of sales' in the income statement.

16 Cash and cash equivalents — Group and Company

| | Group | | Company | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
| Cash at bank and on hand | 5,307,575 | 2,380,044 | 3,646,814 | 1,408,380 |
| Short-term bank deposits | — | 1,000 | — | — |
| | 5,307,575 | 2,381,044 | 3,646,814 | 1,408,380 |

17 Income tax recoverable — Group and Company

| | Group | | Company | |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> | 2009 <i>RMB'000</i> | 2008 <i>RMB'000</i> |
| Income tax recoverable | 9,979 | 55,276 | — | 45,979 |

As at 31 December 2009, the balance of Income tax recoverable represents the current tax assets of the Group that could not be offset against current tax liabilities for the entities do not have legally enforceable right to make a single net payment.

Notes to the Consolidated Financial Statements

18 Share capital — Group and Company

| | Number of shares <i>Thousands</i> | PRC public shares subject to restriction <i>RMB'000</i> | PRC public shares ("A Shares") <i>RMB'000</i> | Overseas public shares ("H Shares") <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---|--|--|---|-------------------------|
| At 1 January 2008 | 1,308,219 | 417,395 | 235,755 | 655,069 | 1,308,219 |
| At 31 December 2008 | 1,308,219 | 417,395 | 235,755 | 655,069 | 1,308,219 |
| Proceeds from A shares issued (<i>Note 21(b)</i>) | 42,764 | — | 42,764 | — | 42,764 |
| At 31 December 2009 | 1,350,983 | 417,395 | 278,519 | 655,069 | 1,350,983 |

Notes:

- i. As at 31 December 2009, the total authorised number of ordinary shares is 1,350,982,795 shares (2008: 1,308,219,178 shares) with a par value of RMB1 per share (2008: RMB1 per share). All issued shares are fully paid.
- ii. On 19 October 2009, the Company issued 42,763,617 new A-shares with a net proceeds of approximately RMB1,187,101,000 as a result of exercise subscription warrants attached with the Company's convertible bonds (*Note 21(b)*). The related transaction costs amounting to approximately RMB2,583,000 have been netted off with the proceeds.

On 23 January 2009, the former second largest shareholder Anheuser-Busch InBev S.A. ("InBev S.A."), which indirectly held 27% H share interest of the Company entered into an agreement with Asahi Breweries, Ltd. ("Asahi Breweries") to sell approximately 19.99% H share interest held by its fully subsidiary, A-B Jade Hong Kong Holding Company Limited ("A-B Jade"). The relevant legal procedure of the transaction was completed on 6 May 2009 and after the transaction, Asahi Breweries became the second largest shareholder with 19.99% H share interest of the Company.

On 7 May 2009, A-B Jade entered into an agreement with Mr. Chen Fashu to sell approximately 7.01% H share interest of the Company. The relevant legal procedure of the transaction was completed on 24 June 2009. Thereafter, InBev S.A. was no longer the shareholder of the Company.

19 Retained earnings — Group and Company

| | Group <i>RMB'000</i> | Company <i>RMB'000</i> |
|---|-------------------------|---------------------------|
| At 1 January 2008 | 568,105 | 613,237 |
| Profit for the year | 699,554 | 403,608 |
| Profit appropriation to statutory surplus reserve | (40,889) | (40,889) |
| Dividends paid relating to 2007 | (287,808) | (287,808) |
| At 31 December 2008 | 938,962 | 688,148 |
| At 1 January 2009 | 938,962 | 688,148 |
| Profit for the year | 1,253,291 | 770,535 |
| Profit appropriation to statutory surplus reserve | (77,435) | (77,435) |
| Dividends paid relating to 2008 | (327,055) | (327,055) |
| At 31 December 2009 | 1,787,763 | 1,054,193 |

Notes to the Consolidated Financial Statements

20 Other reserves — Group and Company

(a) Group

| | Share premium RMB'000 | Capital reserve RMB'000 | Surplus reserve RMB'000 (Note i) | Cumulative translation adjustments RMB'000 | Total RMB'000 |
|---|-----------------------------|-------------------------------|---|---|------------------|
| At 1 January 2008 | 3,058,231 | 75,508 | 495,219 | 3,903 | 3,632,861 |
| Available-for-sale financial assets | | | | | |
| — fair value losses | — | (9,794) | — | — | (9,794) |
| — tax on fair value losses | — | 2,449 | — | — | 2,449 |
| Translation difference | — | — | — | 156 | 156 |
| Acquisition of minority interests in subsidiaries | (115,442) | — | — | — | (115,442) |
| Equity component of convertible bonds, net of transaction costs (Note ii) | — | 380,490 | — | — | 380,490 |
| Deferred tax arising on initial recognition of convertible bonds at fair value | — | (97,426) | — | — | (97,426) |
| Profit appropriation to surplus reserve (Note iii) | — | — | 40,889 | — | 40,889 |
| Others | — | 874 | — | — | 874 |
| At 31 December 2008 | 2,942,789 | 352,101 | 536,108 | 4,059 | 3,835,057 |
| Available-for-sale financial assets | | | | | |
| — fair value gains | — | 4,082 | — | — | 4,082 |
| — tax on fair value gains | — | (1,021) | — | — | (1,021) |
| — transfers to income statement | — | (7,294) | — | — | (7,294) |
| — tax on transfers to income statement | — | 1,824 | — | — | 1,824 |
| Translation difference | — | — | — | 240 | 240 |
| Acquisition of minority interests in subsidiaries (Note 9(a)iii) | 27,174 | — | — | — | 27,174 |
| Equity component of convertible bonds, net of transaction costs (Note ii) | 380,490 | (380,490) | — | — | — |
| Deferred tax arising on initial recognition of convertible bonds at fair value | (97,426) | 97,426 | — | — | — |
| Profit appropriation to surplus reserve (Note iii) | — | — | 77,435 | — | 77,435 |
| Proceeds from issuance of ordinary shares related to exercise of warrants subscription (Note 21(b)) | 1,144,337 | — | — | — | 1,144,337 |
| At 31 December 2009 | 4,397,364 | 66,628 | 613,543 | 4,299 | 5,081,834 |

Notes to the Consolidated Financial Statements

20 Other reserves — Group and Company (continued)

(b) Company

| | Share premium RMB'000 | Capital reserve RMB'000 | Surplus reserve RMB'000 (Note i) | Total RMB'000 |
|--|-----------------------------|-------------------------------|---|------------------|
| At 1 January 2008 | 3,058,231 | 55,766 | 495,219 | 3,609,216 |
| Available-for-sale financial assets | | | | |
| — fair value losses | — | (5,441) | — | (5,441) |
| — tax on fair value losses | — | 1,361 | — | 1,361 |
| Equity component of convertible bonds, net of transaction costs | — | 380,490 | — | 380,490 |
| Deferred tax arising on initial recognition of convertible bonds at fair value | — | (97,426) | — | (97,426) |
| Profit appropriation to surplus reserve | — | — | 40,889 | 40,889 |
| At 31 December 2008 | 3,058,231 | 334,750 | 536,108 | 3,929,089 |
| Available-for-sale financial assets | | | | |
| — fair value gains | — | 2,695 | — | 2,695 |
| — tax on fair value gains | — | (674) | — | (674) |
| — transfers to income statement | — | (4,565) | — | (4,565) |
| — tax on transfers to income statement | — | 1,141 | — | 1,141 |
| Equity component of convertible bonds, net of transaction costs | 380,490 | (380,490) | — | — |
| Deferred tax arising on initial recognition of convertible bonds at fair value | (97,426) | 97,426 | — | — |
| Profit appropriation to surplus reserve | — | — | 77,435 | 77,435 |
| Proceeds from issuance of ordinary shares related to exercise of warrants subscription (Note 21(b)) | 1,144,337 | — | — | 1,144,337 |
| At 31 December 2009 | 4,485,632 | 50,283 | 613,543 | 5,149,458 |

Notes:

i. Surplus reserve

According to the Articles of Association of the Company and the Company Law of the PRC, the Company has to set aside 10% of its net profit after taxation under the PRC accounting standards for the statutory surplus reserve (except where the reserve balance has reached 50% of the paid-up share capital of the Company). These reserves are not distributable as cash dividends but shall be used to make good the losses of the Company or converted into additional capital.

ii. The equity component of convertible bonds, net of transaction costs is as follows:

| | RMB'000 |
|---------------------------------------|----------------|
| Equity component of convertible bonds | 389,702 |
| Less: transaction costs | (9,212) |
| | <u>380,490</u> |

With the exercise period ended on 19 October 2009 (Note 21(b)), the equity component of convertible bonds and the deferred tax related was transferred to 'share premium'.

iii. Basis of profit distribution and appropriation

In accordance with the Company's Articles of Association and Document Cai Kuai Zi [1995] No. 31 issued by the State Ministry of Finance, appropriations to surplus reserves should be made based on the amount of profits as determined in accordance with the PRC accounting standards and regulations. The Company declares dividends based on the lower of distributable profits of the Company reported under the PRC accounting standards and HKFRS.

Notes to the Consolidated Financial Statements

21 Borrowings — Group and Company (continued)

(a) Bank borrowings (continued)

The effective interest rates of bank borrowings at the balance sheet date were as follows:

| | 2009 | | | 2008 | | |
|---------|-------|-------|------|-------|-------|-------|
| | RMB | HK\$ | US\$ | RMB | HK\$ | US\$ |
| Group | 4.84% | 1.53% | — | 5.28% | 3.89% | 6.12% |
| Company | 5.58% | — | — | 6.11% | — | 6.12% |

As at 31 December 2009, loans of the Group amounting to approximately RMB6,051,000 (2008: RMB6,464,000), RMB10,003,000 (2008: RMB11,440,000) and RMB2,000,000 (2008: nil) were guaranteed by the Beijing Development and Reform Committee, Beijing Branch of Bank of China and TB Group Company, respectively; loan of approximately RMB38,426,000 (2008: nil) was guaranteed by Qingdao North No. 1 Branch of Bank of Communication with the banking facility authorised to the Company; and loans of RMB67,000,000 (2008: RMB55,000,000) were entrusted by TB Group Company.

The carrying amounts of the borrowings are denominated in the following currencies.

| | Group | | Company | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| RMB | 81,000 | 239,800 | 170,000 | 170,000 |
| Hong Kong dollars | 110,899 | 72,588 | — | — |
| US dollars | — | 102,519 | — | 102,519 |
| Euro | 10,003 | 11,440 | — | — |
| Danish Krone | 6,051 | 6,464 | — | — |
| | 207,953 | 432,811 | 170,000 | 272,519 |

As at 31 December 2009, the Group had aggregate unutilised short term loan facilities of approximately RMB4,855,000,000 (2008: RMB700,000,000). All are expiring within a year with floating interest rates to be charged on the amount to be drawn down.

(b) Convertible bond

Approved by the Circular [2008] No. 445 issued by the China Securities Regulatory Commission, the Company issued 15,000,000 units of 0.8% coupon convertible bonds with attached warrants subscription rights on 2 April 2008. The bonds would mature in 6 years from the issue date at a par value of RMB100 per unit, and total nominal value of RMB1,500,000,000. The eventual holders of the convertible bonds could obtain 7 units of warrants per bond, and the total warrants issued would reach 105 million units. The duration of the warrants was lasted for 18 months since the warrants were listed, and the exercise period was the last 5 days of the duration, which was from 13 October 2009 to 19 October 2009. The initial exercise rate for the warrants was 2:1, which means the holders have warrants subscription rights to subscribe newly issued A shares of the Company at the rate of 2 units per warrant.

Upon the exercise period ended on 19 October 2009, 85,529,792 units of warrants were exercised and as a result, 42,763,617 A shares of the Company were issued with a net proceeds of approximately RMB1,187,101,000. The total number of the Company's shares was increased from 1,308,219,178 to 1,350,982,795, and the Company's share premium was increased approximately RMB1,144,337,000.

Notes to the Consolidated Financial Statements

21 Borrowings — Group and Company (continued)

(b) Convertible bond (continued)

The fair value of the liability component, included in non-current borrowings, was calculated using a market interest rate for a non-convertible bond in the market with equivalent terms.

The convertible bond recognised in the balance sheet is calculated as follows:

| | Group and Company | |
|--|-------------------|----------------|
| | 2009 | 2008 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Liability component at 1 January | 1,137,179 | — |
| Face value of the convertible bond issued on 2 April 2008 | — | 1,500,000 |
| Equity component (<i>Note 20(ii)</i>) | — | (389,702) |
| Transaction costs attributable to liability component | — | (26,245) |
| Liability component on initial recognition at 2 April 2008 | — | 1,084,053 |
| Interest expenses | 73,717 | 53,126 |
| Interest paid | (12,000) | — |
| Liability component at 31 December | 1,198,896 | 1,137,179 |

The fair value of the liability component of the convertible bond at 31 December 2009 amounted to approximately RMB1,198,896,000. The fair value is calculated using cash flow discounted at the rate of 6.1%.

(c) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

| | As at 31 December | |
|--|-------------------|----------------|
| | 2009 | 2008 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Gross finance lease liabilities — minimum lease payments | | |
| No later than 1 year | 2,565 | 2,565 |
| Later than 1 year and no later than 2 years | 2,565 | 2,565 |
| Later than 2 years and no later than 3 years | 640 | 2,565 |
| Later than 3 years | — | 640 |
| | 5,770 | 8,335 |
| <i>Less:</i> Future finance charges on finance leases | (668) | (1,309) |
| Present value of finance lease liabilities | 5,102 | 7,026 |

The present value of finance lease liabilities is as follows:

| | | |
|--|--------------|-------|
| No later than 1 year | 2,126 | 2,565 |
| Later than 1 year and no later than 2 years | 2,352 | 2,126 |
| Later than 2 years and no later than 3 years | 624 | 1,711 |
| Later than 3 years | — | 624 |
| | 5,102 | 7,026 |

Notes to the Consolidated Financial Statements

22 Deferred income tax — Group and Company

The analysis of deferred tax assets and deferred tax liabilities is as follows:

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Deferred tax assets: | | | | |
| — Deferred tax assets to be recovered within 12 months | 240,843 | 94,930 | 95,397 | 11,796 |
| Deferred tax liabilities: | | | | |
| — Deferred tax liabilities to be recovered after more than 12 months | (31,071) | (12,289) | — | — |
| — Deferred tax liabilities to be recovered within 12 months | (3,210) | (828) | — | — |
| | (34,281) | (13,117) | — | — |
| Deferred tax assets (net) | 206,562 | 81,813 | 95,397 | 11,796 |

The gross movement in the deferred income tax account is as follows:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| At 1 January | 81,813 | 157,748 | 11,796 | 118,597 |
| Acquisition of subsidiary (Note 9(a)v) | (23,819) | — | — | — |
| Tax charge relating to components of other comprehensive income | 871 | 2,535 | 467 | 1,361 |
| Tax credited/(charged) to the income statement (Note 30(a)) | 147,697 | 18,956 | 83,134 | (10,736) |
| Tax charged directly to equity (Note 20(a)) | — | (97,426) | — | (97,426) |
| At 31 December | 206,562 | 81,813 | 95,397 | 11,796 |

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(i) Deferred tax assets

| | Group | | | | | | | Total RMB'000 |
|--|---|--|---------------------------------|--|---|---------------------------------------|----------------------------------|------------------|
| | Depreciation differences of fixed assets RMB'000 | Advertising expenses not tax deductible in current year RMB'000 | Impairment provision RMB'000 | Accruals not tax deductible in current year RMB'000 | Loss on derivative financial instruments RMB'000 | Deferred government grants RMB'000 | Deductible tax losses RMB'000 | |
| At 1 January 2008 | 2,181 | 38,858 | 12,452 | 112,092 | 5,700 | 3,500 | — | 174,783 |
| (Charged)/credited to the income statement | (140) | (38,858) | (248) | 50,810 | (5,700) | 8,202 | — | 14,066 |
| At 31 December 2008 | 2,041 | — | 12,204 | 162,902 | — | 11,702 | — | 188,849 |
| (Charged)/credited to the income statement | (352) | — | (647) | 137,684 | — | (10,230) | 3,065 | 129,520 |
| At 31 December 2009 | 1,689 | — | 11,557 | 300,586 | — | 1,472 | 3,065 | 318,369 |

Notes to the Consolidated Financial Statements

22 Deferred income tax — Group and Company (continued)

(i) Deferred tax assets (continued)

| | Company | | | | | |
|--|---|----------------------|---|--|----------------------------|----------------|
| | Advertising expenses not tax deductible in current year | Impairment provision | Accruals not tax deductible in current year | Loss on derivative financial instruments | Deferred government grants | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008 | 38,858 | 328 | 75,539 | 5,700 | — | 120,425 |
| (Charged)/credited to the income statement | (38,858) | 358 | 27,634 | (5,700) | 1,800 | (14,766) |
| At 31 December 2008 | — | 686 | 103,173 | — | 1,800 | 105,659 |
| (Charged)/credited to the income statement | — | — | 69,064 | — | (1,800) | 67,264 |
| At 31 December 2009 | — | 686 | 172,237 | — | — | 172,923 |

(ii) Deferred tax liabilities

| | Group | | | | |
|---|---|--|---|-------------------|------------------|
| | Depreciation and amortisation differences | Gains on available-for-sale financial assets | Gains on derivative financial instruments | Convertible bonds | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2008 | (13,629) | (3,406) | — | — | (17,035) |
| (Charged)/credited to the income statement | 860 | — | (441) | 4,471 | 4,890 |
| Credited relating to components of other comprehensive income | — | 2,535 | — | — | 2,535 |
| Charged to equity | — | — | — | (97,426) | (97,426) |
| At 31 December 2008 | (12,769) | (871) | (441) | (92,955) | (107,036) |
| Credited to the income statement | 2,307 | — | 441 | 15,429 | 18,177 |
| Credited relating to components of other comprehensive income | — | 871 | — | — | 871 |
| Acquisition of a subsidiary (Note 9(a)v) | (23,819) | — | — | — | (23,819) |
| At 31 December 2009 | (34,281) | — | — | (77,526) | (111,807) |

Notes to the Consolidated Financial Statements

22 Deferred income tax — Group and Company (continued)

(ii) Deferred tax liabilities (continued)

| | Company | | | Total RMB'000 |
|--|--|---|---------------------------------|------------------|
| | Gains on available- for-sale financial assets RMB'000 | Gains on derivative financial instruments RMB'000 | Convertible bonds RMB'000 | |
| At 1 January 2008 | (1,828) | — | — | (1,828) |
| (Charged)/credited to the income statement | — | (441) | 4,471 | 4,030 |
| Credited relating to components of other comprehensive income | 1,361 | — | — | 1,361 |
| Charged to equity | — | — | (97,426) | (97,426) |
| At 31 December 2008 | (467) | (441) | (92,955) | (93,863) |
| Credited to the income statement | — | 441 | 15,429 | 15,870 |
| Credited relating to components of other comprehensive income | 467 | — | — | 467 |
| At 31 December 2009 | — | — | (77,526) | (77,526) |

As at 31 December 2009, deferred tax assets were mainly recognised for temporary differences arising from depreciation and amortisation differences of those assets acquired in business combinations, impairment loss provision against fixed assets and financial assets, and certain promotion expenses and accrual of expenses not deductible for current year income tax, to the extent that realisation of such tax benefits through future taxable profits is probable.

The Group had unrecognised deferred tax assets aggregated to approximately RMB394,271,000 as at 31 December 2009 (2008: RMB506,031,000), which were mainly attributable to accumulated tax losses of certain subsidiaries of approximately RMB157,855,000, which expires in the period from 2010 to 2014, depreciation differences of fixed assets of approximately RMB21,401,000 (2008: RMB25,219,000), provision for impairment losses of approximately RMB215,015,000 (2008: RMB260,127,000). 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.

23 Deferred government grants

Deferred government grants mainly represented subsidy received from local governments for capital expenditures incurred by the Company and certain subsidiaries of the Group for their new production facilities.

Notes to the Consolidated Financial Statements

24 Trade and other payables

| | Group | | Company | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Trade payables (a) | | | | |
| — third parties | 1,036,379 | 1,208,332 | 240,128 | 240,164 |
| — related parties | 21,463 | 47 | 21,034 | — |
| — subsidiaries | — | — | 152,884 | 116,821 |
| | <u>1,057,842</u> | <u>1,208,379</u> | <u>414,046</u> | <u>356,985</u> |
| Bills payables (b) | <u>89,828</u> | <u>146,983</u> | <u>60,100</u> | <u>63,120</u> |
| Deposits and advances from customers (c) | | | | |
| — third parties | 269,763 | 338,557 | 129,423 | 147,348 |
| — related parties | 1,253 | 2,202 | 1,253 | 2,202 |
| — subsidiaries | — | — | 1,695 | 3,394 |
| | <u>271,016</u> | <u>340,759</u> | <u>132,371</u> | <u>152,944</u> |
| Accruals and other payables (d) | | | | |
| — third parties | 3,027,921 | 2,365,100 | 944,880 | 630,856 |
| — related parties | 3,198 | 25,710 | 3,173 | 5,710 |
| — subsidiaries | — | — | 75,371 | 74,747 |
| | <u>3,031,119</u> | <u>2,390,810</u> | <u>1,023,424</u> | <u>711,313</u> |
| Total | <u>4,449,805</u> | <u>4,086,931</u> | <u>1,629,941</u> | <u>1,284,362</u> |

(a) Trade payables

The ageing analysis of trade payables is as follows:

| | Group | | Company | |
|------------------------|------------------|------------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Less than 1 year | 1,007,559 | 1,184,724 | 382,251 | 354,932 |
| 1 to less than 2 years | 37,367 | 5,357 | 30,029 | 254 |
| 2 to less than 3 years | 2,835 | 4,609 | 26 | 44 |
| Over 3 years | 10,081 | 13,689 | 1,740 | 1,755 |
| | <u>1,057,842</u> | <u>1,208,379</u> | <u>414,046</u> | <u>356,985</u> |

(b) Bills payables

All balances of bills payables as at 31 December 2009 are within the maturity of six months. Approximately RMB3,375,000 (2008: RMB8,016,000) of bank deposits of the Group denominated in Renminbi had been pledged for the issuance of these bills. As at 31 December 2009, bills payables of RMB8,820,000 issued by the subsidiaries were guaranteed by TB Group Company (2008: bill payables of RMB26,530,000 were guaranteed by the Company). The directors are of the view that the carrying amount of the bills payables as at year end approximated to their fair value.

Notes to the Consolidated Financial Statements

24 Trade and other payables (continued)

(c) Deposits and advance from customers

The ageing analysis of deposits and advance from customers is as follows:

| | Group | | Company | |
|------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Less than 1 year | 261,030 | 331,437 | 129,355 | 149,745 |
| 1 to less than 2 years | 1,631 | 1,269 | 925 | 1,094 |
| 2 to less than 3 years | 536 | 833 | 57 | 57 |
| Over 3 years | 7,819 | 7,220 | 2,034 | 2,048 |
| | 271,016 | 340,759 | 132,371 | 152,944 |

(d) Accruals and other payables

The analysis of accruals and other payables by nature is as follows:

| | Group | | Company | |
|---|------------------|------------------|------------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Accruals for marketing and advertising expenses | 1,012,308 | 723,061 | 508,536 | 325,886 |
| Guarantee deposits for recycled bottles | 576,221 | 587,242 | 48,784 | 44,309 |
| Accrued payroll and other staff costs | 541,062 | 304,566 | 199,161 | 74,860 |
| Payables to vendors of PP&E | 198,904 | 223,188 | 17,456 | 20,225 |
| VAT and other duties and taxes | 254,106 | 218,727 | 60,761 | 58,983 |
| Accruals for transportation expenses | 65,596 | 50,432 | 32,076 | 25,872 |
| Accruals for administrative expenses | 25,202 | 24,323 | — | — |
| Accruals for electricity expenses | 8,071 | 7,786 | — | — |
| Others | 349,649 | 251,485 | 156,650 | 161,178 |
| | 3,031,119 | 2,390,810 | 1,023,424 | 711,313 |

25 Other gains — net

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Foreign exchange forward contracts: | | |
| — Net foreign exchange losses | (1,007) | (1,218) |
| Disposal gains of available-for-sale financial assets | 7,294 | — |
| Interest income | 41,087 | 30,051 |
| Government grants (i) | 199,388 | 137,936 |
| | 246,762 | 166,769 |

- (i) In connection with the acquisitions or establishment of certain subsidiaries of the Group in prior years, the Group entered into various agreements with the relevant municipal governments that these subsidiaries could enjoy certain financial incentives granted by the governments, mainly including financial subsidies determined with reference to the amounts of taxes paid by these subsidiaries.

Notes to the Consolidated Financial Statements

26 Other operating losses — net

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Impairment provision against property, plant and equipment and other non-current assets (Note 6, 7) | 46,238 | 162,467 |
| Loss on disposal of PP&E and other non-current assets (Note 34) | 39,837 | 11,121 |
| Disposal of sundry materials and others | (48,364) | (55,705) |
| | <u>37,689</u> | <u>117,883</u> |

27 Expenses by nature

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-------------------|-------------------|
| Changes in inventories of finished goods and work in progress | 108,573 | (155,081) |
| Raw materials and consumables used | 7,937,971 | 7,685,126 |
| Employee benefit expenses (Note 28) | 2,043,713 | 1,667,857 |
| Tax expenses | 1,547,306 | 1,424,149 |
| Marketing expenses | 981,050 | 628,935 |
| Depreciation, amortisation and impairment charges (Note 6, 7, 8) | 590,999 | 715,472 |
| Transportation expenses | 652,208 | 583,004 |
| Advertising costs | 404,776 | 514,651 |
| Maintenance expenses | 287,309 | 241,801 |
| Auditors' remuneration | 7,280 | 6,930 |
| Utilities | 686,579 | 677,802 |
| Other expenses | 885,503 | 660,845 |
| Total cost of goods sold, distribution costs and administrative expenses | <u>16,133,267</u> | <u>14,651,491</u> |

28 Employee benefit expenses

| | 2009 RMB'000 | 2008 RMB'000 |
|--|------------------|------------------|
| Wages and salaries | 1,460,156 | 1,143,451 |
| Social security costs | 172,583 | 164,329 |
| Pension costs — defined contribution plans | 165,305 | 145,334 |
| Staff employment medical benefits | 9,144 | 5,419 |
| Termination benefits | 111,614 | 101,252 |
| Others | 124,911 | 108,072 |
| | <u>2,043,713</u> | <u>1,667,857</u> |
| Average number of people employed (number of people('000)) | <u>34</u> | <u>36</u> |

Notes to the Consolidated Financial Statements

28 Employee benefit expenses (continued)

(a) Directors' and senior management's emoluments

The remuneration of every director for the year ended 31 December 2009 is set out below:

| Name of directors | Fees RMB'000 | Salary RMB'000 | Social security | Total RMB'000 |
|-------------------------|-----------------|-------------------|--------------------------|------------------|
| | | | contributions RMB'000 | |
| Mr. Jin Zhiguo | — | 1,526 | 31 | 1,557 |
| Mr. Wang Fan | — | 847 | 31 | 878 |
| Mr. Sun Mingbo | — | 1,184 | 31 | 1,215 |
| Mr. Liu Yingdi | — | 717 | 31 | 748 |
| Mr. Sun Yuguo | — | 727 | 31 | 758 |
| Mr. Mark F Schumm** | 10 | — | — | 10 |
| Mr. Stephen J Burrows** | 10 | — | — | 10 |
| Mr. Tang Jun* | 5 | — | — | 5 |
| Mr. Fumio YAMAZAKI* | 5 | — | — | 5 |
| Mr. Fu Yang | 80 | — | — | 80 |
| Ms. Li Yan | 80 | — | — | 80 |
| Mr. Poon Chiu Kwok | 80 | — | — | 80 |
| Ms. Wang Shuwen | 80 | — | — | 80 |
| | 350 | 5,001 | 155 | 5,506 |

* Appointed on 2 Nov 2009

** Resigned on 1 May 2009

The remuneration of every director for the year ended 31 December 2008 is set out below:

| Name of directors | Fees RMB'000 | Salary RMB'000 | Social security | Total RMB'000 |
|-----------------------|-----------------|-------------------|--------------------------|------------------|
| | | | contributions RMB'000 | |
| Mr. Li Guirong | — | 595 | 9 | 604 |
| Mr. Jin Zhiguo | — | 1,109 | 29 | 1,138 |
| Mr. Sun Mingbo | — | 764 | 29 | 793 |
| Mr. Sun Yuguo | — | 546 | 29 | 575 |
| Mr. Liu Yingdi | — | 536 | 29 | 565 |
| Mr. Wang Fan | — | 398 | 22 | 420 |
| Mr. Mark F Schumm | 30 | — | — | 30 |
| Mr. Stephen J Burrows | 30 | — | — | 30 |
| Mr. Chu Zhengang | 40 | — | — | 40 |
| Mr. Fu Yang | 80 | — | — | 80 |
| Ms. Li Yan | 80 | — | — | 80 |
| Mr. Poon Chiu Kwok | 80 | — | — | 80 |
| Ms. Wang Shuwen | 40 | — | — | 40 |
| | 380 | 3,948 | 147 | 4,475 |

Notes to the Consolidated Financial Statements

28 Employee benefit expenses (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2008: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2008: three) individuals during the year are as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Basic salaries and allowances | 6,334 | 2,188 |
| Social security contributions | 82 | 78 |
| | <u>6,416</u> | <u>2,266</u> |

The emoluments fell within the following bands:

| | Number of individuals | |
|--------------------------------|-----------------------|------|
| | 2009 | 2008 |
| Emolument bands (in HK dollar) | | |
| Below HK\$1,000,000 | 0 | 2 |
| Above HK\$1,000,000 | 3 | 1 |

The emoluments listed above do not include the special incentive bonus accrued for senior management with amount of RMB12,400,000, which will be allocated to individual according to the performance evaluation results in 2010.

(c) Supervisory committee members' emoluments

The emoluments of the seven (2008: seven) existing and former committee members are as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Basic salaries and allowances | 933 | 664 |
| Social security contributions | 93 | 89 |
| | <u>1,026</u> | <u>753</u> |

29 Finance costs

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-----------------|-----------------|
| Interest expense: | | |
| — Bank borrowings | 22,262 | 44,558 |
| — Convertible bond | 73,717 | 53,126 |
| — Future finance charges | 6,459 | — |
| Net foreign exchange translation gains | <u>(3,479)</u> | <u>(26,973)</u> |
| | <u>98,959</u> | <u>70,711</u> |

Notes to the Consolidated Financial Statements

30 Taxation

(a) Income tax expense

| | 2009 RMB'000 | 2008 RMB'000 |
|--------------------------------------|------------------|-----------------|
| Current income tax | | |
| — Hong Kong profits tax (i) | 3,757 | 5,258 |
| — PRC corporate income tax (ii) | 584,161 | 388,015 |
| Total current tax | 587,918 | 393,273 |
| Deferred income tax (Note 22) | (147,697) | (18,956) |
| Income tax expense | 440,221 | 374,317 |

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

(ii) PRC corporate income tax ("CIT")

Tax concessions and holidays entitled by the Group:

In accordance with an approval document dated 18th April 1994 issued by the State Administration for Taxation ("SAT") of the PRC, net profit earned by the Company was subject to CIT 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 which was issued by SAT in June 2007 (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.

On 15 April 2008, the Company was informed by the governing local tax bureau that the applicable CIT 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 CIT exposure in prior years had been made in the financial statements.

Huanan Sales Company, Huanan Holding Company, Shenzhen Asahi, Dongnan Sales Company and Xiamen Company were established in Shenzhen and Xiamen Special Economic Zones for the PRC where they conduct their operations and they were subject to CIT rate at a lower preferential tax rate of 15% in prior years. Under the CIT Law, the CIT rate applicable to these subsidiaries will be gradually increased to 25% in a 5-year period from 2008 to 2012 and the applicable CIT rate for these subsidiaries in current year is 20%.

Notes to the Consolidated Financial Statements

30 Taxation (continued)

(a) Income tax expense (continued)

(ii) PRC corporate income tax ("CIT") (continued)

Songjiang Company, Changsha Company, Yulin Company, Five Star Company, Three Ring Company, Fuzhou Company and Nanning Company were approved as enterprises with foreign investment and therefore, they are exempt from CIT for two years starting from the first year of profit-marking after offsetting prior year tax losses, followed by a 50% reduction for the next three consecutive years thereafter. The CIT expenses of these companies for the current year are as follows:

- It is the fourth profitable year of Songjiang Company, the third profitable year of Changsha Company and Fuzhou Company, then the CIT expenses were provided at a reduced rate of 12.5% based on the CIT rate of 25%;
- It is the second profitable year of Yulin Company, then it is exempt from the income tax; and
- Five Star Company, Three Ring Company and Nanning Company has not yet reached their first year of profit-marking after offsetting prior year tax losses brought forward, then 2009 is the second tax-free year.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Profit before tax | 1,739,333 | 1,108,089 |
| Tax calculated at domestic tax rates applicable to respective group companies | 384,905 | 248,968 |
| Tax effects of: | | |
| — Income not subject to tax | (7,286) | (13,223) |
| — Expenses not deductible for tax purposes | 76,304 | 38,645 |
| — Utilisation of previously unrecognised tax losses | (48,344) | (42,273) |
| — Tax losses for which no deferred income tax asset was recognised | 34,642 | 142,200 |
| Tax charge | 440,221 | 374,317 |

The tax (charge)/credit relating to components of other comprehensive income are as follows:

| | 2009 | | | 2008 | | |
|-------------------------------------|-----------------------|---------------------------------------|----------------------|-----------------------|---------------------------------------|----------------------|
| | Before tax RMB'000 | Tax (charge)/ credit RMB'000 | After tax RMB'000 | Before tax RMB'000 | Tax (charge)/ credit RMB'000 | After tax RMB'000 |
| Available-for-sale financial assets | (3,212) | 803 | (2,409) | (10,138) | 2,535 | (7,603) |
| Other comprehensive income | (3,212) | 803 | (2,409) | (10,138) | 2,535 | (7,603) |
| Deferred tax | | 803 | | | 2,535 | |

Notes to the Consolidated Financial Statements

30 Taxation (continued)

(a) Income tax expense (continued)

(ii) PRC corporate income tax ("CIT") (continued)

The income tax credited directly to equity during the year is as follows:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Deferred tax: | | |
| — Convertible bond equity component (Note 22) | — | 97,426 |
| — Acquisition of a subsidiary (Note 22) | 23,819 | — |
| | <u>23,819</u> | <u>97,426</u> |

(b) Value-added tax ("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 13% on its export sales of products based on an "exempt, credit, refund" policy enacted. The Group also pays input VAT on its purchases of machineries, raw materials and auxiliary materials which is deductible against output VAT on its sales in order to arrive at the net VAT amount payable to the PRC government.

(c) 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.

(d) Withholding Tax

According to Circular Guoshuihan [2008] No. 897 "Notice on the issue about withholding Corporate 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 for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises, it shall withhold the corporate income tax on the basis of 10% of the dividends. In accordance with this circular, the Company would withhold the corporate income tax with tax rate of 10% when it pays dividends for the year of 2008 or any year thereafter.

31 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB770,535,000 (2008: RMB403,608,000).

32 Earnings per share — basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| | 2009 | 2008 |
|---|--------------|--------------|
| Profit attributable to share holders of the Company (RMB'000) | 1,253,291 | 699,554 |
| Weighted average number of ordinary shares in issue (thousands) | 1,315,346 | 1,308,219 |
| Basic earnings per share (RMB per share) | <u>0.953</u> | <u>0.535</u> |

Notes to the Consolidated Financial Statements

32 Earnings per share — basic and diluted *(continued)*

As mentioned in Note 21(b), the Company issued convertible bonds with attached warrants subscription rights. Though the issuable shares of the Company due to the exercise of the warrants subscription rights by the bonds holders may potentially dilute basic earnings per share, the exercise price of those rights is higher than the average share price of the Company for the year and therefore, they were not included in the calculation of diluted earnings per share for the year.

The diluted earnings per share information was the same as basic for 2009 and 2008 as there were no dilutive potential ordinary shares as of 31 December 2009 and 2008.

33 Dividends

The dividends paid in 2009 and 2008 were RMB327,055,000 (RMB0.25 per share) and RMB287,808,000 (RMB0.22 per share) respectively. At the board of directors meeting held on 8 April 2010, the directors recommend the payment of a final dividend of RMB0.16 per ordinary share, totalling approximately RMB216,157,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 17 June 2010. These financial statements do not reflect this dividend payable.

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-----------------|-----------------|
| Proposed final dividend of RMB0.16 (2008: RMB0.25) per share | <u>216,157</u> | <u>327,055</u> |

The aggregate amounts of the dividends paid and proposed during 2009 and 2008 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

34 Cash generated from operations

Reconciliation of profit for the year to net cash inflow from operation

| | 2009 RMB'000 | 2008 RMB'000 |
|--|-------------------------|-------------------------|
| Profit before income tax | 1,739,333 | 1,108,089 |
| Adjustments for: | | |
| — Depreciation <i>(Note 7)</i> | 504,141 | 523,559 |
| — Amortisation of intangible assets and leasehold land <i>(Note 6, 8)</i> | 40,620 | 29,446 |
| — Amortisation of other long-term assets | 3,512 | 3,525 |
| — Provision for impairment losses on property, plant and equipment and other non-current assets <i>(Note 6, 7)</i> | 46,238 | 162,467 |
| — Interest income <i>(Note 25)</i> | (41,087) | (30,051) |
| — Losses on disposal of property, plant and equipment (see below) | 39,837 | 11,121 |
| — Disposal of available-for-sale financial assets <i>(Note 25)</i> | (7,294) | — |
| — Net foreign exchange losses <i>(Note 25)</i> | 1,007 | 1,218 |
| — Finance costs excluding future finance charges <i>(Note 29)</i> | 95,979 | 97,684 |
| — Foreign exchange translation gains on operating activities <i>(Note 29)</i> | (3,479) | (26,973) |
| — Share of profit of jointly controlled entity and associates — net | (1,950) | (23) |
| | <u>2,416,857</u> | <u>1,880,062</u> |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation) | | |
| — Inventories | 878,958 | (556,913) |
| — Trade and other receivables | 95,965 | 525,760 |
| — Trade and other payables | 356,778 | 210,394 |
| Cash generated from operations | <u>3,748,558</u> | <u>2,059,303</u> |

Notes to the Consolidated Financial Statements

34 Cash generated from operations (continued)

In the statement of cash flows, proceeds from sale of PP&E comprise:

| Group | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Net book value (Note 7(a)) | 47,439 | 17,866 |
| Loss on disposal of PP&E (Note 26) | (39,837) | (11,121) |
| Proceeds from disposal of PP&E | 7,602 | 6,745 |

35 Contingencies

Group and Company

As described in Note 30(a)(ii), the directors are of the view that the potential income tax liabilities prior to 2007 arising from the cancellation of the previous preferential tax concessions could not be reliably estimated and therefore, no provision was made in these financial statements.

36 Commitments

(a) Capital commitments

The Group had no material capital commitments which were authorised but not contracted and provided for as at 31 December 2009.

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

| | Group | | Company | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 | 2009 RMB'000 | 2008 RMB'000 |
| Property, plant and equipment | 67,716 | 124,122 | 17,226 | 11,589 |
| Intangible assets | 87,000 | — | 87,000 | — |
| Equity investment | — | 291,350 | — | 291,350 |
| | 154,716 | 415,472 | 104,226 | 302,939 |

(b) Operating lease commitments — Group as lessee

As at 31 December 2009, the Group had future aggregate minimum lease payments under non-cancelable operating leases of land and buildings as follows:

| | Group | |
|---|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 |
| Not later than one year | 543 | 712 |
| Later than 1 year and no later than 5 years | 1,385 | — |
| | 1,928 | 712 |

Notes to the Consolidated Financial Statements

37 Significant related party transactions

Parties are considered to be related if one company has the ability, directly or indirectly, to control the other company or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The following is a list of the related parties for the year ended 31 December 2009:

| | |
|--|-----------------------------------|
| TB Group Company | Shareholder of the Company |
| Asahi Breweries (i) | Shareholder of the Company |
| InBev S.A. (i) | Former shareholder of the Company |
| Asahi Brewery (Shanghai) Product Services Ltd. ("Asahi Brewery Shanghai") (i) | Shareholder's subsidiary |
| Tsingtao Brewery Guangzhou Sales Company | Associate |
| Tsingtao Brewery Beijing Sales Company | Associate |
| Liaoning Shenqing | Associate |
| Asahi Beverage | Associate |
| Tsingtao Brewery Import&Export S.A.R.L | Associate |
| Zhaoshang Logistics | Associate |
| Yantai Asahi (ii) | Associate |
| Equipment Manufacture | Jointly controlled entity |

(i) As mentioned in Note 18, Asahi Breweries and its subsidiaries became related parties of the Group on 6 May 2009 and InBev S.A. was no longer a related party of the Group after the shares transfer.

(ii) As mentioned in Note 10(b)(ii), Yantai Asahi became a related party of the Group after the acquisition of the share interest in the Company.

The following major transactions were carried out with related parties:

(a) Sales of goods

| | 2009 RMB'000 | 2008 RMB'000 |
|--------------------------|-----------------|-----------------|
| — Associates | 388,401 | 350,108 |
| — Asahi Brewery Shanghai | 7,548 | — |
| — Asahi Breweries | 29,111 | — |
| | <u>425,060</u> | <u>350,108</u> |

(b) Purchases of goods and services:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Purchases of goods: | | |
| — Yantai Asahi | 312,932 | — |
| — Asahi Beverage | 160 | 649 |
| Purchases of construction services: | | |
| — Associates | 4,579 | 4,555 |
| Purchases of logistics services (including paid on behalf): | | |
| — Associates | 214,851 | 289,624 |
| | <u>532,523</u> | <u>294,828</u> |

Notes to the Consolidated Financial Statements

37 Significant related party transactions (continued)

(c) Other transactions carried out with related parties:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Guarantee provided in favour of the an associate of the Group | | |
| — Asahi Beverage | 20,000 | 20,000 |
| The guarantee was terminated as the loan has been repaid by Asahi Beverage in January 2010. | | |
| Guarantee provided for the Group's bank loans and bills | | |
| — TB Group Company | 10,820 | 2,000 |
| Interest paid to | | |
| — TB Group Company | 3,870 | 3,209 |
| Purchase of a subsidiary from its substantial shareholder | | |
| — TB Group Company | — | 2,490 |
| Purchase of minority interest from its substantial shareholder | | |
| — TB Group Company | — | 95,050 |
| Payment for custodian rights of Baotuquan Company (Note 9(a)v) | | |
| — TB Group Company | 9,000 | — |

On 15 June 2009, the Company entered into a one-year agreement with TB Group Company to obtain the exclusive right of using the trademarks of “Baotuquan Beer” at nil consideration. The Company also entered into a one-year entrust agreement with TB Group Company to obtain control in Baotuquan Company (Note 9(a)v).

All the above transactions with related parties were carried out based on terms agreed between the Group and the related companies.

(d) Key management compensation

Key management personnel are those persons, in total 17 (2008: 16) persons, having authority and responsibility for planning, directing and controlling the activities of the Group, including directors (executive and non-executive) and other senior management personnel. The compensation paid or payable to key management for employee services is shown below:

| | 2009 RMB'000 | 2008 RMB'000 |
|---|-----------------|-----------------|
| Basic salaries, allowances and benefits-in-kind | 15,894 | 8,355 |
| Retirement fund contributions | 526 | 501 |
| | 16,420 | 8,856 |

Notes to the Consolidated Financial Statements

37 Significant related party transactions (continued)

(e) Year-end balances arising from sales/purchases of goods/services and other transactions:

| | Group | |
|--------------------------------------|-----------------|-----------------|
| | 2009 RMB'000 | 2008 RMB'000 |
| Trade and other receivable (Note 14) | | |
| — TB Group Company | 5,198 | — |
| — Jointly controlled entity | 7,109 | 6,360 |
| — Associates | 55,696 | 45,320 |
| | <u>68,003</u> | <u>51,680</u> |
| Trade and other payables (Note 24) | | |
| — TB Group Company | — | 20,307 |
| — Associates | 25,914 | 7,652 |
| | <u>25,914</u> | <u>27,959</u> |
| Long-term payables* | | |
| — InBev S.A. | — | 107,890 |
| Entrusted borrowings from | | |
| — TB Group Company (Note 21(a)) | 67,000 | 55,000 |

* Long-term payables to InBev S.A. were repaid in July 2009.

Except for entrusted borrowings from TB Group Company, the Group's current balances with related parties are all unsecured, non-interest bearing and with no fixed repayment terms.

(f) Entrusted loans to subsidiaries

As at 31 December 2009, the Company had extended certain advances and loans, amounting to approximately RMB928,713,000 (2008: RMB1,218,383,000) to subsidiaries through entrusted loans arrangement made with banks in the PRC (Note 9(b)).

38 Subsequent events

The Company and the Group had the following significant subsequent events after 31 December 2009:

(a) Acquisition of minority interest of Baotuquan Company — Company

With the approval issued by the State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government, an invitation for the sale quote of the 100% share interest of Baotuquan Company held by TB Group Company to public was issued in January 2010. On 1 March 2010, the Company entered into an agreement with TB Group Company to acquire 100% share interest of Baotuquan Company at a consideration of RMB174,160,000. The transaction is still pending for completion of legal procedures at the date of these financial statements are approved.

(b) Acquisition of a subsidiary — Group

In September 2009, No. 5 Company, a wholly owned subsidiary of the Group, entered into an agreement with Asahi Beer (China) Investment Co., Ltd. ("Asahi Investment"), a subsidiary of Asahi Breweries, to acquire the remaining 60% share interest of Asahi Beverage with a consideration of RMB1. The related procedures have been completed in January 2010 and after the completion, Asahi Beverage became a wholly owned subsidiary of the Group. The management of the Group are of the view that the acquisition of Asahi Beverage would not give rise to material goodwill or negative goodwill.

Supplementary Information

Reconciliation of differences between PRC GAAP and HKFRS

The Group has prepared a separate set of financial information for the year ended 31 December 2009 in accordance with Accounting Standards for Business Enterprises regulations (“PRC GAAP”) for shareholders of A shares of the Company.

As at 31 December 2009, there are no differences between the consolidated financial statements prepared in accordance with PRC GAAP and HKFRS. The details are summarised in the following table:

Impact on the consolidated net assets:

| | As at 31 December | |
|--|-------------------|-----------|
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Net assets as per accounts prepared under PRC GAAP | 8,220,580 | 6,082,238 |
| HKFRS adjustments | — | — |
| Net assets attributable to the Company's shareholders as per financial statements prepared under HKFRS | 8,220,580 | 6,082,238 |

Impact on the consolidated net profit:

| | Year ended 31 December | |
|---|------------------------|---------|
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Net profit attributable to shareholders of the Company under PRC GAAP | 1,253,291 | 699,554 |
| HKFRS adjustments | — | — |
| Profit attributable to shareholders of the Company under HKFRS | 1,253,291 | 699,554 |

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. 董事會秘書：張學舉 證券事務代表：張瑞祥 聯繫地址：山東省青島市香港中路 五四廣場 青啤大廈 1105室 股權管理總部 郵政編碼：266071 電話：86-532-85713831 傳真：86-532-85713240</p> <p>4. 註冊地址：山東省青島市登州路56號 辦公地址：山東省青島市香港中路 五四廣場青啤大廈 郵政編碼：266071 公司網址：www.tsingtao.com.cn 電子信箱：info@tsingtao.com.cn</p> <p>5. 公司股票上市交易所：</p> <p>A股：上海證券交易所 股票簡稱：青島啤酒 代碼：600600 H股：香港聯合交易所 股票簡稱：青島啤酒 代碼：00168</p> <p>6. 未上市股票托管機構： 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：</p> <p>(1) 羅兵咸永道會計師事務所，地址為香港中環太子大廈22樓</p> <p>(2) 普華永道中天會計師事務所有限公司，地址為上海市盧灣區湖濱路202號企業天地2號樓普華永道中心11樓</p> <p>8. 法律顧問：</p> <p>(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</p> <p>(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. Secretary to the Board: ZHANG Xue Ju Representative for Securities Affairs: Zhang Rui Xiang Address: Equity Management Department Room 1105 Tsingtao Beer Tower May Fourth Square Hong Kong Road Central, Qingdao Postal Code: 266071 Tel: 86-532-85713831 Fax: 86-532-85713240</p> <p>4. Registered Address: No. 56, Dengzhou Road, Qingdao, Shandong Province Business Address: Tsingtao Beer Tower, May Fourth Square Hong Kong Road Central, Qingdao Shandong Province Postal Code: 266071 Company Website: www.tsingtao.com.cn E-mail: info@tsingtao.com.cn</p> <p>5. Stock Exchanges on which the Company's shares are listed:</p> <p>A share: Shanghai Stock Exchange Stock Name: 青島啤酒 Stock Code: 600600 H share: The Stock Exchange of Hong Kong Limited Stock Name: TSINGTAO BREW Stock Code: 00168</p> <p>6. Custodian of unlisted shares: China Securities Depository and Clearing Corporation Limited, Shanghai Branch</p> <p>7. Auditors</p> <p>(1) PricewaterhouseCoopers at 22/F Prince's Building, Central, Hong Kong</p> <p>(2) PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company at 11/F PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Luwan District, Shanghai</p> <p>8. Legal advisers:</p> <p>(1) Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong</p> <p>(2) Haiwen & Partners at 21st Floor, Beijing Silver Tower, No. 2, Dong San Huan North Road, Chaoyang District, Beijing</p> |
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青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.