



青島啤酒股份有限公司
TSINGTAO BREWERY CO., LTD.

(Stock Code 股份代號 : 168)



年度報告
ANNUAL REPORT

目錄

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公司簡介 Company Profile

青島啤酒股份有限公司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59家啤酒生產企業，分佈於全國20個省市，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，已營銷世界八十餘個國家和地區。

Tsingtao Brewery Company Limited, 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 and established on 16 June 1993, and then issued H-shares in Hong Kong which were listed on 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 SSE on 27 August 1993.

The business scope of the Company is the production and sales of beer, and other related business. The Company occupies leading position in the domestic beer industry in terms of size and market share with 59 breweries in 20 provinces and cities 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 eighty countries and regions throughout the world.



會計數據摘要 Financial Highlights

按中國企業會計準則編制

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

1. 本集團截至二零一二年十二月三十一日止年度之財務資料

(單位：人民幣千元)

營業利潤
利潤總額
歸屬於上市公司股東的淨利潤

歸屬於上市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：

計入當期損益的政府補助
非流動資產處置損失
單獨進行減值測試的應收賬款減值準備轉回

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

1. The Group's financial information for the year ended 31 December 2012

(Unit: RMB '000)

Operating profit	2,138,403
Total profit	2,484,156
Net profit attributable to shareholders of the Company	1,758,863
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	1,470,047
Net cash flows from operating activities	3,103,597
Note: Non-recurring profit or loss items include:	
Government grants recognised in profits	360,279
Losses on disposal of non-current assets	(26,272)
Reversal of the provision on receivables assessed for impairment on an individual basis	13,000
Other non-operating income and expenses other than aforesaid items	11,746
Subtotal	358,753
Impact on the income tax	(54,540)
Impact on the minority interests (after tax)	(15,397)
Total	288,816

會計數據摘要 Financial Highlights

2. 主要會計數據及財務指標

(單位：人民幣千元)

主要會計資料	Major accounting information	2012	2011	2010	2009 (經重述) (Restated)	2008 (經重述) (Restated)
營業收入	Revenue	25,781,544	23,158,054	19,897,828	18,026,108	16,023,442
利潤總額	Total profit	2,484,156	2,454,913	2,123,196	1,739,334	1,108,089
歸屬於上市公司股東的淨利潤	Net profit attributable to shareholders of the Company	1,758,863	1,737,928	1,520,484	1,250,009	797,602
歸屬於上市公司股東的扣除非經常性損益的淨利潤	Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	1,470,047	1,490,258	1,372,933	1,115,506	695,272
基本每股收益	Basic earnings per share	1.3019	1.2864	1.1255	0.9503	0.6097
稀釋每股收益	Diluted earnings per share	1.3019	1.2864	1.1255	0.9503	0.6097
扣除非經常性損益後的基本每股收益	Basic earnings per share after deduction of non-recurring profit or loss	1.0881	1.1031	1.0162	0.8481	0.5315
全面攤薄淨資產收益率(%)	Fully diluted return on net assets (%)	14.11	15.64	15.83	14.90	12.76
加權平均淨資產收益率(%)	Weighted average return on net assets (%)	14.91	16.78	16.90	18.07	13.21
扣除非經常性損益後全面攤薄淨資產收益率(%)	Fully diluted return on net assets after deduction of non-recurring profit or loss (%)	11.79	13.41	14.30	13.30	11.12
扣除非經常性損益後的加權平均淨資產收益率(%)	Weighted average return on net assets after deduction of non-recurring profit or loss (%)	12.46	14.39	15.26	16.12	11.52
經營活動產生的現金流量淨額	Net cash flows from operating activities	3,103,597	1,872,309	3,284,028	3,361,001	1,509,486
每股經營活動產生的現金流量淨額	Net cash flows from operating activities per share	2.30	1.39	2.43	2.56	1.15
總資產	Total assets	23,661,106	21,634,154	17,777,116	14,867,453	12,532,231
總負債	Total liabilities	10,877,675	10,357,219	8,057,370	6,304,298	6,114,616
歸屬於上市公司的股東權益	Total equity attributable to shareholders of the Company	12,467,953	11,110,439	9,603,112	8,388,299	6,253,240
歸屬於上市公司股東的每股淨資產	Net assets per share attributable to shareholders of the Company	9.23	8.22	7.11	6.21	4.78

2. Major accounting data and financial indicators

(Unit: RMB '000)

會計數據摘要 Financial Highlights

3. 報告期內股東權益變動情況

(單位：人民幣千元)

項目	Item	歸屬於上市公司股東權益				外幣報表 折算差額	少數股東 權益	股東權益合計
		股本 Share capital	資本公積 Capital surplus	盈餘公積 Surplus reserves	未分配利潤 Undistributed profits			
期初數	Opening balance	1,350,983	4,017,939	808,736	4,915,661	17,120	166,496	11,276,935
本期增加	Increase in the period	—	—	118,922	1,758,863	1,905	204,153	2,083,843
本期減少	Decrease in the period	—	(51,999)	—	(470,177)	—	(55,171)	(577,347)
期末數	Closing balance	1,350,983	3,965,940	927,658	6,204,347	19,025	315,478	12,783,431

(1) 資本公積：減少主要原因是本年度購買少數股東權益並沖減資本公積所致。

(2) 盈餘公積：增加為本年度提取的盈餘公積；

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

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

3. Changes in shareholders' equity in Reporting Period

(Unit: RMB'000)

(1) Capital surplus: Decrease mainly represents impact on capital surplus during the year due to the acquisition of minority interests.

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

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

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

會計數據摘要 Financial Highlights

4. 利潤分配

董事會建議就截至二零一二年十二月三十一日止年度派發末期股息每股人民幣0.40元(含稅)，其餘未分配利潤結轉下一年度。上述分配預案須經本公司二零一二年股東年會審議批准。有關公司H股股東暫停辦理股份過戶登記手續的時間，本公司將在另行公佈的股東年會通告中載列。

4. Profit Distribution

The Board proposed a final dividend of RMB0.40 (with tax) per share for the year ended 31 December 2012, and carried forward the remaining distributable profits to the next year. The aforesaid distribution proposal shall be subject to the approval at the 2012 Annual General Meeting to be held by the Company. The period for the closure of register of members for H-share will be set out in the notice of the annual general meeting to be published by the Company separately.





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2012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、報告期內經營情況的討論與分析

2012年面對國內啤酒行業成本上漲和市場整體增長放緩的不利形勢，公司堅定不移的實施「雙輪驅動」發展戰略，積極開拓市場、增收節支，實現了市場份額快速提升，經營業績穩健增長的目標。公司全年實現啤酒銷量790萬千升，同比增長10.48%，遠高於行業平均增長水平（據國家統計局統計，2012年全國啤酒產量4,902萬千升，同比增長3.06%），公司國內市場份額也由以前的13%提升到2012年的16%。公司全年實現營業收入257.82億元，同比增長11.33%；實現歸屬於上市公司股東的淨利潤17.59億元，同比增長1.20%，經營性現金也保持了強勁的淨流入，全年同比增長65.76%。

Dear shareholders,

I hereby present the business report and audited financial statements of Tsingtao Brewery Company Limited for the accounting year ended 31 December 2012 for your kind review.

1. Discussion and analysis of the operations during the Reporting Period

In 2012, facing the adverse conditions of the rising costs and the slow-down of the overall growth in the domestic beer industry, the Company continued to focus on the development strategy of “dual drives”, actively expanded new markets, increased the income while reducing the costs, to realize the fast growth of market share and the steady growth of operating result. In the year, the sales volume reached 79 million hl, increased by 10.48% on a year-on-year basis, much higher than the average growth of the industry (as calculated by National Bureau of Statistics, in 2012, the national output volume of beer reached 490.2 million hl, increased by 3.06% on a year-on-year basis), and the Company's domestic market share increased from formerly 13% to 16% in 2012. The Company also realized RMB25.782 billion of operating income, increased by 11.33% on a year-on-year basis; RMB1.759 billion of net profit attributable to the shareholders of the listed company, increased by 1.20% on a year-on-year basis. The operating cash maintained a strong net in-flow which has increased by 65.76% on a year-on-year basis.



孫明波先生
Mr. SUN Ming Bo

董事長報告書 Chairman's Statement

公司基地市場建設取得了顯著進展，特別是山東市場，銷售份額快速提升，在新銀麥啤酒2011年4月份正式加盟公司後，市場協同效用明顯，「崂山啤酒」、「銀麥啤酒」保持了快速增長勢頭，陝西、廣東、福建市場也實現了持續穩定的增長。報告期內公司產品結構調整卓有成效，主品牌「青島啤酒」實現銷量429萬千升，同比增長7.34%，其中青島純生、小瓶、易拉罐等高端啤酒產品保持良好的發展態勢，共完成銷量140萬千升，同比增長16.51%；第二品牌產品銷量實現了近年來的最快的增長，同比增速達到15.77%。



報告期內公司產能擴張方面增長迅猛，全國性戰略佈局更趨完善。廣東揭陽公司一期25萬千升啤酒生產項目已建成投產，公司又在原先產能空白的江西九江和河南洛陽分別啟動了新建啤酒廠項目，規模均為年產啤酒20萬千升。另外公司與三得利啤酒於2012年6月簽訂了戰略合作協議，在上海和江蘇區域內將兩家公司所屬的啤酒生產和銷售業務和資產進行整合，以進一步提升公司在上述地區的市場競爭力。目前，該合作項目的重組工作正在積極推進，預期2013年年中將全部完成。

二、核心競爭力分析

公司擁有的「青島啤酒」品牌是我國首批十大馳名商標之一，在國內外市場具有強大的品牌影響力和較高的知名度。2012年青島啤酒的品牌價值已達631億元人民幣（世界品牌實驗室發佈），在國內啤酒行業連續多年遙遙領先。作為中國歷史最悠久的啤酒生產企業，公司高度重視產品質量，近年來通過不斷改造完善，使公司的主要生產設備裝備達到國際先進水平，並通過對原料、工藝、技術、操作等方面的強化管理和控制，保障了食品安全和產品的高品質。青島啤酒產品多次在國內外質量評比中榮獲冠軍，並在國內外消費者中獲得了廣泛的好評。

The Company made outstanding progress in the construction of base markets, especially in Shandong Province, where it had a rapid growth in sales share. After Xin Immense Brewery formally joined the Company in April 2011, it brought obvious synergetic effect that both “Laoshan” brand and “Yinmai” brand beer maintained a fast growth trend, and the growth in Shaanxi Province, Guangdong Province and Fujian Province continued to be steady. During the Reporting Period, the Company made great achievements in upgrading its product mix, resulting in the sales volume of its principal brand, Tsingtao beer, reaching 42.9 million hl, increased by 7.34% on a year-on-year basis, in which the high-end products including the draft beer, small-bottled beer and canned beer maintained a satisfying growth trend with a collective sales volume of 14 million hl, increased by 16.51% on a year-on-year basis; while the sales volume of the secondary brands increased by 15.77% on a year-on-year basis, the fastest growth rate in recent years.

During the Reporting Period, the Company rapidly increased its output capacity, and further improved its national strategic layout. The first phase of the beer production project for an annual production capacity of 2.5 million hl of Jeyang Company in Guangdong Province has been constructed and put into production. The Company also started the new construction projects of brewing plant for an annual production capacity of 2 million hl in both plants in Jiujiang, Jiangxi Province and Luoyang, Henan Province, in which the Company did not have production capacity formerly. Furthermore, the Company and Suntory Beer entered into strategic cooperation agreements in June 2012, pursuant to which they integrated their respective beer production and sales business, and assets in Shanghai and Jiangsu Province to further improve the Company's competitiveness in the above-mentioned areas. At present, the restructuring work for such cooperation project is in active process and is expected to be fully completed in the mid-year of 2013.

2. Analysis of the core competitiveness

As one of the first top 10 well-known brands in China, “Tsingtao” beer has remarkable brand impact and popularity in the domestic and overseas market. In 2012, the brand value of Tsingtao beer has reached RMB63.1 billion (published by World Brand Lab), being the top 1 in the domestic beer industry for consecutive years. As a brewery with the longest history in China, the Company pays high attention to the quality of its products. In recent years, the main production equipment has reached internationally advanced level through continuous reconstruction and improvements. It also ensures the food safety and the high quality of the products through strengthening the management and control of the raw materials, techniques, technologies and operations. The Tsingtao beer products were awarded championship domestically and abroad in the quality appraisal for many times, and obtained good reputation from the domestic and overseas consumers.

董事長報告書 Chairman's Statement

公司以啤酒行業唯一的國家重點實驗室為依託，瞄準啤酒行業前沿技術及重大需求，積極開展基礎研究、應用技術研究和關鍵技術突破，取得了豐碩的成果。近年來公司研發上市了青島逸品純生、奧古特等多個新產品，進一步滿足了細分市場的需求，並保持了在國內市場的技術領先水平。

公司創立了「三位一體」的營銷模式，即將產品銷售、品牌傳播和消費者體驗相結合。在品牌塑造上，通過多種形式與年輕消費群體進行良性互動，保持了百年企業的品牌青春活力。報告期內公司在全國60多個城市開展了「炫舞激情拉拉隊」選拔賽活動，在全國舉辦各種特色的啤酒節50場次，不斷提升了品牌形象。



目前公司在全國各地已建立了較完善的銷售網絡和渠道，覆蓋了大中城市和主要市場，以「大客戶+微觀運營」的營銷模式不斷強化市場推廣力度和深化市場銷售網絡，提高對終端客戶的掌控能力。公司與經銷商建立了良好的合作關係，並積極培育戰略性經銷商，不斷提升區域市場的分銷能力，從而保障了市場銷售的持續增長。

作為中國首家海外上市企業，公司建立了完善的法人治理結構，權責明確，責任清晰，決策審慎科學、執行及時到位，2012年6月金志國原董事長因個人原因辭職，但基於公司完善的治理結構和明確的發展戰略，及在孫明波董事長、王帆副董事長帶領下的董事會和黃克興總裁帶領下的管理團隊的共同努力下，公司沿著既定的發展道路不斷前進，攻堅克難，取得了前所未有的新的成功。

在積極提升股東價值和公司信息透明度的同時，公司還高度重視對廣大投資者的回報，已連續13年給予股東現金分紅，董事會提議2012年度繼續給予股東現金分紅，每股現金人民幣0.40元(含稅)。

Based on the sole State-level key lab in the beer industry, the Company made magnificent achievements by aiming at the leading technologies and material needs in the beer industry to actively carry out the basic research, the research on applied technology and the break-through of key technologies. In recent years, the Company developed many new products including Tsingtao Yipin Draft and Augerta to satisfy the more intensive market needs, and maintained its leadership in technology in the domestic market.

The Company created the marketing mode of “Three-in-one”, that is, to combine the product sales, the brand promotion with the consumers’ experience. To build the brand, the Company maintains the energetic image of a brewery with century-long history through the positive inter-action with the young consumers in various forms. During the Reporting Period, the Company kept improving its brand image by carrying out the selection contest of “Passionate dancer cheering team” in over 60 cities and holding 50 featured beer festivals in the country.

At present, the Company has built up a comparatively improved sales network and channels which covers the big and middle cities and the major markets, and continues to strengthen its marketing and expands its market sales network through the marketing mode of “Big customers + micro operations”, to improve its control over the final customers. The Company established a sound relationship with the distributors, actively cultivated the strategic distributors, further improved the distribution in the regional markets, thus to maintain the continuous growth of market sales.

As the first Chinese company which is listed overseas, the Company has established a complete corporate governance structure, which clearly defines the rights and obligations, established clear responsibilities, makes decisions in prudent and scientific manner, and implements the decisions timely and appropriately. In June 2012, Mr. JIN Zhi Guo, the former Chairman of the Company, resigned due to personal reasons, but the Company still achieved the unprecedented success based on the improved corporate governance and clear development strategy, and with the joint efforts of the Board led by Chairman SUN Ming Bo, Vice Chairman WANG Fan and the management team led by President HUANG Ke Xing, by following the set development route and overcoming the difficulties.

While actively improving the shareholders’ value and the information transparency, the Company also pays high attention to the returns to the broad masses of investors by having distributed cash dividends to the shareholders for 13 consecutive years. The Board proposed a final dividend of RMB0.40 (with tax) per share for 2012.

董事長報告書 Chairman's Statement

三、關於公司未來發展的討論與分析

1、 行業競爭格局和發展趨勢

國內啤酒市場經過三十年的持續快速發展，早已成為世界第一大啤酒生產和消費國。隨著基數的增大，近年的增速已明顯放緩，行業產能過剩，競爭激烈，產品平均售價較低。大型啤酒企業在鞏固自己傳統優勢市場基礎上，還在積極通過收購兼併及新建工廠等形式爭取其它市場份額，中小啤酒企業生存空間縮小。啤酒行業的整合效果在逐漸顯現，2012年國內前四大啤酒企業銷量佔全國份額已達60%，未來行業集中度還會進一步提高。

2012年國內人均啤酒消費量約為36升，與歐美發達國家相比人均銷量還有較大差距，但與亞洲其他國家相比差距較小。我們認為，隨著國家擴大內需政策的不斷推進、國內消費升級和城鎮化步伐的加快、中西部經濟的發展，國內啤酒市場在銷量及價格方面仍有較大的增長空間。

2、 公司發展戰略

公司發展戰略為：整合與擴張並舉，實施雙輪驅動發展戰略，做中國啤酒行業的領導者；近期發展目標為2014年實現啤酒銷量1,000萬千升。公司將打造一支具有行業領先水平、強大戰鬥力的營銷、製造和職能管理團隊，不斷提高經營管理水平。繼續發揮品牌、品質、渠道、技術等優勢，持續加大品牌推廣和市場開拓力度，進一步細化、完善市場銷售網絡，不斷提高公司在國內外市場的競爭力和影響力。公司將繼續以現有企業的改擴建、新建工廠和收購兼併並舉的發展途徑，不斷壯大規模，提升在國內市場的銷售份額，並為廣大投資者創造更高的回報。

3. Discussion and analysis of the future development of the Company

(1) Industrial competition pattern and development trend

After 30 years' continuous and fast development, China become the largest in the world in terms of output and consumption volume. In recent years, the growth has obviously slowed down due to the rising base amount, the excess output capacity, the severe competition, and the low average sales price. Besides consolidating the traditional dominant market, the large breweries are also obtaining shares in other markets through various means including M&A and new constructions, but at the same time, the room for the growth of the mid-and-small breweries gets smaller. The effects of the consolidation in the beer industry are getting more and more obvious that, in 2012, the sales volume of the domestic top 4 breweries has reached 60%, and will become higher in the future.

In 2012, the average consumption volume per capita in China was around 36 liters, much lower than that in the developed countries in Europe and America, but only a little lower than that in other Asian countries. We believe that, there is still much room for growth of sales volume and price in the domestic beer market with the further implementation of the expanding domestic needs policy, the upgrade of domestic consumption, the acceleration of urbanization, and the economic development in the central and western China.

(2) The Company's development strategy

The Company's development strategy is: focus on both integration and expansion, carry out the development strategy of dual drives, become the leader in China's beer industry; the latest development target is to realize 100 million hl of sales volume in 2014. The Company will build a team with industrially leading quality, and strong capacity in marketing, manufacturing and functional management, to continue to improve its management and operations. It will also continue to strengthen its brand promotion and market expansion with its advantages in brand, quality, technology and channels, further diversify and improve the marketing network, and keep on improving the Company's competitiveness and impact in the domestic and overseas markets. The Company will go on to follow the development route of focusing on both the technical reconstruction of existing breweries, new constructions, and mergers and acquisitions, to expand its size, to raise its sales ratio in the domestic market, and to create higher returns for the broad masses of investors.

董事長報告書 Chairman's Statement

3、 經營計劃

公司2013年經營目標是實現啤酒銷售量兩位數的增長，充分發揮品牌等優勢，積極調整產品結構，鞏固並擴大在國內中高端市場的優勢地位，為2014年實現1,000萬千升目標奠定堅實的基礎。

由於國內大型啤酒企業的產能規模近年來的快速提高與啤酒市場增速放緩的矛盾，會使啤酒行業競爭更加激烈，同時原料價格、人工成本等還在不斷上升，公司將努力通過擴大產銷規模、提高運營效率，擴大高附加值產品銷量，消化成本上漲的不利因素，並努力實現市場銷量和經營業績的持續增長。

本人十分榮幸首次以公司董事長之身份向公司股東提呈本報告。借此機會，本人對過去一年中給予本公司大力支持的廣大股東、投資者、消費者及恪盡職守、忠誠奉獻的公司廣大員工致以衷心的感謝。

董事長

孫明波

中華人民共和國·青島
二零一三年三月二十七日

(3) Operating plan

In 2013, the Company's operating goal is to realize the two-digit growth of the sales volume of beer, to consolidate and expand its dominant position in the domestic high-and-middle-end markets by making full use of its advantages including its brand impact, actively adjusting the product mix, thus to build a solid base for the target of 100 million hl in 2014.

The contradiction between the fast growth of production capacity of the domestic leading breweries and the slow-down of the growth of beer market intensifies the competition in the beer industry. At the same time, due to the on-going price-hike of raw materials and the rising labor cost, the Company will make efforts to increase the sales volume of high-value-added products and set-off the adverse factors of rising costs through expanding the production and sales size and improving the operating efficiency, and try to realize the continuous growth of sales volume and operating results.

It is really honored for me, as Chairman of the Company for the first time, to present this Report to the shareholders of the Company. By this opportunity, I would express my sincere gratitude to our shareholders, investors, and consumers for their great supports and the staff for their hard work, loyalty, and contributions in the past year.

Chairman

SUN Ming Bo

Qingdao, the People's Republic of China
27 March 2013



董事會報告 Report of the Directors

一. 公司經營情況

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

本公司為中國最大的啤酒生產商和銷售商之一。

本集團營業額及盈利幾乎完全由生產及銷售啤酒而產生。

1. 主營業務收入分地區構成情況(按中國企業會計準則計算)

I. Operations of the Company

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

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

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

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

地區	Region	主營業務收入 Revenues from principal business	單位：人民幣千元 Unit: RMB'000 主營業務收入比 上年增減(%) Increase/ (Decrease) of revenues from principal business (%)
山東地區	Shandong Province	13,559,801	12.36
華南地區	South China	5,070,750	9.27
華北地區	North China	4,628,716	16.71
華東地區	East China	2,219,809	23.70
東南地區	South-East China	1,781,830	5.44
港澳及海外地區	Hong Kong, Macau and overseas	426,338	(4.34)
合計	Total	27,687,244	12.53
減：各地區分部間抵銷金額	Less: Eliminations between segments in each region	2,369,008	30.56
合併	Consolidation	25,318,236	11.09

王帆先生
Mr. WANG Fan



董事會報告 Report of the Directors

2. 主要附屬公司的經營情況(按中國企業會計準則計算)

2. Operations of main subsidiaries (calculated in accordance with CAS)

單位：人民幣千元
Unit: RMB'000

子公司名稱	Name of Subsidiary	總資產 Total Assets	淨利潤 Net Profit
深圳市青島啤酒華南營銷有限公司	Shenzhen Tsingtao Brewery South China Sales Company Limited	1,284,956	268,589
青島啤酒西安漢斯集團有限公司	Tsingtao Brewery Xi'an Hans Group Company Limited	1,573,418	235,770
青島啤酒(城陽)銷售有限公司	Tsingtao Brewery (Chengyang) Sales Company Limited	116,031	87,607

3. 報告期內主要供貨商和客戶情況

3. Main suppliers and clients during the Reporting Period

- (1) 2012年度本公司前五名供應商合計的採購總額為人民幣891,986千元(2011年度：人民幣764,126千元)，佔本公司採購總額的比例為7.5%(2011年度：5.4%)。
- (2) 2012年度本公司前五名客戶營業收入的總額約人民幣1,630,481千元(2011年度：人民幣1,468,579千元)，佔本公司全部營業收入的比例為6.32%(2011年度：6.34%)，詳見報表附註。

- (1) The total amount of the Company's purchase from its top 5 suppliers in 2012 was RMB891,986,000 (2011: RMB764,126,000), accounted for 7.5% of its purchase amount in aggregate (2011: 5.4%).
- (2) The total amount of the Company's revenues with its top 5 clients in 2012 was approximately RMB1,630,481,000 (2011: RMB1,468,579,000), accounted for 6.32% of its revenues in aggregate (2011: 6.34%). For details, please refer to the *Notes to Financial Statements*.

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。

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



董事會報告 Report of the Directors

二. 利潤分配

董事會建議就截至二零一二年十二月三十一日止年度派發末期股息每股人民幣0.40元(含稅)，其餘未分配利潤結轉下一年度。上述分配預案須經本公司二零一二年股東年會審議批准。有關公司H股股東暫停辦理股份過戶登記手續的時間，本公司將在另行公佈的股東年會通告中載列。

三. 儲備

報告期內本公司及本集團的儲備變動詳列於合併財務報表(按中國企業會計準則編制)附註五(36)。

四. 股本變動及股東情況

1. 報告期內，本公司股份總數及股本結構未發生變化。

本公司以在年報刊發前的最後實際可行日期可以得悉、公司董事也知悉的公開資料作為基礎，本公司的公眾持股量已經滿足《上市規則》。截止報告期末，股本結構如下：

II. Profit Distribution

The Board proposed a final dividend of RMB0.40 (with tax) per share for the year ended 31 December 2012, and carried forward the remaining distributable profits to the next year. The aforesaid distribution proposal shall be subject to the approval at the 2012 Annual General Meeting held by the Company. The time for closure of register of members for H-share will be set out in the notice of the annual general meeting to be published by the Company separately.

III. Reserves

Details of changes of reserves of the Company and the Group during the Reporting Period are set out in Note 5 (36) to the Consolidated Financial Statements (prepared in accordance with CAS).

IV. Changes of Share Capital and Information of Shareholders

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

Based on the public information which was known on the latest practicable date before the annual report was published, which was also known by the directors of the Company, the number of the Company's shares held by the public had been satisfied with the requirements in the *Listing Rules*. The structure of share capital as at the end of the Reporting Period is as follows:

單位：股
Unit: Share

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

董事會報告 Report of the Directors

2. 股東情況

- (1) 報告期末公司股東總數為22,740戶(其中A股股東22,429戶；H股股東311戶)。

報告期內，本公司股東未有放棄或同意放棄任何股息的安排的情況。

- (2) 報告期末本公司前十名股東(暨無限售條件的流通股股東)持股情況

2. Shareholders

- (1) As at the end of the Reporting Period, the total number of shareholders of the Company was 22,740 (in which 22,429 were holders of A-share, and 311 were of H-share).

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

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

單位：股
Unit: Share

股東名稱 Shareholder's name	報告期內增減 Increase/Decrease during the Reporting Period	報告期末持股 Shares held at the end of the Reporting Period	持股比例(%) Holding percentage (%)	質押或凍結的 股份數量 Guaranteed or frozen shares	股份類別 Class of share
青島啤酒集團有限公司(附註1) Tsingtao Brewery Group Company Limited (Note 1)		411,400,050	30.45	無 Nil	A股和H股 A-share and H-share
香港中央結算(代理人)有限公司(附註2) HKSCC Nominees Limited (Note 2)	12,970	373,760,454	27.67	未知 Unknown	H股 H-share
朝日集團控股株式會社 Asahi Group Holdings Ltd.		270,127,836	19.99	未知 Unknown	H股 H-share
中國建銀投資有限責任公司 China Jianyin Investment Company Ltd.		17,574,505	1.30	未知 Unknown	A股 A-share
泰康人壽保險股份有限公司 — 分紅 — 個人分紅 — 019L — FH002滬 Taikang Life Insurance Co., Ltd. – Dividends – Personal dividends – 019L – FH002Hu		15,899,945	1.18	未知 Unknown	A股 A-share
招商證券股份有限公司客戶信用交易擔保證券賬戶 China Merchants Securities Co., Ltd. Customer Credit Transaction Guarantee Securities Account		15,119,578	1.12	未知 Unknown	A股 A-share
中國工商銀行 — 易方達價值成長混合型證券投資基金 ICBC – E-Fund Value Growth Mixed Securities Investment Fund		11,540,980	0.85	未知 Unknown	A股 A-share
全國社保基金一零八組合 National Social Security Fund 108		9,649,914	0.71	未知 Unknown	A股 A-share

董事會報告 Report of the Directors

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
國泰君安證券股份有限公司客戶信用交易擔保證券賬戶 Guotai Junan Securities Co., Ltd. Customer Credit Transaction Guarantee Securities Account		8,368,496	0.62	未知 Unknown	A股 A-share
興業銀行股份有限公司 – 興全趨勢投資混合型證券 投資基金 Industrial Bank Co., Ltd. – Xingquan Trend Investment Mixed Securities Investment Fund		7,025,222	0.52	未知 Unknown	A股 A-share

附註：

- 1、青啤集團持股數量包括了通過其全資附屬公司持有的本公司H股股份7,944,000股，其自身持有本公司A股股份403,456,050股。
- 2、HKSCC Nominees Limited (香港中央結算(代理人)有限公司)持有的H股股份乃代表多個客戶所持有，並已扣除青啤集團全資附屬公司持有的H股股份數量。

除上所述，本公司並不知曉前十名股東之間是否存在關聯關係或一致行動人。

(3) H股主要股東

於2012年12月31日，除下述人士外，本公司的董事並不知悉有任何本公司的董事、監事、最高行政人員或他們的聯繫人以外的人士，在本公司的股份或相關股份中擁有權益或淡倉，而該等權益或淡倉是根據《證券及期貨條例》(香港法例第571章)(「《證券及期貨條例》」)第336條而備存的登記冊所載錄者：

Notes:

1. Tsingtao Group holds 7,944,000 shares of H-share in the Company through a wholly-owned subsidiary, and 403,456,050 shares of A-share in the Company by itself.
2. The H-shares are held by HKSCC Nominees Limited on behalf of different clients, and excluding the H-shares held by the wholly-owned subsidiary of Tsingtao Group.

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

(3) Substantial Shareholders of H-share

Save as disclosed below, the directors of the Company are not aware of any persons other than a director or supervisor or chief executive of the Company or his/her respective associate(s) who, as at 31 December 2012, had an interest or short position in the shares or underlying shares of the Company which was recorded in the register to be kept under Section 336 of the *Securities and Futures Ordinance* (Cap. 571, Laws of Hong Kong) (the “SFO”):



董事會報告 Report of the Directors

名稱 Name	性質 Nature	股份類別 Class of Shares	持股身份 Capacity	註釋 Note	股份/ 相關股份 的數目 Number of Shares/ underlying Shares	佔全部已發行 股本之百分比 As a percentage of the entire issued capital	佔全部H股 之百分比 As a percentage of all H Shares
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	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 corporate	1	7,944,000 H股	0.59%	1.21%
朝日集團控股株式會社 Asahi Group Holdings Ltd.	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner	2	270,127,836 H股	19.99%	41.24%
陳發樹 Chen Fa Shu	好倉 Long position	H股 H-Share	實益擁有人 Beneficial Owner		49,069,342 H股	3.63%	7.49%
JPMorgan Chase & Co.	好倉 Long position	H股 H-Share	受控制法團權益/ 實益擁有人/ 投資經理/保管人 Interest of controlled corporation/Beneficial Owner/Investment Manager/Custodian	3	58,796,263 H股	4.35%	8.98%
	可供借出股份中權益 Interest in a lending pool	H股 H-Share			11,703,543 H股	0.87%	1.79%
	淡倉 Short position	H股 H-Share	實益擁有人 Beneficial Owner		280,000 H股	0.02%	0.04%

註釋：

- (1) 被視為由青島市國資委享有權益的7,944,000股H股是透過青島啤酒集團有限公司的全資附屬公司持有。根據最新的披露權益申報，青島市國資委享有7,844,000股H股權益。
- (2) 根據最新的披露權益申報，朝日啤酒株式會社享有269,127,836股H股權益。朝日集團控股株式會社於2011年7月1日重組設立，代替朝日啤酒株式會社持有上述H股權益。
- (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) 公司主要股東新近的披露權益申報，請參閱香港交易及結算有限公司網站(www.hkexnews.hk)有關「披露權益」的部分。

Notes:

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

董事會報告 Report of the Directors

3. 優先認股權

《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	年初持股數 Shares held at the year beginning	期末持股數 Shares held at the end of the Reporting Period	股份種類 Class of share
孫明波 SUN Ming Bo	董事長 Chairman	124,160	124,160	A股 A-share
姜宏 JIANG Hong	執行董事、副總裁 Executive Director, Vice President	52,200	52,200	A股 A-share
孫玉國 SUN Yu Guo	執行董事、副總裁 Executive Director, Vice President	132,200	132,200	A股 A-share
金志國 JIN Zhi Guo	離任董事長 Resigned Chairman	146,500	146,500	A股 A-share
黃克興 HUANG Ke Xing	總裁 President	1,300	1,300	A股 A-share
劉英弟 LIU Ying Di	副總裁 Vice President	124,294	124,294	A股 A-share
樊偉 FAN Wei	副總裁兼製造總裁 Vice President & President of Manufacturing	122,876	122,876	A股 A-share
董建軍 DONG Jian Jun	總釀酒師 Chief Brewer	92	92	A股 A-share
張學舉 ZHANG Xue Ju	董事會秘書 Board Secretary	92,079	92,079	A股 A-share

單位：股
Unit: Share

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 Officers and Staff

1. The shareholding of directors, supervisors and senior management officers

董事會報告 Report of the Directors

截至二零一二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之《標準守則》通知本公司及香港聯交所。

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

2. 董事變更資料

根據上市規則第13.51B(1)條之董事資料更改列述如下：

2.1 公司董事長金志國先生的資料更改情況如下：

金志國先生於2012年6月28日因個人原因辭任公司董事長和執行董事職務。

As at 31 December 2012, save as disclosed above, none of the directors, supervisors and senior management officers of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (as defined in Part XV of the *SFO*, which was recorded in the register required to be kept under section 352 of the *SFO* or otherwise notified to the Company and the Stock Exchange pursuant to the *Model Code* included in Appendix 10 of the *Listing Rules*.

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

2. Changes of information of directors

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

2.1 Changes of information of Chairman JIN Zhi Guo:

Mr. JIN Zhi Guo resigned as Chairman and Executive Director of the Company due to personal reasons on 28 June 2012.



董事會報告 Report of the Directors

2.2 其他董事的資料更改情況如下：

- (1) 公司獨立非執行董事趙昌文先生於報告期內退任四川美豐化工股份有限公司獨立董事，該公司在深圳證券交易所上市(股票代碼：000731)；
- (2) 公司獨立非執行董事馬海濤先生於報告期內繼續出任煙臺新潮實業股份有限公司獨立董事，該公司在上海證券交易所上市(股票代碼：600777)；並新任北京旋極信息技術股份有限公司獨立董事，該公司在深圳證券交易所上市(股票代碼：300324)；
- (3) 公司非執行董事陳志程先生於報告期末任福建新華都購物廣場股份有限公司董事長，該公司在深圳證券交易所上市(股票代碼：002264)。

3. 董事、監事、高級管理人員年度報酬情況

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

2.2 Changes of information of other directors:

- (1) During the Reporting Period, Mr. ZHAO Chang Wen, Independent Non-executive Director of the Company, resigned from the position of Independent Director of Sichuan Meifeng Chemical Industry Co., Ltd. (stock code: 000731), a company listed on Shenzhen Stock Exchange;
- (2) During the Reporting Period, Mr. MA Hai Tao, Independent Non-executive Director of the Company, continued to be Independent Director of Yantai Xinchao Industry Co., Ltd. (stock code: 600777), a company listed on SSE; and took the position of Independent Director of Watertek Information Technology Co., Ltd. (stock code: 300324), a company listed on Shenzhen Stock Exchange;
- (3) Mr. CHEN Zhi Cheng, Non-executive Director of the Company, continued to be Chairman of Fujian New Huadu Shopping Mall Co., Ltd. (stock code: 002264), a company listed on Shenzhen Stock Exchange.

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

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

董事會報告 Report of the Directors

姓名 Name	職務 Position	報告期內從公司 領取的報酬總額 (人民幣萬元)(稅前) Total remuneration withdrawn from the Company during the Reporting Period (RMB0'000) (pre-tax)	備註 Remarks
孫明波 SUN Ming Bo	董事長 Chairman	176	2012年6月28日出任公司董事長，所列為其2012年 全年報酬 Being appointed as Chairman of the Company on 28 June 2012, the remuneration stated here is for the full year of 2012
王帆 WANG Fan	副董事長、黨委書記 Vice Chairman & Secretary to the Party	141	
姜宏 JIANG Hong	執行董事、副總裁 Executive Director, Vice President	111	
孫玉國 SUN Yu Guo	執行董事、副總裁 Executive Director, Vice President	101	
山崎史雄 Fumio YAMAZAKI	非執行董事 Non-executive Director	0	
陳志程 CHEN Zhi Cheng	非執行董事 Non-executive Director	0	
王學政 WANG Xue Zheng	獨立非執行董事 Independent Non-executive Director	10	
趙昌文 ZHAO Chang Wen	獨立非執行董事 Independent Non-executive Director	10	
吳曉波 WU Xiao Bo	獨立非執行董事 Independent Non-executive Director	10	
馬海濤 MA Hai Tao	獨立非執行董事 Independent Non-executive Director	10	
金志國 JIN Zhi Guo	離任董事長 Resigned Chairman	71	2012年6月28日辭任公司董事長和執行董事職務， 所列為其2012年1-6月報酬 Resigned as Chairman and Executive Director of the Company on 28 June 2012, the remuneration stated here is for the period during Jan – Jun 2012
段家駿 DUAN Jia Jun	監事會主席 Chairman of the Board of Supervisors	5	2012年6月27日當選監事會主席，所列為其2012 年7-12月報酬 Being appointed as Chairman of the Board of Supervisors of the Company on 27 June 2012, the remuneration stated here is for the period during Jul – Dec 2012
本山和夫 Kazuo MOTOYAMA	股東監事 Supervisor as Shareholders Representative	0	

董事會報告 Report of the Directors

姓名 Name	職務 Position	報告期內從公司 領取的報酬總額 (人民幣萬元)(稅前) Total remuneration withdrawn from the Company during the Reporting Period (RMB0'000) (pre-tax)	備註 Remarks
李燕 LI Yan	獨立監事 Independent Supervisor	6	
楊偉程 YANG Wei Cheng	獨立監事 Independent Supervisor	6	
薛超山 XUE Chao Shan	職工監事 Supervisor as Staff Representative	38	
孫麗紅 SUN Li Hong	職工監事 Supervisor as Staff Representative	29	
邢軍 XING Jun	職工監事 Supervisor as Staff Representative	25	
杜常功 DU Chang Gong	退任監事會主席 Retired Chairman of the Board of Supervisors	5	2012年6月27日退任監事會主席，所列為其2012年1-6月報酬 Retired as Chairman of the Board of Supervisors of the Company on 27 June 2012, the remuneration stated here is for the period during Jan – Jun 2012
黃克興 HUANG Ke Xing	總裁 President	75	2012年6月28日出任公司總裁，所列為其2012年7-12月報酬 Being appointed as President of the Company on 28 June 2012, the remuneration stated here is for the period during Jul – Dec 2012
樊偉 FAN Wei	副總裁兼 製造總裁 Vice President & President of Manufacturing	134	
劉英弟 LIU Ying Di	副總裁 Vice President	101	
王瑞永 WANG Rui Yong	副總裁兼 營銷總裁 Vice President & President of Marketing	217	
董建軍 DONG Jian Jun	總釀酒師 Chief Brewer	100	
于竹明 YU Zhu Ming	總會計師 Chief Accountant	76	
張安文 ZHANG An Wen	副總裁 Vice President	94	
于嘉平 YU Jia Ping	製造副總裁 Vice President of Manufacturing	84	

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姓名 Name	職務 Position	報告期內從公司 領取的報酬總額 (人民幣萬元)(稅前) Total remuneration withdrawn from the Company during the Reporting Period (RMB0'000) (pre-tax)	備註 Remarks
楊華江 YANG Hua Jiang	營銷副總裁 Vice President of Marketing	142	
蔡志偉 CAI Zhi Wei	營銷副總裁 Vice President of Marketing	106	
張學舉 ZHANG Xue Ju	董事會秘書 Board Secretary	56	
張瑞祥 ZHANG Rui Xiang	董事會秘書 Board Secretary	38	
合計 Total		1,977	

4. 員工情況

4.1 截至報告期末，本公司(包括下屬子公司)在崗員工共計40,429人。員工專業構成及教育程度如下：

4. Staff

4.1 As at the end of the Reporting Period, the Company (including its subsidiaries) totally had 40,429 full-time staff. The composition of staff in terms of profession and educational background is as follows:

專業構成類別 Class of Profession	專業構成 Profession	數量(人) Number of Persons
生產人員	Production personnel	17,757
銷售人員	Sales personnel	12,889
工程技術人員	Technical and engineering personnel	1,627
財務人員	Financial personnel	1,196
行政人員	Administrative personnel	6,960
教育程度類別 Class of Education	教育程度 Educational Background	數量(人) Number of Persons
碩士及以上	Master and above	305
本科生	4-year college	6,089
專科生	2-year college	11,805
中專生	Secondary specialized school	7,684
中專以下	Under secondary specialized school	14,546

董事會報告 Report of the Directors

4.2 薪酬政策

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。公司建立了多元化薪酬政策，努力實現分配的公正化、市場化。多元化薪酬政策主要涵蓋子公司經營管理者、營銷系統、生產製造系統、研發系統、總部職能管理等。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。



4.3 培訓計劃

公司基於企業發展的人才需求，逐步形成了「以領導力發展為核心，基於勝任、儲備兩條主線」的人才管理新模式，營造了全公司「以人才培養為己任、以人才輸出為榮譽」的良好氛圍。2012年全年實施總經理領導力訓練營7期384人次，形成了新任、在職、卓越三級總經理領導力提升模式；開展金★銀★人才儲備資格班4期200多人次。2013年，公司將持續完善人才培養體系，以職業精神為主線聚焦領導力開發系統建設，建立覆蓋高、中、基三層的領導力培養模式；以高技能人才為核心，建立健全技能人才培養體系，提升全體員工的職業化技能；搭建基於最佳實踐的業務夥伴交流平臺，實現共贏、共盈、共榮。

4.2 Remuneration policy

The Company cares about its staff and secures their legal rights and interests. It provides the full-time staff with social insurances in accordance with the related regulations in China including pension, basic medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance, and pays fees for these insurances with full amount. The Company established multiple remuneration policies to try to make its distribution fair and market-oriented. The multiple remuneration policies mainly cover the managers including the Company's operations, sales and marketing system, production system, R&D system and functional management in the head office. 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.

4.3 Training plan

Based on the needs for talents for its development, the Company gradually worked out a new talent management mode of "focus on the leadership development, based on two principles of qualification and talent reserve", built up the comfortable environment of "to take the talent cultivation as our responsibility, to produce talent as our pride" in the Company. In 2012, the Company totally held 7 sections and General Manager Leadership Training Course for 384 people, which formed the 3-level general manager leadership promoting mode of new appointment, on-duty and extraordinary; held 4 sections and Golden ★ and Silver ★ qualified talent reserve courses for over 200 people. In 2013, the Company will continue to improve the talent cultivation system, focus on the construction of leadership development system with the principle of professional spirit, establish the leadership cultivation mode that covers the senior, intermediate and basic level; establish and improve the technical talent cultivation system focusing on the high-tech talents, to improve the full staff's professional skills; establish a platform for the communications among the business partners based on the best practice, to realize the mutual success, mutual profit and mutual prosperity.

董事會報告 Report of the Directors

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。

七. 募集資金使用情況

7.1 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人民幣15億元，截止報告期末，已累計使用人民幣121,727萬元。分離交易可轉債募集資金承諾項目使用情況如下：

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

VI. Directors' and Supervisors' Right of Shares Purchasing

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

VII. Use of Proceeds Received

7.1 The Company received RMB1.5 billion in 2008 from the issuance of bonds with warrants that could be traded separately, in which RMB1,217,270,000 had been used. The information of the proceeds received from issuing the bonds with warrants used for the committed projects is as follows:

- (1) The proposed new construction of brewing base for an annual production 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 for an annual production 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 for an annual production 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.
- (4) The proposed new construction of brewing base for an annual production 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.
- (5) The proposed new construction of brewing base for an annual production volume of 1 million hl in Tsingtao Brewery (Chengdu) Company Limited had been put into production. It was expected to invest in RMB50 million, and the actual investment was RMB50 million.

董事會報告 Report of the Directors

(6) 按照青島市環膠州灣產業佈局規劃要求，青島啤酒麥芽廠10萬噸產能擴建項目需要整體搬遷至平度市青島啤酒工業園進行。公司第七屆董事會第二次會議於2011年8月12日審議批准青島啤酒麥芽廠搬遷新建年產10萬噸麥芽項目的可行性報告，該項目計劃固定資產建設投資約人民幣37,322萬元，所需資金首先使用2008年4月公司發行分離交易可轉債的債券募集資金人民幣35,000萬元，差額部分由青啤麥芽廠搬遷資產變現資金解決。截止目前，該項目正在施工建設階段。報告期內，該項目使用募集資金人民幣6,727萬元。

(6) Based on Qingdao government's industrial planning around the Jiaozhou Bay, the proposed expansion project for the 100k tons of production capacity in Tsingtao Brewery Malting Factory is required to be moved as a whole to carry out in Pingdu Tsingtao Beer Industry Zone. On 12 August 2011, the feasibility report of the proposed relocation and new construction of the malting project for the 1 million hl of annual production capacity in Tsingtao Brewery Malting Factory was considered and approved at the 2nd meeting of the 7th Board held by the Company. It is expected to invest RMB373.22 million for the fixed assets of the project, of which RMB350 million will be the proceeds received from issuing the bonds with warrants by the Company in April 2008, and the remaining fund will be from the proceeds of the assets in the relocation of Tsingtao Brewery Malting Factory. So far, the project is under construction. During the Reporting Period, the project has used RMB67.27 million of the proceeds received.

7.2 2009年10月13日至19日，青啤認股權證于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賬戶中。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。2011年6月16日，公司2010年度股東大會審議通過公司認股權證行權募集資金投入項目的議案。行權募集資金將全部用於以下公司新建、擴建啤酒生產基地項目：

7.2 During 13 to 19 October 2009, about 42.76 million shares of A-share were issued through the exercise of the warrants of the bonds with warrants of Tsingtao Brewery during the exercising period, and the proceeds of around RMB1.19 billion were received and deposited in the specific bank account designated by the Board. The Company had entered into *Tri-Parties Regulatory Agreement for the Proceeds Received Deposited in the Designated Account* with the commercial bank and underwriting institution, and made announcement on 6 November 2009 pursuant to the related requirements. On 16 June 2011, the proposal of investment with proceeds received from the exercise of warrants of the bonds with warrants was considered and approved at the 2010 Annual General Meeting held by the Company, whereby the proceeds received from the exercise would be totally used in the Company's following new construction and expansion projects of brewing base:

(1) 青島啤酒二廠擴建新增年產30萬千升啤酒項目，項目總投資人民幣66,615萬元，其中：擬以募集資金投入人民幣57,200萬元。報告期內，該項目使用募集資金人民幣43,079萬元。

(1) Project of expansion for increasing 3 million hl of annual production capacity in Tsingtao Brewery No. 2 Factory. The total investment of RMB666.15 million for the project includes RMB572 million of proceeds received. During the Reporting Period, the proceeds received used in this project is amounted to RMB430.79 million.

董事會報告 Report of the Directors

- (2) 青島啤酒上海松江有限公司擴建新增年產20萬千升啤酒項目，項目總投資人民幣31,321萬元，擬全部以募集資金投入。該項目目前已以公司自有資金投入並實施完畢、竣工投產。由於松江公司已納入本公司與三得利(中國)投資有限公司擬實施的合作項目範圍，因此暫未投入募集資金。
- (3) 青島啤酒(石家莊)有限公司新建年產20萬千升啤酒生產基地項目，項目總投資人民幣37,450萬元，其中：擬以募集資金投入人民幣32,101萬元。目前已全部投入，項目已投產。

截至2012年12月31日，權證行權募集資金專戶餘額為人民幣472,567,800.94元，其中募集資金累計利息收入為人民幣37,268,988.86元、支出維護費用等人民幣1,636元。

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。

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董事屬獨立人士。

- (2) Project of expansion for increasing 2 million hl of annual production capacity in Tsingtao Brewery Shanghai Songjiang Company Limited. The total investment of RMB313.21 million for the project is proposed to be totally from the proceeds received. At present, the project has been constructed completely and put into production with the Company's own funds. As Songjiang Company has been included in the proposed cooperation scope between the Company and Suntory (China) Holding Co., Ltd., the proceeds received is temporarily not invested in.
- (3) Project of new brewing base for an annual production capacity of 2 million hl in Tsingtao Brewery (Shijiazhuang) Company Limited. The total investment of RMB374.5 million for the project includes RMB321.01 million of proceeds received which has been totally invested into the project. The project has been put into production.

As at 31 December 2012, the balance in the account for the proceeds received from the exercise of the warrants of the bonds with warrants was RMB472,567,800.94, including RMB37,268,988.86 of accumulated interests of the proceeds received, and RMB1,636 of maintenance fees spent.

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

All directors and supervisors appointed by the Company have entered into service contract with the Company, and do not enter any service contract with the Company that the Company and its subsidiaries should make compensation to the directors when it terminates the contract within 1 year after the contract is signed by both 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.

IX. Confirmation of Independence by Independent Non-executive Directors

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

董事會報告 Report of the Directors

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合併財務報表附註。

十二. 固定資產

有關報告期內固定資產之變動載於隨附合併財務報表附註。

十三. 銀行貸款

於二零一二年十二月三十一日之銀行貸款詳情載於隨附合併財務報表附註。

孫明波

董事長

中華人民共和國 青島

二零一三年三月二十七日

X. Buy-back, Sales and Redemption of Shares

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

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

XI. Principal Subsidiaries and Associated Companies

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

XII. Fixed Assets

Any changes of fixed assets during the Reporting Period are set out in the attached *Notes to Financial Statements*.

XIII. Bank Loans

The details of bank loans as at 31 December 2012 are set out in the attached *Notes to Financial Statements*.

SUN Ming Bo

Chairman

Qingdao, the People's Republic of China

27 March 2013

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2012年度之監事會報告，敬請各位股東審閱。

報告期內，公司監事會嚴格遵守《公司法》、上市規則及《公司章程》的相關規定，認真履行職責。對會議的審議程序和議題依法進行了監督，切實維護了公司和股東的合法權益，對公司的持續、健康、快速發展起到了積極的推動作用。

一. 審議公司重大事項情況

報告期內，公司監事會共召開13次會議，其中定期會議7次，臨時會議6次，審議各類議案40餘項。主要議案如下：

1. 財務報告方面：

- (1) 審議了公司2011年度財務報告；
- (2) 審議了公司2012年第一季度報告；
- (3) 審議了公司2012年半年度報告；
- (4) 審議了公司2012年第三季度報告。

Dear shareholders:

I hereby present the 2012 Report of the Supervisors of Tsingtao Brewery Company Limited for your kind review.

During the Reporting Period, the Board of Supervisors seriously takes its duties and responsibilities by strictly abiding by the related provisions in the *Company Law, Listing Rules and Articles of Association*. It actively promotes the Company's continuous, healthy and rapid growth through legally monitoring the consideration procedures and resolutions of the board meetings, practically maintaining the legal rights and interests of the Company and its shareholders.

I. Significant Events Considered

During the Reporting Period, the Board of Supervisors totally held 13 meetings, including 7 regular meetings and 6 extraordinary meetings, to consider approximately 40 resolutions mainly including the followings:

1. Financial reports:

- (1) considered the Company's 2011 Financial Report;
- (2) considered the Company's 2012 First Quarterly Report;
- (3) considered the Company's 2012 Interim Report;
- (4) considered the Company's 2012 Third Quarterly Report.



段家駿先生
Mr. DUAN Jia Jun

監事會報告 Report of the Supervisors

2. 關聯交易方面：

- (1) 審議了關於深圳青島啤酒朝日有限公司與日本朝日啤酒株式會社及其全資擁有的公司朝日啤酒(中國)投資有限公司進行2012年度購銷產品的持續關連交易議案；
- (2) 審議了關於公司與煙臺啤酒青島朝日有限公司進行新三年期(2012-2014年度)產品購銷持續性關連交易的議案；
- (3) 審議了關於本公司與煙臺啤酒進行啤酒購銷持續關連交易新增關聯存款服務事項的議案。

3. 其它事項方面：

審議了修改公司章程、選舉第七屆監事會主席、與三得利中國合作項目、審議了菏澤公司、甘肅農墾公司等搬遷新建項目、在洛陽新建項目、在濟南、西安、太原等工廠新增產能項目等議案共計30餘項。

2. Connected transactions:

- (1) considered the resolution of the continuing connected transaction between Tsingtao Shenzhen, and Asahi Breweries and its wholly-owned subsidiary, Asahi (China) Investment, for the purchase and sales of products in 2012;
- (2) considered the resolution of the continuing connected transaction between the Company and Yantai Beer for the purchase and sales of products during another 3-year period (2012 – 2014);
- (3) considered the resolution of the matters of the related deposit service for the continuing connected transaction between the Company and Yantai Beer for the purchase and sales of products.

3. Other issues:

It considered around 30 resolutions including the revision of the articles of association, election of the chairman of the 7th Board of Supervisors, cooperation project with Suntory China, the relocation and new construction projects including those of Heze Company and Gansu Nongken Company, new construction project in Louoyang, expanding production capacity projects in plants including those in Jinan, Xi'an, and Taiyuan.

二. 對有關事項的獨立意見

1. 依法運作情況

監事會根據法律法規等相關監管要求，對公司股東大會、董事會的召開程序、決議事項、董事會對股東大會決議的執行情況、公司高級管理人員執行職務的情況及公司管理制度等進行監督。

監事會認為，在報告期內公司嚴格按照《公司法》、《證券法》、上市規則、《公司章程》及其他有關法律法規的要求開展各項工作，決策程序合法、運作規範。

II. Independent Comments to the Concerned Issues

1. Compliant operation

The Board of Supervisors, pursuant to the related regulatory requirements of the laws and regulations, monitored the convening procedures and resolutions of the Company's general meetings and board meetings, the implementation by the Board of the resolutions approved at the general meetings, the duty exercised by the Company's senior management officers, and the Company's management systems.

The Board of Supervisors is of the view that, during the Reporting Period, the Company carried out the various work strictly in compliance with the requirements in the *Company Law*, *Securities Law*, *Listing Rules*, *Articles of Association*, and other related laws and regulations, made decisions in accordance with legal procedures and operated in compliant manner.

監事會報告 Report of the Supervisors

公司董事、高級管理人員在執行職務時，沒有違反法律法規和《公司章程》的規定，也沒有損害公司利益的行為，認真貫徹執行了股東大會和董事會決議，勤勉盡職，恪盡職守。

None of the directors and senior management officers was found to have any behavior of breaching any laws, regulations, and *Articles of Association*, or damaging any interests of the Company when exercising their duties. All directors and senior management officers seriously implement the resolutions of the general meetings and board meetings, being diligent to their duties and hard-working.

2. 檢查公司財務情況

報告期內，監事會對公司的財務制度和財務狀況進行了監督檢查，同時通過對公司財務報告的審議，認為公司的財務報表的編制符合相關規定和要求，真實反映了公司的財務狀況和經營成果。

2. Review of the financial situations

During the Reporting Period, the Board of Supervisors monitored and inspected the Company's financial system and situation, and was of the view that, after reviewing the Company's financial statements, the preparation of the financial statements was compliant with the related rules and requirements, truly reflected the Company's financial situation and operating results.

3. 最近一次募集資金使用情況

報告期內，公司不存在新增募集資金。最近一次募集資金為2009年通過認股權證行權，募集資金約11.9億元。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。

3. Latest use of proceeds received

During the Reporting Period, the Company did not have any new proceeds received from financing activities. The latest proceeds received is RMB1.19 billion received from the exercise of warrants of the bonds with warrants in 2009. The Board of Supervisors was of the view that, the deposit and use of the proceeds received were compliant with the laws, regulations and the requirements of the regulatory authorities.

4. 收購資產情況

報告期內，公司與三得利中國投資有限公司簽署了合作協議，通過雙方合作，有利於發揮市場協同作用，提升雙方產品在江蘇及上海區域內的市場佔有率，並會對未來的發展產生積極的影響。監事會認為，該項目程序規範，未發現有內幕交易，也未發現有損害股東利益及造成公司資產流失的情況。

4. Assets acquisition

During the Reporting Period, the Company entered into cooperation agreements with Suntory (China) Holding Co., Ltd., pursuant to which the both parties could play the market synergistic effect with the cooperation between them, increase the market share of their products in Jiangsu Province and Shanghai, and would create positive influence to their future development. The Board of Supervisors is of the view that, this project is in compliance with procedures without behaviors of insider transaction, or damaging the interests of the Company and its shareholders, or causing the losses of Company's funds being found.

5. 關聯交易情況

報告期內，公司進行了啤酒購銷、存款服務等三項持續性關連交易。監事會認為，該三項關連交易定價公平合理，審議程序合法，未損害公司和投資者利益。

5. Connected transactions

During the Reporting Period, the Company carried out 3 continuing connected transactions on the purchase and sales of beer, and deposit service. The Board of Supervisors is of the view that, the pricing basis of these 3 continuing connected transactions are fair and reasonable, in compliance with legal procedures, and do not damage the interests of the Company and its investors.

監事會報告 Report of the Supervisors

6. 內控工作報告情況

報告期內，監事會對董事會關於公司2012年度內部控制的自我評價報告、公司內部控制制度的建設和運行情況進行了審核。監事會認為，公司已根據有關規定，結合自身的實際情況，建立健全了各項內部控制制度，保證了公司各項經營活動的規範有序進行。監事會同意董事會所做的該報告。

7. 建立和實施內幕信息知情人管理制度的情況

監事會通過監督審查確認，公司已按照相關規定制定了《內幕信息知情人登記管理制度》，並嚴格按照制度控制內幕信息知情人範圍，及時對公司內幕信息知情人進行登記備案，維護了公司信息披露的公開、公平、公正的原則，保護了廣大投資者的合法權益。

各位股東，2012年，公司取得了較大的市場突破，各項業務也在規範有序地進行。2013年公司監事會全體成員，將繼續忠實勤勉地履行職責，進一步促進公司經營管理的規範運作，維護公司和廣大投資者的合法權益，為公司長久持續發展貢獻力量。

監事會主席：段家駿
二零一三年三月二十七日

6. Internal control work report

During the Reporting Period, the Board of Supervisors reviewed the Company's self-appraisal report of internal control in 2012, and the establishment and operation of the Company's internal control system. The Board of Supervisors is of the view that, the Company has established and improved various internal control systems based on the related rules and with its own actual situation, ensured the Company's operating activities were carried out compliantly and in order. The Board of Supervisors approved such report worked out by the Board.

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

The Board of Supervisors has made confirmation after monitoring and examination that the Company has worked out the *Administrative Policies to Registration of Information Insiders*, strictly determined the scope of information insiders pursuant to the related rules, made timely registration and files for the Company's information insiders, which maintained the open, fair and justice principles in the information disclosure and protected the legal rights and interests of the broad masses of investors.

Dear shareholders, in 2012, the Company made great break-through in the market, and operated its business compliantly and in order. In 2013, all members of the Board of Supervisors will continue to exercise their duties and responsibilities to further promote the compliant operation of the Company's operating management, maintain the legal rights and interests of the Company and the broad masses of investors, and make contributions for the Company's long-term and continuous development.

Chairman of Board of Supervisors: DUAN Jia Jun
27 March 2013

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內控委員會、戰略與投資委員會和提名與薪酬委員會三個由外部董事(包括獨立非執行董事)為主構成的專業委員會，對提高董事會的決策效率起到積極作用，促進了公司治理結構的有效運作。

報告期內，公司按照境內監管規定的要求，制訂了公司章程修訂案，對公司的現金分紅政策和表決程序予以細化和明確；同時，按照香港聯交所的監管要求，公司對原審計委員會和薪酬委員會之名稱和工作細則進行更新。採用「董事會審計與內控委員會」和「董事會提名與薪酬委員會」的新名稱並採納其新的工作細則，並制訂了股東提名人選參選董事的程序文件。與《公司章程》(包括股東大會、董事會和監事會議事規則)的中英文版本一併上載到聯交所網站和公司網站，方便投資者瀏覽。

報告期內，本公司已遵守香港聯交所上市規則附錄十四載列之《企業管治常規守則》(於2012年3月31日及之前有效)及《企業管治守則》(於2012年4月1日起生效)的守則條文。本公司所採納的企業管治措施如下：

一. 董事會

1. 職責與分工

董事會在董事長的領導下，在公司的發展戰略、管理架構、投資及融資、財務監控、人力資源等方面行使管理決策權，並致力於實現股東價值最大化。在本公司的章程及其附件——董事會議事規則中，已詳細列明瞭董事會在公司發展戰略和

Since the Company was listed on the Stock Exchange and SSE in 1993, it has been improving its corporate governance structure and regulating the operations pursuant to the domestic and overseas listing rules and regulatory requirements. The Company's general meeting, the Board and the Board of Supervisors exercise their respective duties and make decisions independently, supervise each other and maintain the balance of power among them. The Board sets up 3 professional committees, namely, Audit & Internal Control Committee, Strategy & Investment Committee and Nomination & Remuneration Committee, which are mainly comprised of 3 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, pursuant to the domestic regulatory requirements, the Company worked out the revision proposal of the articles of association to diversify and clarify the Company's existing cash dividends policy and voting procedures; at the same time, pursuant to the regulatory requirements by the Stock Exchange, the Company renewed the name and working guidelines of the former Audit Committee and Remuneration Committee to the respectively "Audit & Internal Control Committee of the Board" and "Nomination & Remuneration Committee of the Board" and adopted their new working guidelines, and worked out the file of the procedure for the election of director participated in by candidates nominated by shareholders, which will be published together with the Chinese and English version of the *Articles of Association* (including the order of meeting for the general meeting, the Board and the Board of Supervisors) on the website of the Stock Exchange and the Company for the investors' reference.

During the Reporting Period, the Company had abided by the code provisions in the *Code on Corporate Governance Practice* (effective on and before 31 March 2012) and *Corporate Governance Code* (taking into effect from 1 April 2012) as set out in Appendix 14 of the *Listing Rules*. The measures taken by the Company for corporate governance are as follows:

I. Board

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

企業管治報告 Corporate Governance Report

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。同時，董事會履行企業管治職能，監督、評估及確保公司內部控制系統的效能及對法律法規的遵守情況。本公司董事會負責履行經修訂的《企業管治守則》第D.3.1條職權範圍所載的企業管治職責。本公司管理層負責執行董事會授予的多項職責，包括負責本公司的日常管理及營運，組織並實施董事會決議。

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。董事長負責決定每次董事會會議的議程，其中每次會議前徵詢其他董事有無提案，並根據實際情況將其他董事的提議加入會議議程。此外，董事長亦負責引領和制定本公司的總體發展戰略，並檢查董事會決議的實施情況。

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

2. 組成

公司2011年6月16日召開的股東年會選舉產生了第七屆董事會成員，由11名董事組成，包括董事長、副董事長、執行董事、非執行董事、獨立非執行董事。公司董事(包括非執行董事)之任期自2011年6月16日起為期三年。2012年6月28日，公司董事長金志國先生因個人原因辭任，董事會選舉孫明波先生為新任董事長。聘任黃克興先生擔任公司新任總裁。

maximization of its shareholders' value. It has been stated in details in the *Articles of Association* of the Company and its appendix *Order of Meeting for the Board of Directors* the Board's authorities in the Company's development strategies and management, and that on supervision and inspection over the Company's development and operations. At the same time, the Board implements its duty of corporate governance by monitoring, valuating and ensuring the effectiveness and efficiency of the Company's internal control system and the situation of the Company's abiding by the laws and regulations. The Board is responsible for the implementation of the duties and responsibilities of corporate governance set out in the Function Scope of Rule D.3.1 of the revised *Corporate Governance Code*. The Company's management team is in charge of implementing the various duties and responsibilities granted by the Board, which include being in charge of the Company's daily management and operations, and arranging and implementing the resolutions approved by the Board.

The division of duties between the chairman and the president of the Company has been clearly defined and stated in the *Articles of Association* and its appendix. 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 circumstances. 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 arranging 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; exercising the right of use of funds and assets within the scale authorized by the Board, and signing the contracts on behalf of the Company. At the same time, the Company clarifies the respective and specific duties and responsibilities of all senior management officers, so as to ensure the undertaking of obligations of integrity and fulfillment of their own responsibilities.

2. Composition

It elected members of the 7th Board at the annual general meeting held by the Company on 16 June 2011, which comprised of 11 directors, including chairman, vice-chairman, executive directors, non-executive directors and independent non-executive directors. The service term of the directors (including the non-executive directors) is 3 years from 16 June 2011. On 28 June 2012, Mr. JIN Zhi Guo, Chairman of the Company, resigned due to personal reasons. The Board therefore elected Mr. SUN Ming Bo the new Chairman, and appointed Mr. HUANG Ke Xing the new President of the Company.

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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，獨立董事每年均在股東年會上提交年度述職報告，向股東做出彙報。

3. 董事會會議

2012年度，本公司共舉行了6次現場會議和7次以通訊表決方式召開的會議，以討論本公司的營運及財務表現、管理架構、投資方案等，主要事項包括：

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

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

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

3. Board meeting

In 2012, the Company totally held 6 site meetings and 7 meetings combining with voting through communications to consider the Company's operating and financial performance, management structure, and investment scheme, including:

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

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

The meeting notices and materials of resolutions to be considered 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	是否獨立 非執行董事 Independent non-executive director	本年應參加 董事會次數 Times that should attend	親自出席 次數 Times that attended in person	以通訊方式 參加次數 Times that attended in form of communications	委託出席 次數 Times that attended by proxy	缺席次數 Times of absence	是否參加 年度股東大會 Attending the AGM
孫明波 SUN Ming Bo	否 No	13	5	7	1	0	是 Yes
王帆 WANG Fan	否 No	13	6	6	0	1	是 Yes
姜宏 JIANG Hong	否 No	13	5	8	0	0	是 Yes
孫玉國 SUN Yu Guo	否 No	13	6	7	0	0	是 Yes
山崎史雄 Fumio YAMAZAKI	否 No	13	6	7	0	0	否 No
陳志程 CHEN Zhi Cheng	否 No	13	4	7	1	1	是 Yes
王學政 WANG Xue Zheng	是 Yes	13	6	7	0	0	是 Yes
趙昌文 ZHAO Chang Wen	是 Yes	13	3	8	1	1	否 No
吳曉波 WU Xiao Bo	是 Yes	13	2	8	2	1	否 No
馬海濤 MA Hai Tao	是 Yes	13	6	7	0	0	是 Yes
金志國 JIN Zhi Guo	否 No	8	4	4	0	0	是 Yes
於2012年6月28日 辭任董事長 Resign as Chairman on 28/6/2012							

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

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.

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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彙報相關工作。本公司獨立董事根據《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. 董事之培訓

根據於2012年4月1日生效之企業管治守則，全體董事須參與持續專業發展，以更新其知識及技能。本公司已為董事提供培訓及發展課程，包括(1)為新委任之董事提供就職課程(董事手冊)；(2)為董事提供持續培訓及專業發展課程。

於2012年4月1日至2012年12月31日期間，本公司全體董事定期接受有關本集團業務、營運及企業管治事宜的簡報及更新。董事並獲提供適用於本集團的新訂重點法律及條例或重要法律及條例的變動。公司每週編寫一期有關證券市場發展及監管政策的動態信息發送給董事、監事和高管人員。並於報告期內組織在青島的董事、監事參加了由青島證監局組織的上市規則培訓。報告期公司董事會秘書參加了不少於15學時的專業培訓，部分董事、監事參加了不少於8學時的專業培訓。

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 writing to attend and vote on their behalves, and the independent non-executive directors could authorize other independent non-executive directors to attend and vote on their behalves.

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

II. Directors

1. Trainings of directors

Pursuant to the *Corporate Governance Code* taking into effect from 1 April 2013, all of the directors are obliged to take part in the continuing professional development to renew their knowledge and skills. The Company had provided the directors with trainings and development courses, including (1) providing the newly appointed directors the entry training (director's manual); (2) providing the directors with the continuing trainings and professional development courses.

During the period from 1 April to 31 December in 2012, all of the directors of the Company can regularly receive the briefings and the updates for the matters relating to the Group's business, operations and corporate governance. They were also provided with the newly published important laws and rules or changes in the important laws and rules which were applicable to the Group. The Company prepared a weekly newsletter for the developments in the stock markets and updated information of regulatory policies and sent to the directors, supervisors and senior management officers and, during the Reporting Period, arranged the directors and supervisors who were in Qingdao to attend the trainings of the listing rules organized by the Qingdao Branch of China Securities Regulatory Commission. During the Reporting Period, the Company's board secretaries attended not less than 15 training hours of professional trainings, while some directors and supervisors attended not less than 8 training hours of professional trainings.

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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。

3. 董事的證券交易

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

4. 董事、監事及高級管理人員的責任保險

經股東大會批准，本公司已為全體董事、監事及高級管理人員購買適當之責任保險。

5. 財務彙報和董事就財務報表所承擔的責任

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

2. Independence of directors

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

3. Securities transactions by directors

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

4. Liability insurance of the directors, supervisors and senior management officers

As approved at the general meeting, the Company has purchased appropriate liability insurance for all of the directors, supervisors and senior management officers.

5. Financial reporting and responsibilities taken by directors on financial statements

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

三. 董事會專門委員會

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

1. 審計委員會

該委員會職權範圍依據香港聯交所上市規則附錄十四之《企業管治常規守則》及中國證監會頒佈的《上市公司治理準則》而制訂，並按照最新監管動

III. Professional Committees under the Board

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

1. Audit 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

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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彙報質量和程序。

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

2012年度審計委員會共舉行了6次會議，為保證彙報的獨立性，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：

委員姓名	Name	出席會議(次) Attendance (time)	應出席會議(次) Meetings should attend (time)	出席率(%) Attending Rate (%)
馬海濤(委員會主席)	MA Hai Tao (Chairman of the Committee)	6	6	100
王學政	WANG Xue Zheng	5	6	83
趙昌文	ZHAO Chang Wen	5	6	83
吳曉波	WU Xiao Bo	2	6	33
山崎史雄	Fumio YAMAZAKI	5	6	83

審計委員會在本年度主要工作包括：

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

Stock Exchange and *Guidelines for Corporate Governance of Listed Companies* 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 its work, and review the efficiency and quality of its work, to review and supervise the quality and procedures of the Company's financial reporting.

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

In 2012, the Audit Committee totally held 6 meetings. To ensure the independence of the reporting, the chairman of the Committee arranged sole meetings between external auditor 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:

Major work by the Committee in the year includes:

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

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2. 戰略委員會

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

第七屆董事會戰略委員會的成員包括：執行董事、總裁孫明波先生(委員會主席)、執行董事孫玉國先生和獨立非執行董事王學政先生、趙昌文先生及馬海濤先生組成。2012年度戰略委員會共舉行了6次會議，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 (%)
孫明波(委員會主席)	SUN Ming Bo (Chairman of the Committee)	6	6	100
孫玉國	SUN Yu Guo	6	6	100
王學政	WANG Xue Zheng	6	6	100
趙昌文	ZHAO Chang Wen	4	6	66
馬海濤	MA Hai Tao	6	6	100

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

3. 提名與薪酬委員會

本公司成立了提名與薪酬委員會，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，制訂考核標準及向董事會建議個別執行董事及高級管理人員的薪酬，研究改善公司治理結構的方案及評核獨立非執行董事的獨立性及就董事委任向董事會提出建議。

第七屆董事會提名與薪酬委員會由四名獨立董事與一名非執行董事組成，由王學政先生擔任主席，其他成員包括非執行董事陳志程先生及獨立非執行董事趙昌文先生、吳曉波先生和馬海濤先生，均由董事會委任。2012年度提名與薪酬委員會舉行了一次會議，全體委員簽署了會議決議，對年報披露的董事、監事和高管人員薪酬資料進行了審核及評核獨立非執行董事的獨立性及檢討董事會的架構，人數及組成。

2. Strategy Committee

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

The members of the Strategy Committee of the 7th Board include: Executive Director and President Mr. SUN Ming Bo (Chairman of the Committee), Executive Directors Mr. SUN Yu Guo, Independent Non-executive Directors Mr. WANG Xue Zheng, Mr. ZHAO Chang Wen and Mr. MA Hai Tao. In 2012, the Strategy Committee totally held 6 meetings and the attendance of each member of the Committee is as follows:

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

3. Nomination & Remuneration Committee

The Company sets up the Nomination & Remuneration Committee. Its main duties are: to study and review the remuneration policies and incentive system of the directors and senior management officers of the Company, to work out appraisal standards, to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, to study the schemes to improve the corporate governance, to assess the independence of the independent non-executive directors and make proposals to the Board for the appointment of directors.

The Nomination & Remuneration Committee of the 7th Board is comprised of 4 independent non-executive directors and 1 non-executive director including Mr. WANG Xue Zheng, the Chairman, and other members including Non-executive Director Mr. CHEN Zhi Cheng, and Independent Non-executive Directors Mr. ZHAO Chang Wen, Mr. WU Xiao Bo and Mr. MA Hai Tao, all of whom are appointed by the Board. In 2012, the Nomination & Remuneration Committee of the 7th Board held 1 meeting, at which all members of the Committee signed the meeting resolution after considering the remuneration information of the directors, supervisors and senior management officers disclosed in the Annual Report, assessed the independence of the independent non-executive directors, and reviewed the structure, size and composition of the Board.

企業管治報告 Corporate Governance Report

四. 監控機制

1. 監事會

公司監事會於2011年6月16日順利完成換屆，新一屆監事之任期自2011年6月16日起為期三年。2012年6月27日杜常功先生因任職年齡不再擔任監事會主席一職，監事會選舉段家駿先生為公司第七屆監事會主席。監事會現有7名成員，其中包括監事會主席1名，朝日啤酒提名的股東代表監事1名，外部監事2名及職工監事3名，現任監事的個人簡介資料，載列於本年度報告「董事、監事、高級管理人員情況」。

監事會依法獨立行使公司監督權，保障股東、公司和員工的合法權益不受侵犯。2012年度，監事會共舉行13次會議（包括現場會議7次和書面會議6次），代表股東對公司財務以及董事和高管人員履行職責的合法合規性進行監督，並列席了所有的董事會現場會議和股東大會。有關監事會的工作情況載列於本年度報告的「監事會工作報告」中。

2. 公司內部控制體系

2.1 本公司按照上海證券交易所發佈的《上海證券交易所上市公司內部控制指引》，香港聯合交易所有限公司《證券上市規則》，以及內部控制具體規範的要求，制定了一系列內部控制制度，並在公司生產經營活動中發揮了應有的作用，促進了本公司規範化運行。報告期內，公司按照財政部等五部委聯合發佈的《企業內部控制基本規範》和《企業內部控制配套指引》及上市地監管要求，從公司、下屬部門及附屬公司、業務環節三個層面對內控流程和內控制度等方面，在《企業內部控制配套指引》18項指引的基礎上，根據公司實際情況修訂了相關的內部控制制度，進一步完善了公司內部控制體系。

IV. Supervisory Mechanism

1. Board of Supervisors

The latest Board of Supervisors was successfully set up on 16 June 2011, whose duty term is three years from 16 June 2011. On 27 June 2012, Mr. DU Chang Gong no longer took the position of Chairman of the Board of Supervisors due to his age. The Board of Supervisors then elected Mr. DUAN Jia Jun Chairman of the 7th Board of Supervisors. It currently has 7 members in which including 1 chairman of the Board of Supervisors, 1 supervisors as shareholders representative nominated by Asahi Breweries, 2 external supervisors and 3 supervisors as staff representative. The profile of current supervisors is set out in the “*Profiles of Directors, Supervisors and Senior Management Officers*” in this Annual Report.

The Board of Supervisors legally exercises the supervision right to prevent the legal rights and interests of the shareholders, the Company and its employees from being offended. The Board of Supervisors totally held 13 meetings (including 7 site meetings and 6 meetings in writing) in 2012, to supervise on behalf of the shareholders over the finance, the validity and compliance of the directors and senior management officers on fulfilling their duties, and sat in all site board meetings and general meetings. The details of the work of the Board of Supervisors are set out in “*Report of the Supervisors*” in this Annual Report.

2. Internal control system of the Company

2.1 According to the *Shanghai Stock Exchange Listed Company Internal Control Guide* published by SSE, *Listing Rules* by the Stock Exchange, and the requirements of the specific regulations of internal control, the Company worked out a series of internal control regulations, which played corresponding roles in the Company’s production and operating activities, promoted the standard operations of the Company. During the Reporting Period, according to the *Enterprise Internal Control Basic Standards*, *Enterprise Internal Control Supporting Guides* jointly published by 5 ministries and commissions including the Ministry of Finance, and the regulatory requirements of the place of listing, from the 3 layers of the Company, supporting departments and subsidiaries, and business parts towards the internal control procedures and internal control system, based on the 18 guides set out in the *Enterprise Internal Control Supporting Guides*, and based on the Company’s actual situation, the Company amended the corresponding internal control regulations to further improve the Company’s internal control system.

企業管治報告 Corporate Governance Report

2.2 內部控制運行有效性評估

(1) 公司董事會對內控體系自我評估情況

2013年3月27日召開的第七屆董事會第十一次會議上，董事會對公司2012年度內部控制的有效性進行了評估，董事會評估認為，公司內部控制制度健全，執行有效，未發現本公司存在內部控制設計或執行方面的重大缺陷。

(2) 公司境內註冊會計師對財務報告內控體系評估情況

公司聘請普華永道中天會計師事務所有限公司對財務報告內部控制有效性進行了審核評估，認為公司於2012年12月31日按照《企業內部控制基本規範》和相關規定在所有重大方面保持了有效的財務報告內部控制。

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

3. 外聘審計師及酬金

本年度報告所收錄之財務報表根據中國企業會計準則編制，並經普華永道中天審計。普華永道中天已為本公司連續提供審計服務11年。2012年度，本公司應向普華永道中天支付其年度財務報告審計工作的酬金為人民幣660萬元，支付其內控審計工作的酬金為人民幣180萬元，公司不承擔其差旅費及其它費用。

2.2 Valuation of the effectiveness of internal control operations

(1) The Board's valuation of internal control system

At the eleventh meeting of the 7th Board held on 27 March 2013, the Board made a valuation to the effectiveness of the Company's internal control in 2012. After the valuation, the Board was of the view that, the Company's internal control system was complete and sound, the implementations were effective, and none of the material weakness in the design or implementation of internal control was found in the Company.

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

The Company appointed PwC Zhong Tian to review and value the effectiveness of internal control in financial reporting. PwC Zhong Tian was of the view that, as at 31 December 2012, the Company had maintained effective internal control in the financial reporting in all material aspects according to the *Enterprise Internal Control Basic Standards* and related regulations.

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

3. External auditor and remuneration

The financial statements included in the Annual Report are prepared in accordance with CAS, and have been audited by PwC Zhong Tian, which has provided auditing services for 11 years consecutively. For the year 2012, the Company should pay RMB6.6 million to PwC Zhong Tian for its full-year work of auditing the financial reports, and RMB1.8 million for its auditing of internal control, but all expenses for business travels and others will not be borne by the Company.

企業管治報告 Corporate Governance Report

五. 股東及其他利益相關者

1. 股東大會

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

股東大會是公司的最高權力機構，依法行使職權，決定公司重大事項。每年的股東年會為董事會與公司股東提供直接溝通的渠道。因此，本公司高度重視股東大會，於會議召開45日前發出會議通知，在股東年會上，公司董事長及其他與會執行董事就股東關注的事項進行了廣泛深入的溝通及說明。2012年6月27日公司在青島以現場投票的方式召開了2011年度股東年會，會議審議通過了公司2011年度董事會報告、監事會報告、經審計的財務報告、利潤分配預案和續聘財務報告及內部控制審計師等項議案。並聽取了公司2011年度獨立董事述職報告。以上股東大會決議可查閱本公司於2012年6月28日在境內信息披露指定報章以及上交所網站和聯交所網站發佈的相關公告。

2. 股東權利

作為保障股東權益及權利的一項措施，本公司就各重大事項在股東大會上均單獨決議，以供股東考慮及投票。所有向股東大會提呈的決議案以投票方式表決。投票表決的結果將於相關股東大會後在聯交所網站、上交所網站及本公司網站公佈。

V. Shareholders and Other Interest-related Parties

1. General meeting

The Company has been devoting to the legal rights and interests of all shareholders. The convening and holding of general meeting are strictly pursuant to the terms in the *Articles of Association* and *Rules of Order 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 (scrutineers for the vote-taking) jointly inspect and count the votes to the proposals, and have the chairperson of the meeting (chairperson of the Board) announce the voting results and work out the formal resolutions of the meeting. The lawyers appointed by the Company witnesses the meeting and present legal comments.

The general meeting is the highest authority of the Company, which legally exercises its duties and determines the significant issues for the Company. The annual general meeting is the channel of direct communication between the Board and the shareholders of the Company. Therefore, the Company pays high regards to the general meeting by dispatching the meeting notice 45 days prior to the meeting date, and the chairperson and other attending executive directors make extensive and intensive communications and interpretation over the issues concerned by the shareholders at the annual general meeting. On 27 June 2012, the Company held the 2011 Annual General Meeting in form of site voting in Qingdao to consider and approve the Company's 2011 work report of the Board, 2011 work report of the Board of Supervisors, audited financial report, preliminary proposal for the profit distribution, and the re-appointment of the auditor of financial statements and internal control, and listen to the 2011 work report of the independent non-executive directors. For the resolutions approved at the aforesaid general meeting, please refer to the related announcement published by the Company on 28 June 2012 on the nominated domestic newspapers for information disclosure, and the website of SSE and the Stock Exchange.

2. Shareholders' rights

As one of the measures securing the interests and rights of the shareholders, the Company makes a single resolution at the general meeting for each significant issue for the shareholders' consideration and voting. All resolutions submitted to the general meeting are voted with polls. The voting result will be published on the website of the Stock Exchange, SSE and the Company after the related general meeting.

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召開臨時股東大會

單獨或合併持有本公司發行在外的有表決權的股份百分之十以上(含百分之十)的股東可根據《公司章程》第八十六條第(一)項以書面形式請求召開臨時股東大會。有關請求必須向股東大會明確說明需要審議的內容，且必須由請求人簽署，並以書面的形式通知本公司董事會。股東應遵循《公司章程》所載有關召開臨時股東大會的規定及程序。

於股東大會提呈提案

股東有權以書面形式向公司提出新的提案，公司應當將提案中屬於股東大會職責範圍內的事項，列入該次會議的議程。提案的內容應當屬於股東大會職權範圍，有明確議題和具體決議事項，並且需符合法律法規等有關規定的情況。

股東有權要求查詢《公司章程》第五十二條第(五)項所載信息，股東可就該等權利致函本公司股權管理總部或電郵至公司「投資者關係」郵箱(secretary@tsingtao.com.cn)發出查詢或提出請求。股東提出查詢有關信息的，應提供相關書面證明文件，經公司核實其股東身份後予以提供。

3. 投資者關係與溝通

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



Convening of extraordinary general meeting

Shareholders who solely or jointly hold more than 10% (10% inclusive) of shares with voting right publically listed by the Company may requisition the convening of extraordinary general meeting pursuant to Article 86 (I) in the *Articles of Association*. The related requisition must clearly state to the general meeting the issues needed to be considered with the signature by the persons who make such requisition, and notify in writing to the general meeting of the Company. The shareholders should follow the rules and procedures for convening extraordinary general meeting set out in the *Articles of Association*.

Proposals submitted to the general meeting

The shareholders have the right to raise new proposals in writing to the Company, and the Company is obliged to include the issues in such proposals which are within the scope of duties of the general meeting into the agenda of such general meeting. The contents of the proposals should be within the scope of the duties of the general meeting, have clear issues and specific businesses for resolution, and should be in compliance with the related provisions in the laws and regulations.

The shareholders have the right to inquire the information set out in Article 52(V) of the *Articles of Association*, and can make inquiry or request for such right by sending mail to the Equity Management Department of the Company or emailing to the Company's email address of investor relations (secretary@tsingtao.com.cn). The shareholders who inquire for the information should provide the Company with related written identification documents and they will be provided with such information after their identification as shareholders has been verified by the Company.

3. Investor relations and communications

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

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2012年6月，由於公司董事長的變更引發投資者對未來發展戰略的疑慮，公司相應加大投資者關係工作力度。本公司於2012年召開業績推介會2次，國際路演和網上路演各一次。並積極接待境內外證券分析員、基金經理及其它投資機構／個人投資者現場調研及參觀，廣泛參加國內外證券公司組織的投資論壇，共計110餘次會議，與證券分析員、基金經理電話會議120餘次，取得了良好的效果。

4. 建議修訂公司章程

根據《中華人民共和國公司法》、中國證券監督管理委員會《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)以及青島證監局《關於進一步修訂和完善青島轄區上市公司現金分紅製度和政策的通知》等相關法律、法規、規範性文件的規定，結合公司經營範圍變更等實際情況，公司於2012年8月15日召開的第七屆董事會第八次會議審議通過公司章程修訂案，擬提請公司2012年度股東年會予以審議。

5. 其他利益相關者

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

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

In June 2012, the Company strengthened its IR work due to the investors' concern for the future development strategy caused by the change of chairman. In 2012, the Company held 2 results presentations, 1 international road-show and 1 on-line road-show, held over 110 conferences through arranging the site research and visits paid by the domestic and overseas securities analysts, fund managers and other investing institutions/personal investors, participated in the investors' forums organized by domestic and overseas securities companies, and made over 120 conference calls with securities analysts and fund managers, which were fruitful.

4. Proposed revision of the articles of association

According to the requirements in the related laws, regulations, and regulatory documents including *Company Law of the People's Republic of China*, *Notice for Further Putting into Practice Matters Relating to Cash Dividends of Listed Company* issued by China Securities Regulatory Commission (No. ZJF[2012]37) and *Notice for Further Revising and Completing System and Policy of Cash Dividends of Listed Companies in Qingdao* issued by Qingdao Securities Regulatory Administration, and combining with the facts including that the Company has changed its business scope. The Company held the eighth meeting of the 7th Board on 15 August 2012 to consider and approve the proposed revision of the articles of association, and is to be subject to the consideration at the Company's 2012 Annual General Meeting.

5. Other interest-related parties

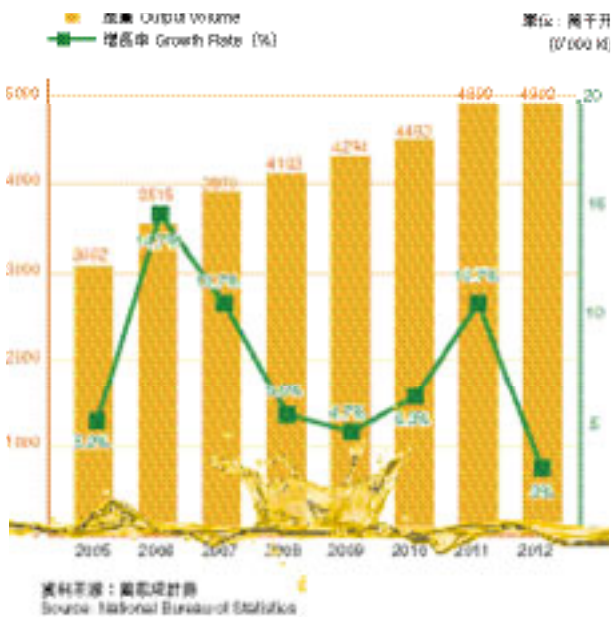
The Company is of the view that, it should insist on the operations with integrity and fulfillment of its social responsibilities, and establishment of a harmonic, win-win and long-term cooperation with interest-related parties of the Company to ensure its long-lasting existence. For years, the Company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

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

管理層討論與分析 Management Discussion and Analysis

一. 行業分析 Analysis of the Industry

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



2. 2012年中國啤酒市場簡況 Profile of China's Beer Market in 2012

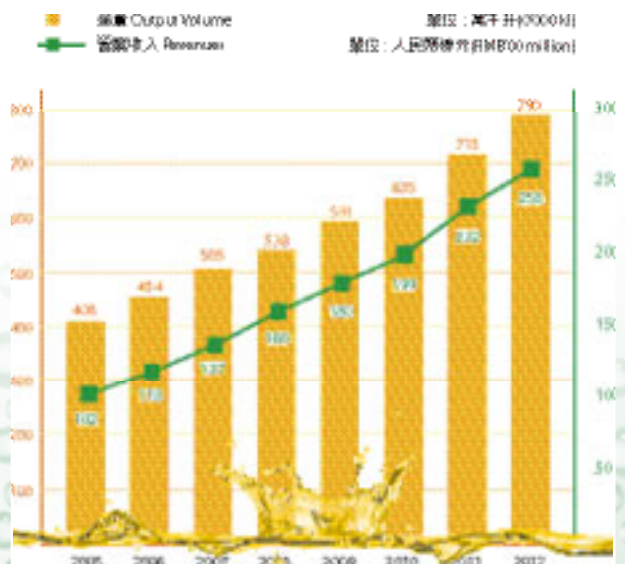
- 國內啤酒行業經過近三十年的持續快速增長，近年隨基數的加大增速已明顯放緩，行業產能過剩，競爭激烈，產品平均售價較低。

After the continuous fast growth of the domestic beer market in recent 30 years, the growth has obviously slowed down due to the huge base amount, resulting in the excess output capacity, severe competition and low average sales price.

- 大型啤酒企業在鞏固傳統優勢市場基礎上，通過購併及新建等形式積極爭取其它市場份額，行業集中度進一步提高，國內前四大啤酒企業市場份額已達60%。
Besides consolidating the traditional dominant market, the large breweries are also obtaining shares from other markets by means including M&A and new constructions which makes the industry becomes more integrated. As a result, the market share of the top 4 breweries has reached 60%.
- 隨著國內消費升級和城鎮化步伐的加快、中西部經濟的發展，國內啤酒市場在銷量及價格方面仍有較大的增長空間。
With the upgrade of domestic consumption, the acceleration of urbanization, and the economic development in the central and western China, there is still room for the growth of the domestic beer market in terms of sales volume and price.

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

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



黃克興先生
Mr. HUANG Ke Xing

管理層討論與分析 Management Discussion and Analysis

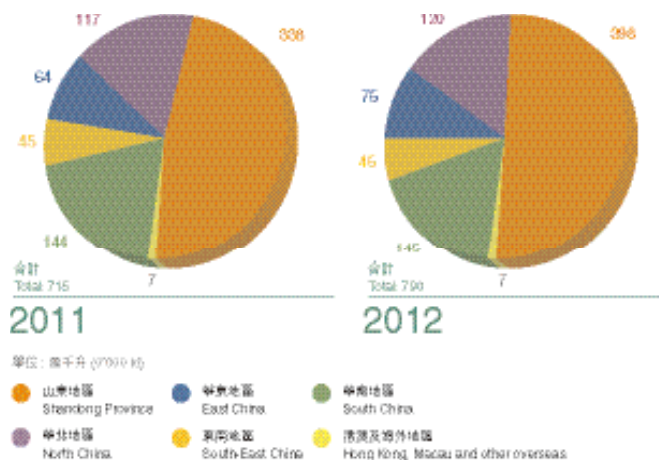
2. 產能增長情況

Newly Increased Output Capacity

- 設立青島啤酒(九江)有限公司，新建年產20萬千升啤酒生產基地項目。
Establishing Tsingtao Brewery (Jiujiang) Company Limited for the construction of a beer production base for an annual output volume of 2 million hl.
- 設立青島啤酒(洛陽)有限公司，新建年產20萬千升啤酒生產基地項目。
Establishing Tsingtao Brewery (Luoyang) Company Limited for the construction of a beer production base for an annual output volume of 2 million hl.
- 與三得利啤酒簽署戰略合作協議，整合雙方在上海和江蘇區域內啤酒生產、銷售業務和資產，提升公司區域市場競爭力。
Having entered into strategic cooperation agreements with Suntory Beer to integrate their respective beer production and sales business, and the assets in Shanghai and Jiangsu Province, to improve the Company's competitiveness in the regional markets.
- 完成青島、臨沂、上海、杭州、成都等地生產基地技改擴建項目。
Having completed the technical reconstruction and expansion of the production bases including Qingdao, Linyi, Shanghai, Hangzhou, and Chengdu.
- 啟動青島麥芽廠、濟南、太原、西安、揚州、南寧等地生產基地擴建項目。
Having started the expansion projects of the production bases including Tsingtao Malting Factory, and those in Jinan, Taiyuan, Xi'an, Yangzhou, and Nanning.

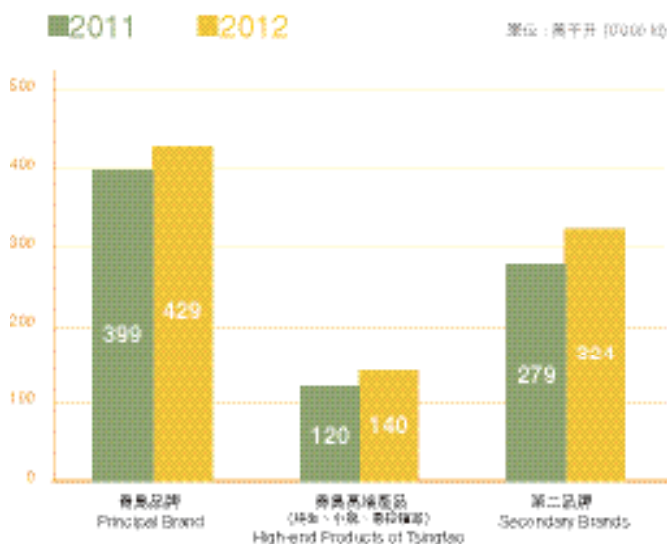
3. 分地區啤酒銷量

Sales Volume of Beer in Geographical Regions



4. 產品結構情況

Product Mix



管理層討論與分析 Management Discussion and Analysis

三. 報告期內主要財務分析(按中國企業會計準則計算)

Analysis of Principal Financial Information during the Reporting Period (calculated in accordance with CAS)

(I) 公司主營業務及經營情況分析

Analysis of main operations and operational situations of the Company

1. 利潤表及現金流量表相關科目變動分析表

Analysis of changes of related items in the income statement and cash flow statement

單位：人民幣千元

Unit: RMB'000

科目	Items	本期數 Number of this Reporting Period	上年同期數 Number of previous Reporting Period	變動比例(%) Increased/ (Decreased) percent
營業收入	Revenues	25,781,544	23,158,054	11.33
營業成本	Costs of sales	15,433,870	13,416,659	15.04
銷售費用	Selling and distribution expenses	4,930,866	4,414,666	11.69
管理費用	General and administrative expenses	1,269,422	1,184,193	7.20
財務費用	Financial expenses	(178,141)	(36,213)	(391.93)
經營活動產生的現金 流量淨額	Net cash flow from operating activities	3,103,597	1,872,309	65.76
投資活動產生的現金 流量淨額	Net cash flow from investing activities	(1,994,814)	(3,936,578)	49.33
籌資活動產生的現金 流量淨額	Net cash flow from financing activities	(391,845)	54,577	(817.97)
研發支出	Research and development expenditures ("R&D")	12,300	10,970	12.12

2. 驅動業務收入變化的因素分析

Analysis of the factors driving the changes of business revenues

2012年度營業收入同比增加約2,623,490千元，增幅11.33%，主要原因是本年度內公司積極開拓市場，銷量保持較高增長，同比增加75萬千升，增幅10.48%，其中：主品牌「青島啤酒」及第二品牌均保持較高增長，主品牌銷量同比增加29萬千升，增幅7.34%；第二品牌銷量同比增加44萬千升，增幅15.77%。

In 2012, the revenues increased by approximately RMB2,623,490,000 on a y-o-y basis with a growth rate of 11.33%, which mainly due to that, in the year, the Company increased its

sales volume by 7.5 million hl on a year-on-year basis with a growth rate of 10.48% through actively expanding the markets and reserving the high growth of sales volume, in which, the sales volume of both the principal brand. Tsingtao beer, and the secondary brands reserved rapid growth that, the sales volume of the principal brand increased by 2.9 million hl with a growth rate of 7.34%; and the sales volume of the secondary brands increased by 4.4 million hl with a growth rate of 15.77%.

管理層討論與分析 Management Discussion and Analysis

3. 成本 Costs

單位：人民幣千元
Unit: RMB'000

分行業情況

Information by industries

分行業 By industries	成本構成項目 Items in the costs	本期金額 Amount during this Reporting Period	本期估 總成本比例 (%) Percent of the total costs	上年 同期金額 Amount of previous Reporting Period	上年同期估 總成本比例 (%) Percent of the total costs	本期金額較 上年同期 變動比例 (%) Increase/ (Decrease) (%)
啤酒銷售 Beer sales	直接材料 Direct materials	11,951,634	77.44	10,544,759	78.59	13.34
	直接人工 Direct labor	656,849	4.26	536,910	4.00	22.34
	製造費用 Production expenses	2,491,497	16.14	2,077,895	15.49	19.90
	小計 Sub-total	15,099,980	97.84	13,159,564	98.08	14.75
	其他非主營 銷售業務 Other non-principle sales business	小計 Sub-total	333,890	2.16	257,094	1.92
合計 Total		15,433,870	100.00	13,416,659	100.00	15.04

備註：啤酒銷售成本構成項目金額參照本年度生產成本構成比例計算。

Note: The amount of the items composing the beer sales costs is calculated with reference to the percentages in the composition of the production costs in the year.

2012年度公司營業成本同比增加約2,017,211千元，增幅15.04%，主要原因是本年度銷量增加，以及受宏觀經濟環境影響部分原材料成本上漲、人工成本上升所致，其中銷量增加影響啤酒銷售成本增加約1,689,261千元，原材料漲價及人工成本上升等其他因素影響成本增加約327,950千元。

In 2012, the Company's costs of sales increased by approximately RMB2,017,211,000 with a growth rate of 15.04%, which was mainly due to the price-hiking of some raw materials and rising labor costs caused by the growth of sales volume, and the impact of the macroeconomic environment in the year, in which, the growth of beer sales costs caused by the growth of sales volume was amounted to approximately

RMB1,689,261,000, and the growth of costs caused by the other factors including the price-hiking of raw materials and rising labor costs was amounted to approximately RMB327,950,000.

4. 費用 Expenses

(1) 銷售費用 Selling and distribution expenses

2012年度銷售費用較上年度增加11.69%，主要原因是本年度銷量增加市場規模擴大、員工人數增加，使得品牌推廣費用及職工薪酬等費用增加所致。

In 2012, the selling and distribution expenses increased by 11.69% from the previous year, which was mainly due to the increase of fees including the brand promoting fees and staff remunerations caused by the growth of sales volume, market expansion and the increase in staff number.

管理層討論與分析 Management Discussion and Analysis

(2) 管理費用

General and administrative expenses

2012年度管理費用較上年度增加7.20%，主要原因是本年度運行支出增加及職工薪酬增加所致。

In 2012, the general and administrative expenses increased by 7.20% from the previous year, which was mainly due to the increase in the operating expenses and staff remuneration in the year.

(3) 財務費用

Financial expenses

2012年度財務費用較上年度減少391.93%，主要原因是本公司通過所屬子公司財務公司集中管理本集團資金，並積極調整存款結構獲取較高利息收益所致。

In 2012, the financial expenses decreased by 391.93% from the previous year, which was mainly due to that the Company manages the Group's funds in a concentrative manner through the Finance Company, one of its subsidiaries, and actively adjust its deposits mix to obtain higher interest incomes.

5. 其他利潤構成的詳細說明

Detailed explanations of other compositions of profits

單位：人民幣千元

Unit: RMB'000

費用項目	Items	本期數	上年同期數	變動比例 (%) Increase/ (Decrease) (%)
		Amount of this Reporting Period	Amount of previous Reporting Period	
營業稅金及附加	Taxes and surcharges	2,201,082	2,024,413	8.73
投資收益	Investment incomes	14,962	4,261	251.11
營業外支出	Non-operating expenses	49,078	156,460	(68.63)

(1) 營業稅金及附加

Taxes and surcharges

2012年度營業稅金及附加較上年度增加8.73%，主要原因是本年度銷量增加使得消費稅等各項稅費增加所致。

In 2012, the taxes and surcharges increased by 8.73% from the previous year, which was mainly due to the increase in taxes including consumption tax caused by the increase in sales volume in the year.

(2) 投資收益

Investment incomes

2012年度投資收益較上年度增加251.11%，主要原因是本年度聯營公司利潤增加所致。

In 2012, the investment incomes increased by 251.11% from the previous year, which was mainly due to the increase in profits in the associates in the year.

(3) 營業外支出

Non-operating expenses

2012年度營業外支出較上年度減少68.63%，主要原因是本年度搬遷及改擴建項目少於上年度使得處置非流動資產損失減少所致。

In 2012, the non-operating expenses decreased by 68.63% from the previous year, which was mainly due to the decrease in losses from disposing the non-current assets caused by the less relocation, reconstruction and expansion projects in the year comparing with those in the previous year.

管理層討論與分析 Management Discussion and Analysis

6. 研發支出 R&D expenditures

單位：人民幣千元
Unit: RMB'000

本期費用化研發支出	R&D expenditures expensed	12,300
本期資本化研發支出	R&D expenditures capitalised	—
研發支出合計	Total R&D expenses	12,300
研發支出總額佔淨資產比例(%)	Percent of R&D expenditures in the net assets (%)	0.10
研發支出總額佔營業收入比例(%)	Percent of R&D expenditures in the revenues (%)	0.05

7. 現金流 Cash flow

- (1) 2012年經營活動產生的現金流量淨額同比增加65.76%，主要原因是本年度主營業務收入增長態勢良好，同時銷售商品、提供勞務收到現金的增幅10.70%遠大於購買商品、接受勞務支付的現金的變動幅度所致。
- In 2012, the net cash flow from operating activities increased by 65.76% from the previous year, which was mainly due to that, in the year, the increase in revenues from principal business was satisfying, and at the same time, the cash received for the service provided when selling the goods increased by 10.70%, much higher than that of the cash paid for the service received when purchasing the goods.
- (2) 2012年投資活動產生的現金流量淨額同比增加49.33%，主要原因是本年度收購子公司支付的現金同比減少所致。
- In 2012, the net cash flow from investing activities increased by 49.33% from the previous year, which was mainly due to the decrease in cash paid for acquiring subsidiaries in the year.
- (3) 2012年籌資活動產生的現金流量淨額同比减少817.97%，主要原因是本年度子公司貸款金額同比減少所致。
- In 2012, the net cash flow from financing activities decreased by 817.97% from the previous year, which was mainly due to the decrease in loans of the subsidiaries in the year.

(II) 資產、負債情況分析 Analysis of assets and liabilities

1. 資產負債情況分析表 Analysis of assets and liabilities

單位：人民幣千元
Unit: RMB'000

項目名稱	Items	本期期末數 Amount at the end of the Reporting Period	本期期末數 佔總資產的 比例(%) Percentage of the total assets at the end of the Reporting Period	上期 期末數 Amount of Previous Reporting Period	上期期末數 佔總資產的 比例(%) Percentage of the total assets at the end of the Previous Reporting Period (%)	本期期末金額較 上期期末變動 比例(%) Increase/ (Decrease) in the Reporting Period as compared with the Previous Reporting Period (%)
應收票據	Notes receivable	61,800	0.26	98,350	0.45	(37.16)
預付款項	Advances to suppliers	83,739	0.35	273,209	1.26	(69.35)
應收利息	Interests receivable	63,996	0.27	13,346	0.06	379.51
其他流動資產	Other current assets	284,314	1.20	170,592	0.79	66.66
應付賬款	Accounts payable	1,993,402	8.42	1,662,022	7.68	19.94
應交稅費	Taxes payable	350,866	1.48	568,596	2.63	(38.29)
專項應付款	Specific payables	120,064	0.51	190,538	0.88	(36.99)
其他非流動負債	Other non-current liabilities	1,381,212	5.84	1,011,217	4.67	36.59
少數股東權益	Minority interests	315,478	1.33	166,496	0.77	89.48
短期借款	Short-term borrowings	147,618	0.62	162,697	0.75	(9.27)
一年內到期的非流動負債	Current portion of non-current liabilities	2,786	0.01	2,316	0.01	20.32
長期借款	Long-term borrowings	452,486	1.91	454,117	2.10	(0.36)

管理層討論與分析 Management Discussion and Analysis

(1) 應收票據

Notes receivable

2012年應收票據年末比年初減少37.16%，主要原因是本年度採用銀行承兌匯票結算方式結算的貨款減少所致。

In 2012, the notes receivable of the year end decreased by 37.16% from the year beginning, which was mainly due to decrease in settlement of goods amount with bank acceptance notes in the year.

(2) 預付款項

Advances to suppliers

2012年預付款項年末比年初減少69.35%，主要原因是本年度採取預付貨款方式採購原材料減少所致。

In 2012, the advances to suppliers of the year end decreased by 69.35% from the year beginning, which was mainly due to the decrease in prepayments for the purchase of raw materials in the year.

(3) 應收利息

Interests receivable

2012年應收利息年末比年初增加379.51%，主要原因是本年度本公司之子公司財務公司產生的應收同業間銀行存款利息增加所致。

In 2012, the interests receivable of the year end increased by 379.51% from the year beginning, which was mainly due to the increase in receivable inter-banks deposit interests generated in the Finance Company, a subsidiary of the Company, in the year.

(4) 其他流動資產

Other current assets

2012年其他流動資產年末比年初增加66.66%，主要原因是本年度預繳所得稅及增值稅增加所致。

In 2012, the other current assets of the year end increased by 66.66% from the year beginning, which was mainly due to the increase in prepaid income tax and value-added tax in the year.

(5) 應付賬款

Accounts payable

2012年應付賬款年末比年初增加19.94%，主要原因是公司發揮信譽優勢，加強現金週期管理所致。

In 2012, the accounts payable of the year end increased by 19.94% from the year beginning, which was mainly due to that the Company strengthened the management of cash cycle by using its advantages in reputation.

(6) 應交稅費

Taxes payable

2012年應交稅費年末比年初減少38.29%，主要原因是本年末應交未交的所得稅比年初減少所致。

In 2012, the taxes payable of the year end decreased by 38.29% from the year beginning, which was mainly due to the decrease in unpaid payable income tax.

(7) 專項應付款

Specific payables

2012年專項應付款年末比年初減少36.99%，主要原因是本年度隨著搬遷工程的開展專項應付款逐步使用所致。

In 2012, the specific payables of the year end decreased by 36.99% from the year beginning, which was mainly due to that the specific payables were gradually utilized pursuant to the process of the relocation projects in the year.

(8) 其他非流動負債(遞延收益)

Other non-current liabilities (deferred incomes)

2012年其他非流動負債年末比年初增加36.59%，主要原因是本年度部分子公司根據搬遷項目的進展而確認的與資產相關的政府補助增加所致。

In 2012, the other non-current liabilities of the year end increased by 36.59% from the year beginning, which was mainly due to the increase in asset-related governmental subsidies recognised by some subsidiaries pursuant to the process of the relocation projects in the year.

管理層討論與分析 Management Discussion and Analysis

(9) 少數股東權益

Minority interests

2012年少數股東權益年末比年初增加89.48%，主要原因是本年度實現的少數股東收益增加及部分子公司的少數股東增加對子公司資本投入所致。

In 2012, the minority interests of the year end increased by 89.48% from the year beginning, which was mainly due to the increase in returns to the minority shareholders realized in the year and the increase in capital investment by some minority shareholders to some subsidiaries in the year.

(10) 銀行借款

Bank borrowings

2012年短期借款年末比年初減少9.27%；一年內到期的非流動負債年末比年初增加20.32%；長期借款年末比年初減少0.36%。

In 2012, the short-term borrowings of the year end decreased by 9.27% from the year beginning; the non-current liabilities due within 1 year of the year end increased by 20.32% from the year beginning; the long-term borrowings of the year end decreased by 0.36% from the year beginning.

截至2012年年末本集團銀行借款共為601,890千元人民幣，其中短期借款147,618千元人民幣，長期借款454,272千元人民幣。長期借款中：1年以內到期部分1,786千元人民幣，1至5年450,941千元人民幣，超過5年1,545千元人民幣。

By the end of 2012, the total amount of banking facilities of the Group was RMB601,890,000, in which including RMB147,618,000 of short-term borrowings and RMB454,272,000 of long-term borrowings. Among the long-term borrowings, those due within 1 year were amounted to RMB1,786,000, those due in 1-5 years were amounted to RMB450,941,000, and those due over 5 years were amounted to RMB1,545,000.

截至2012年末本集團銀行借款按借款幣種分為人民幣借款62,000千元人民幣，港幣借款531,614千元人民幣，歐元借款4,527千元人民幣，丹麥克朗借款3,749千元人民幣。

By the end of 2012, the Group's borrowings in Renminbi were amounted to RMB62,000,000, borrowings in Hong Kong dollars were amounted to RMB531,614,000, borrowings in Euro were amounted to RMB4,527,000, and borrowings in Danish krone were amounted to RMB3,749,000.

本集團的借款均受市場利率變動的影響，人民幣與港幣的借款於結算日的有效年利率分別為7.14%、3.06%。

All borrowings of the Group are affected by the interest rate fluctuation, and the effective annual interest rate for the borrowings in Renminbi and Hong Kong dollars as at the settling date was 7.14% and 3.06% respectively.

(III) 其他經營情況說明

Interpretation of other operating situations

(1) 債務資本率

Debt/Capital Ratio

本集團2012年12月31日的債務資本率為13.0%（2011年12月31日：13.9%）。債務資本率的計算方法為：長期借款總額／（長期借款總額＋歸屬於上市公司股東的股東權益）。

On 31 December 2012, the Group's debt/capital ratio was 13.0% (31 December 2011: 13.9%), the calculation of debt/capital is: total amount of long-term borrowings/(total amount of long-term borrowings + shareholders' interests attributable to the listed company).

(2) 資產抵押

Assets mortgage

於2012年12月31日，本集團無資產抵押。（2011年12月31日：無）

As at 31 December 2012, the Group did not have any mortgages (31 December 2011: Nil).

管理層討論與分析 Management Discussion and Analysis

(3) 匯率波動風險

Risk of flexible exchange rate

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 as the raw materials in its production of principal brand, any 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

2012年本公司資本性新建、搬遷及改擴建項目共投入約人民幣23.78億元，使得公司的產能規模持續擴大，產能佈局得到優化，同時公司現有資產使用效率持續提高。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 2012, the Company totally invested in approximately RMB2.378 billion for the capital projects of new constructions, relocation, reconstruction and expansion, which helped to further upgrade the Company's output capacity and improve the capacity layout, and at the same time, continuously improve the utilization efficiency of the Company's existing assets. Based on the Company's fund situation and profitability, there are sufficient self-owned funds and continuous net operating cash in-flow to satisfy the Company's needs in funds for its capital projects.

(5) 投資

Investments

詳情載於隨附財務報表附註。

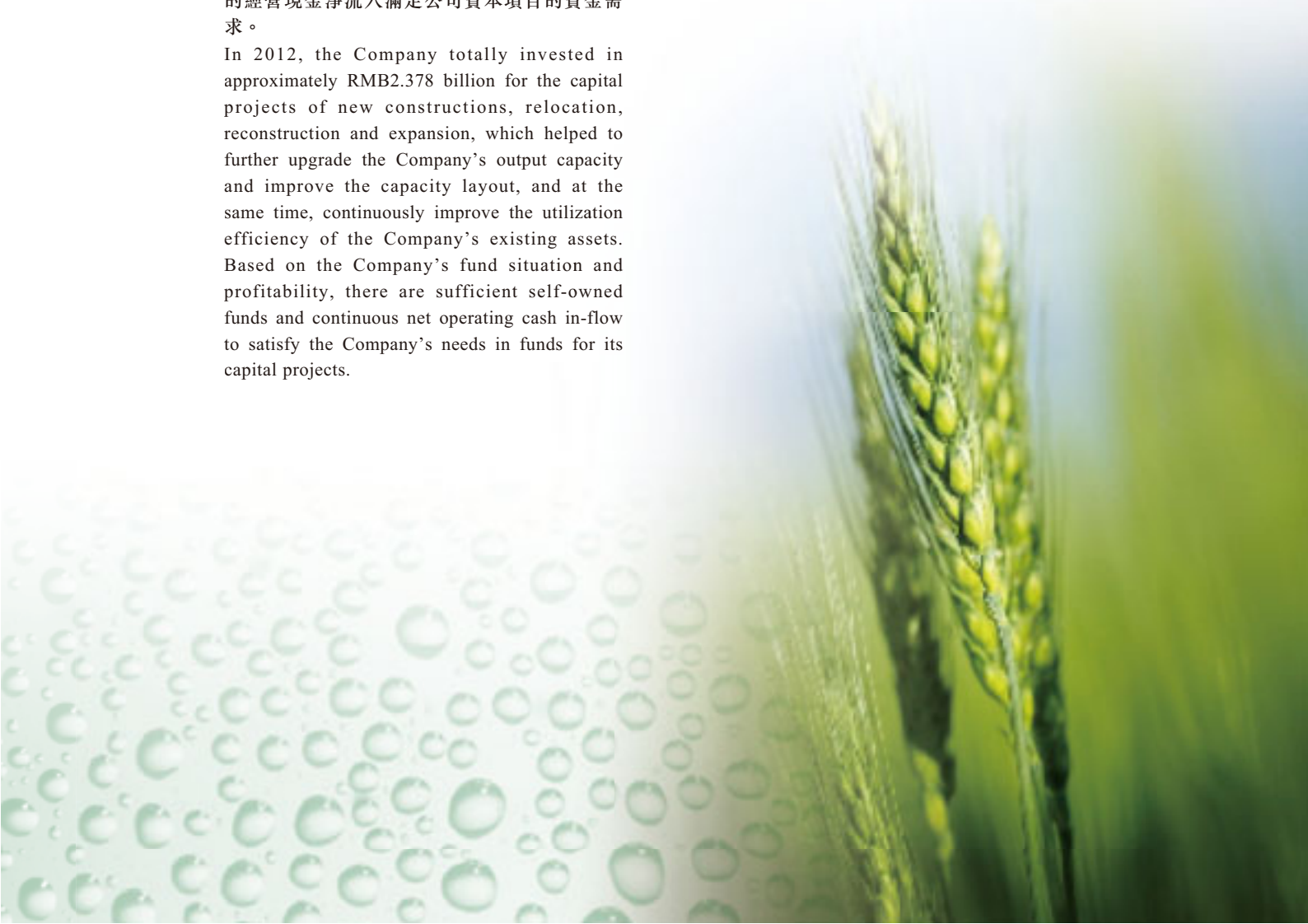
For details please refer to the enclosed *Notes to Financial Statements*.

(6) 或有負債

Contingent liabilities

詳情載於隨附財務報表附註。

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



董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management Officers

公司第七屆董事會成員簡介 Directors of the 7th Board



孫明波先生，現年56歲，復旦大學—華盛頓大學EMBA，同濟大學管理科學與工程博士，工程系列應用研究員。曾任青島啤酒一廠副廠長、總工程師，本公司總經理助理兼副總工程師、常務副總裁、營銷總裁、總裁，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、生產技術管理及並購重組經驗，青島市專業技術拔尖人才，國務院特殊津貼專家，為第十二屆全國人大代表。

Mr. SUN Ming Bo, aged 56, EMBA at Fudan University – Washington University, Doctor of Management Science and Engineering at Tongji University, and applied researcher of engineering series. Mr. SUN served as Deputy Factory Manager and Chief Engineer of Tsingtao Brewery No. 1 Factory, Assistant to General Manager & Vice Chief Engineer, Executive Vice President, President of Marketing and President of the Company. Mr. SUN is currently Chairman of the Company, and Chairman and CEO of Tsingtao Group with substantial experience in management of strategy, marketing, production technology, and M&A. He is the Top Talent in Professional Technologies in Qingdao and the expert with special allowance from the State Council. Mr. SUN is the representative of the 12th National People's Congress.



王帆先生，現年59歲，西安交通大學工學碩士。曾任青島市產品質量監督檢驗所所長，青島市經濟委員會副主任，青島市勞動和社會保障局局長，現任本公司副董事長、黨委書記，青島啤酒集團有限公司副董事長、黨委書記。具有豐富的經濟工作和企業管理經驗，為山東省政協第九屆、第十屆委員。

Mr. WANG Fan, aged 59, Master of Engineering at Xi'an Jiaotong University. He served as Superintendent of Qingdao Product Quality Supervision & Test Institute, Vice Director of Qingdao Economic Commission, Director of Qingdao Labor and Social Security Bureau. Mr. WANG is currently Vice Chairman and Secretary to China Communist Party of the Company and Tsingtao Group. He has substantial experience in economic work and business management. Mr. WANG is the member of the 9th and 10th Shandong Committee of Chinese People's Political Consultative Conference.



姜宏女士，現年56歲，南開大學EMBA畢業，高級經濟師。曾任青島啤酒二廠廠長，本公司生產部部長、企業管理部部長、總裁助理兼人力資源管理總部部長，現任本公司執行董事、副總裁。具有豐富的生產管理和人力資源管理經驗，國務院特殊津貼專家，2006年中國傑出人力資源管理者，2007年中國經濟女性成就獎，2010年中國最關注員工發展企業家。

Ms. JIANG Hong, aged 56, EMBA at Nankai University, Senior Economist. She served as Factory Manager of Tsingtao Brewery Factory No. 2, Head of Production Department, Head of Business Management Department, and Assistant to President & Head of Human Resources Department of the Company. Ms. JIANG is currently Executive Directors and Vice President of the Company with rich experience in production and HR management. She is the expert with special allowance from the State Council, and was awarded “2006 China Outstanding HR Manager”, “2007 Achievement Award of China Economic Female” and “2010 Chinese Entrepreneur Caring Staff Development”.

董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



孫玉國先生，現年58歲，中國註冊會計師協會和中國註冊評估師協會非執業會員。曾任青島市財政局副處長，青島市國有資產管理局處長，現任本公司執行董事、副總裁。具有豐富的財務管理和資本運作經驗，2004年中國CFO年度人物，2008年全國會計先進工作者。

Mr. SUN Yu Guo, aged 58, the non-profession member of The Chinese Institute of Certified Public Accountant and The Chinese Institute of Certified Public Valuator. He served as Deputy Department Head in Finance Bureau of Qingdao, and Department Head in State-owned Assets Administration of Qingdao. Mr. SUN is currently Executive Director and Vice President of the Company with rich experience in financial management and capital operations. Mr. SUN was awarded China Annual Figure as CFO in 2004, and National Pioneer in Accounting in 2008.



山崎史雄先生，現年62歲，畢業於日本關西學院大學商學部。曾任朝日啤酒大阪支社營銷企劃部部長、廣島支社社長，朝日啤酒執行董事、酒類業務總部銷售部長，現任本公司非執行董事，朝日集團控股株式會社常務執行董事兼中國代表部總代表，朝日啤酒(中國)投資有限公司董事長，深圳青島啤酒朝日有限公司董事，煙臺啤酒青島朝日有限公司董事長職務。

Mr. Fumio YAMAZAKI, aged 62, graduated from business administration at Kwansei Gakuin University. He served as General Manager of Sales Planning Section at Osaka Branch Office, General Manager of Hiroshima Branch Office, Executive Director and General Sales Manager of Liquor Sales & Marketing Headquarters of Asahi Breweries, and is currently Non-executive Director of the Company, Managing Executive Officer and General Representative in China of Asahi Breweries, Ltd., Director of Shenzhen Tsingtao-Asahi Company Limited, and Chairman of Yantai Brewery Tsingtao-Asahi Co. Ltd. Mr. YAMAZAKI has accumulated considerable experiences in market cultivation after being in charge of liquor sales for years.



陳志程先生，現年41歲，曾任廈門市華都百貨有限公司經理，福建新華都百貨有限責任公司總經理，現任本公司非執行董事、福建新華都購物廣場股份有限公司法定代表人及董事長、新華都實業集團股份有限公司副總裁、廈門新華都購物廣場有限公司董事長。

Mr. CHEN Zhi Cheng, aged 41. He was Manager of Xiamen Huadu Department Store Co., Ltd., and General Manager of Fujian New Huadu Department Store Co., Ltd.. He is currently Non-executive Director of the Company, legal representative and Chairman of Fujian New Huadu Shopping Mall Co., Ltd., Vice President of New Huadu Group Co., Ltd. and Chairman of Xiamen New Huadu Shopping Mall Co., Ltd..



王學政先生，現年63歲，北京大學法學博士畢業。曾任國家工商行政管理局條法司司長、法制司司長，國家工商行政管理總局法規司司長。現任本公司獨立非執行董事，中國人民大學、首都經濟貿易大學等大學兼職教授，中國國際經濟貿易仲裁委員會仲裁員、福建省政府法律顧問。

Mr. WANG Xue Zheng, aged 63, Doctor of Law Science at Peking University. He served as Director of Regulations and Laws Department, Laws Affairs Department of the State Administration for Industry and Commerce, and Director of Laws and Regulations Department of the State Administration for Industry and Commerce. He is currently Independent Non-executive Director of the Company, part-time Professor of the universities including Renmin University of China, and Capital University of Economics and Business, Arbitrator of China International Economic and Trade Arbitration Commission, and Legal Consultant of Fujian Provincial Government.

董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



趙昌文先生，現年48歲，經濟學博士。曾任四川大學工商管理學院教授，公司金融博士研究生導師，四川大學金融研究所所長，四川大學副校長。現任本公司獨立非執行董事，國務院發展研究中心企業所所長。

Mr. ZHAO Chang Wen, aged 48, Doctor of Economic Science. He was Professor of Industrial and Commercial Administration School, Tutor of doctoral candidate of corporate finance, Superintendent of Finance Research Centre and Vice President of Sichuan University. He is currently Independent Non-executive Director of the Company, Superintendent of Enterprise Centre of the Development Research Centre of the State Council.



吳曉波先生，現年44歲，畢業於復旦大學新聞系，財經作家。現任本公司獨立非執行董事，「藍獅子」財經圖書出版人，上海交通大學、暨南大學EMBA課程教授。2009年被《南方人物週刊》評為年度「中國青年領袖」。

Mr. WU Xiao Bo, aged 44, graduated from Major of News Science at Fudan University. He is currently Independent Non-executive Director of the Company, Publisher of financial and economic books of “Blue Lion” series, and Professor of EMBA courses at Shanghai Jiaotong University and Jinan University. He was awarded in 2009 as the year’s “Chinese Youngster Pioneer” by South China People’s Weekly.



馬海濤先生，現年46歲，經濟學博士。現任本公司獨立非執行董事，中央財經大學財政學院院長，教授，博士生導師，兼任新潮實業股份有限公司、北京旋極信息技術股份有限公司獨立董事。

Mr. MA Hai Tao, aged 46, Doctor of Economic Science. He is currently Independent Non-executive Director of the Company, President of Finance School, Professor and Tutor of doctoral candidates at Central University of Finance, Independent Director of Yantai Xinchao Industry Co., Ltd. and Beijing Watertek Information Technology Co., Ltd.

董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management Officers

公司第七屆監事會成員簡介 Supervisors of the 7th Supervisory Committee



段家駿先生，現年53歲，中歐國際工商學院工商管理碩士，曾任青島市台東稅務分局副局長、青島市地稅局辦公室主任、行政處處長、青島市地稅局市北分局局長、黃島分局局長、青島市地稅局副局長等職，現任本公司監事會主席、青島市市直企業監事會主席，同時任青島啤酒集團有限公司、雙星集團有限責任公司、青島市紡織總公司及青島飲料集團有限公司監事會主席。

Mr. DUAN Jia Jun, aged 53, MBA at China Europe International Business School. He took various positions including Deputy Chief of Taidong Branch of Qingdao Taxation Bureau, Office Director and Head of Administration Department of Qingdao Local Taxation Bureau, Chief of Shibei Branch and Huangdao Branch of Qingdao Local Taxation Bureau, and Deputy Chief of Qingdao Local Taxation Bureau. He is currently Chairman of Board of Supervisors of the Company, the Enterprises Directly under Qingdao Government, Tsingtao Group, Qingdao Double Star Group Co., Ltd., Qingdao Textile Co., Ltd., and Qingdao Beverage Group Co., Ltd.



本山和夫先生，現年62歲，畢業於東京理科學工學部。曾任朝日啤酒物流系統部本部長、綜合品質部本部長、戰略企劃部本部長。現任本公司股東代表監事，朝日集團控股株式會社代表取締役副社長。

Mr. Kazuo MOTOYAMA, aged 62, graduated from Faculty of Science and Engineering at Tokyo University of Science. He served as Senior General Manager of Logistics Headquarter, Senior General Manager of Total Quality Control Headquarter, Senior General Manager of Corporate Strategy Headquarter. He is currently Supervisor as shareholders representative of the Company, and Executive Vice President of Asahi Group Holdings Ltd..



楊偉程先生，現年66歲，大專學歷，一級律師。曾任青島市司法局辦公室副主任、副局長。現任本公司獨立監事，山東琴島律師事務所主任，聯化科技股份有限公司、山東登海種業股份有限公司、山東華泰紙業股份有限公司、青島金王應用化學股份有限公司獨立董事。獲國務院「政府特殊津貼」，司法部「全國十佳律師」。

Mr. YANG Wei Cheng, aged 66, graduated from 2-year college, first-class lawyer. He served as Deputy Director of the Administrative Office, Deputy Commissioner of Qingdao Justice Bureau. He is currently Supervisor of the Company, Director of Shandong Qindao Law Firm, Independent Director of Lianhe Chemical Technology Co., Ltd., Shandong Denghai Seeds Co., Ltd., Shandong Huatai Paper Industry Co., Ltd., and Qingdao Kingking Applied Chemistry Co., Ltd.. He is the expert with special allowance from the State Council, and was awarded “National Top 10 Best Lawyers” by the Ministry of Justice.



李燕女士，現年55歲，畢業於中央財政金融學院。現任本公司獨立監事，中央財經大學財政學院副院長、教授，中國註冊會計師協會非執業會員，中國財政學會理事，中國法學會財稅法學研究會理事，兼任北京華力創通科技股份有限公司獨立董事。

Ms. LI Yan, aged 55, graduated from Central University of Finance and Economics. She is currently Supervisor of the Company, Vice President and Professor in the Finance School at Central University of Finance and Economics, Non-profession Member of The Chinese Institute of Certified Public Accountants Commission, Member of China Finance Commission, member of China Finance and Taxation Law Society, and Independent Director of Beijing Hwa Create Co., Ltd..

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



薛超山先生，現年54歲，廈門大學EMBA課程班畢業。曾任青島啤酒銷售分公司副總經理，青島啤酒(三水)有限公司、青島啤酒(福州)有限公司、青島啤酒(漳州)有限公司總經理，青島啤酒東南營銷有限公司總經理、董事長，青島啤酒二廠廠長。現任本公司職工監事，製造總裁助理兼青島啤酒廠廠長。具有豐富的市場營銷和企業管理經驗。

Mr. XUE Chao Shan, aged 54, graduated from EMBA class at Xiamen University. He served as Deputy Manager of Tsingtao Brewery Sales Company, General Manager of Tsingtao Brewery (Sanshui) Company Limited, Tsingtao Brewery (Fuzhou) Company Limited, Tsingtao Brewery (Zhangzhou) Company Limited, General Manager and Chairman of Tsingtao Brewery South-East Sales Company Limited, and Factory Manager of Tsingtao Brewery No. 2 Factory. He is currently the Supervisor as Staff Representative of the Company, and Assistant to President of Manufacturing of the Company & Factory Manager of Tsingtao Brewery Factory with rich experience in marketing and business management.



孫麗紅女士，現年37歲，青島大學經濟法系國際經濟法專業畢業，本科學歷。曾任本公司董事會秘書室副主任、法律事務部副部長。現任本公司職工監事、法律事務總部位長。具有豐富的法律工作經驗。

Ms. SUN Li Hong, aged 37, graduated from Major of International Economic Law, Department of Economic Law at Qingdao University. She served as Deputy Head of Secretarial Office of Board, Deputy Head of Law Affairs Department of the Company, and is currently the Company's Supervisor as Staff Representative and Head of Law Affairs Department with rich experience in law affairs.



邢軍先生，現年39歲，上海財經大學會計學本科學歷，會計師。曾任本公司財務總部會計核算處處長。現任本公司職工監事、財務管理總部副部長。具有豐富的財務管理經驗。

Mr. XING Jun, aged 39, graduated from Major of Accounting Science at Shanghai University of Finance and Economics. He served as the Company's Section Head of Accounting & Auditing of Finance Department, and is currently the Company's Supervisor as Staff Representative and Deputy Head of Finance Department with rich experience in finance management.

董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management Officers

公司高級管理人員簡介 Senior Management Officers



黃克興先生，現年50歲，北京大學光華管理學院EMBA畢業，高級工程師。曾任青島啤酒工程有限公司總經理、公司總裁助理兼戰略投資管理總部部長、公司副總裁、青島啤酒集團有限公司副總裁。現任公司總裁、青島啤酒集團有限公司董事。具有豐富的啤酒行業戰略規劃、投資管理及經營管理經驗。

Mr. HUANG Ke Xing, aged 50, EMBA in Guanghai School of Management at Peking University, Senior Engineer. He served as General Manager of Tsingtao Brewery Engineering Company Limited, Assistant to President & Head of Strategic Investment Management Department, Vice President of the Company, and Vice President of Tsingtao Group. He is currently President of the Company and Director of Tsingtao Group with substantial experience in strategic planning, investment management and operating management of beer industry.



樊偉先生，現年53歲，江南大學碩士研究生畢業，工程系列應用研究員。曾任青島啤酒二廠副廠長、總工程師，本公司總釀酒師。現任本公司副總裁兼製造總裁。具有豐富的生產、科研及技術管理經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。

Mr. FAN Wei, aged 53, postgraduate at Southern Yangtze University, Applied Researcher of engineering series. He served as Deputy Factory Manager, Chief Engineer of Tsingtao Brewery No. 2 Factory and Chief Brewer of the Company. Mr. FAN is currently Vice President of the Company & President of Manufacturing with rich experience in production, scientific research and technical management. He is the Top Talent in Professional Technologies in Qingdao and expert with special allowance from the State Council.



劉英弟先生，現年56歲，高級工程師。曾任青島啤酒廠副廠長，本公司副總經理，青島啤酒集團有限公司副總裁。現任本公司副總裁。具有豐富的生產技術管理、信息化管理和工程項目管理經驗，2003年青島市專業技術拔尖人才，2006年國家信息化測評中心優秀CIO，為青島市第十四屆人大代表、山東省第十屆政協委員。

Mr. LIU Ying Di, aged 56, Senior Engineer. He served as Deputy Factory Manager of Tsingtao Brewery Factory, Deputy General Manager of the Company and Vice President of Tsingtao Group. Mr. LIU is currently Vice President of the Company with substantial experience in management of production technology, information and engineering projects. He was awarded Top Talent of Professional Technologies in Qingdao in 2003, and 'Best CIO' by the National Information Evaluation Center in 2006. Mr. LIU is the representative of the 14th People's Congress in Qingdao and the member of the 10th Shandong Committee of Chinese People's Political Consultative Conference.



王瑞永先生，現年47歲，北京大學工商管理碩士研究生學歷，高級工程師。曾任青島嶗山啤酒廠副廠長，青島啤酒(徐州)彭城有限公司副總經理，北京五星青島啤酒有限公司總經理，上海青島啤酒華東營銷公司總經理，本公司營銷中心山東省區總經理，營銷中心常務副總裁。現任本公司副總裁兼營銷總裁。具有豐富的市場營銷及企業管理經驗。

Mr. WANG Rui Yong, aged 47, MBA at Peking University, senior engineer. He served as Deputy Factory Manager of Qingdao Laoshan Brewery Factory, Deputy General Manager of Tsingtao Brewery (Xuzhou) Pengcheng Company Limited, General Manager of Beijing Five-star Tsingtao Brewery Company Limited, General Manager of Shanghai Tsingtao Brewery East-China Sales Company Limited, General Manager of Shandong Area of the Company's Marketing Center, and Executive Vice President of the Company's Marketing Center. He is currently the Company's Vice President & President of Marketing 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 Officers



董建軍先生，現年52歲，天津科技大學發酵工程專業博士，工程系列應用研究員。曾任青島啤酒二廠總工程師，本公司品管部部長。現任本公司總釀酒師。具有豐富的技術創新及質量管理經驗，青島市專業技術拔尖人才，國務院特殊津貼專家。

Mr. DONG Jian Jun, aged 52, Doctor of Ferment Engineering at Tianjin University of Science & Technology, Applicable Researcher in the Engineering Series. He served as Chief Engineer of Tsingtao Brewery No. 2 Factory, and Head of Quality Management Department of the Company. He is currently Chief Brewer of the Company with rich experience in technical innovation and quality management. He is Top Talent in Professional Technologies in Qingdao and expert with special allowance from the State Council.



于竹明先生，現年51歲，東北財經大學EMBA畢業，碩士研究生學位，高級會計師。曾任青島啤酒四廠財務科科長，本公司財務管理總部部長、總裁助理。現任本公司總會計師。具有豐富的財務管理和資本運作經驗，2008年山東省會計先進工作者。

Mr. YU Zhu Ming, aged 51, EMBA at Dongbei University of Finance & Economics, Senior Accountant. He served as Section Head of Finance Section of Tsingtao Brewery No. 4 Factory, Head of Finance Department, and Assistant to President of the Company. He is currently Chief Accountant of the Company with rich experience in finance management and capital operations. He was awarded the Outstanding Accountant in Shandong Province in 2008.



張安文先生，現年55歲，西安交通大學工商管理學院EMBA畢業。曾任青島啤酒西安有限責任公司副總經理、總經理。現任本公司副總裁。具有豐富的企業生產和管理經驗。

Mr. ZHANG An Wen, aged 55, EMBA at Business Management College of Xi'an Jiaotong University. He served as Deputy Manager, General Manager of Tsingtao Brewery (Xi'an) Company Limited. He is currently Vice President of the Company with rich experience in business production and management.



于嘉平先生，現年50歲，中歐國際工商學院工商管理碩士研究生。曾任青島啤酒二廠廠長，青島啤酒廠廠長，本公司總裁助理兼青島事業總部部長，本公司制造副總裁兼採購管理總部部長。現任本公司製造副總裁。具有豐富的生產運營管理及商務管理經驗。

Mr. YU Jia Ping, aged 50, EMBA at China Europe International Business School. He served as Factory Manager of Tsingtao Brewery No. 2 Factory, Factory Manager of Tsingtao Brewery Factory, Assistant to President & Head of Qingdao Business Office of the Company, and Vice President of Manufacturing & Head of Purchasing Management Department of the Company. He is currently Vice President of Manufacturing of the Company with rich experience in management of production, operations and business.

董事、監事和高級管理人員簡介

Profiles of Directors, Supervisors and Senior Management Officers



楊華江先生，現年50歲，西安交通大學管理學博士，高級經濟師。曾任本公司企管部部長、銷售分公司副總經理、華南事業總部副總經理、北方事業總部副總經理、市場部部長、總裁助理兼營銷管理總部部長。現任本公司營銷副總裁。具有豐富的市場營銷及企業管理經驗。

Mr. YANG Hua Jiang, aged 50, Senior Economist with Doctor's Degree of Management Science at Xi'an Jiaotong University. He served as Head of Business Management Department, Deputy Manager of Sales Company, Deputy Manager of South China Business Office and North China Business Office, Head of Marketing Department, and Assistant to President & Head of Marketing Management Department of the Company. He is currently Vice President of Marketing with rich experience in marketing and business management.



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

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



張學舉先生，現年58歲，曾任本公司財務部部長、銷售公司總經理，本公司副總裁。現任本公司董事會秘書。具有豐富的營銷管理和財務管理經驗。

Mr. ZHANG Xue Ju, aged 58. He served as Head of Finance Department, General Manager of Sales Company and Vice President of the Company. He is currently Board Secretary of the Company with rich experience in sales and finance management.



張瑞祥先生，現年48歲，1986年畢業於山東師範大學，本科學歷，經濟師。曾任本公司董事會秘書室主任助理、副主任、主任兼證券事務代表。現任本公司董事會秘書兼股權管理總部部長。具有豐富的上市公司運作及資本市場融資經驗。

Mr. ZHANG Rui Xiang, aged 48, Economist, bachelor's degree obtained from Shandong Normal University in 1986. He served as Assistant to Director, Deputy Director, Director of Secretarial Office to the Board & Representative to Securities Affairs of the Company. He is currently Board Secretary & Head of Equity Management Department of the Company with substantial experience in the operations of listed company and financing in capital market.

重要事項 Significant Events

一. 報告期內發生的關連交易事項

按照上市規則第14A章的披露規定，在財務報表附註七所披露的若干關聯方交易根據上市規則亦構成關連交易。若干關連人士(按上市規則定義)與本集團於本部分及標題為「報告期內公司對外投資事項」的部分內所列載的交易經已訂立及／或持續進行，而本公司已根據上市規則的規定作出相關公佈(如需要)。

1. 與日常經營相關的持續關連交易

- (1) 經本公司董事會審議批准，本公司於2012年2月10日與煙臺啤酒簽署新的《產品經銷合同》，煙臺啤酒同意授予本公司銷售所有煙臺啤酒產品的獨家經銷權，合同期限自2012年1月1日起至2014年12月31日止。有關該持續關連交易事項的詳情請見公司於2012年2月10日在聯交所和上交所網站刊登的公告。本公司向煙臺啤酒採購啤酒產品於2012年度的上限金額為人民幣759,560,000元，實際採購金額為人民幣605,842,449元，未超逾年度上限。

I. Connected Transactions Occurred during the Reporting Period

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

1. The connected transactions relating to daily operations

- (1) As considered and approved by the Board, the Company entered into a new *Product Distribution Agreement* with Yantai Beer on 10 February 2012, whereby Yantai Beer agreed to grant the Company the sole distribution rights for the distribution of all products of Yantai Beer for the period from 1 January 2012 to 31 December 2014. For details of this continuing connected transaction, please refer to the announcement published on the website of the Stock Exchange and SSE on 10 February 2012. The cap amount of the Company's purchasing beer products from Yantai Beer for the year 2012 was RMB759,560,000, of which the actual purchasing amount was RMB605,842,449, not exceeding the annual cap amount.



重要事項 Significant Events

- (2) 經本公司董事會審議批准，2012年2月10日，青啤深圳與朝日啤酒及其全資附屬公司朝日中國投資簽訂兩份新的《產品經銷合同》，朝日啤酒及該附屬公司同意向青啤深圳繼續購買「朝日」品牌啤酒產品，合同期限為2012年1月1日至2012年12月31日，可自動延續至不超過2012年1月1日起計3年。朝日啤酒於2012年度向青啤深圳支付的採購金額上限(經更新)為人民幣48,744,865元，實際採購金額為人民幣40,838,726元，朝日中國投資向青啤深圳支付的採購金額上限為人民幣14,114,574元，實際採購金額為人民幣9,825,306元，均未超逾年度上限。有關該持續關連交易事項的詳情請見本公司於2012年2月10日及2012年11月7日分別在聯交所和上交所網站刊登的相關公告。
- (2) As considered and approved by the Board, Tsingtao Shenzhen entered into two new *Product Distribution Agreements* with Asahi Beer and its wholly-owned subsidiary, Asahi (China) Investment, on 10 February 2012, whereby Asahi Beer and such subsidiary agreed to continue to purchase Asahi brand beer products from Tsingtao Shenzhen for the period from 1 January to 31 December in 2012, subject to automatic renewal of not exceeding 3 years commencing from 1 January 2012. The (revised) cap amount paid by Asahi Beer to Tsingtao Shenzhen for the year 2012 was RMB48,744,865, of which the actual purchasing amount was RMB40,838,726. The cap amount paid by Asahi (China) Investment was RMB14,114,574, of which the actual purchasing amount was RMB9,825,306, not exceeding the annual cap amount. For details of these continuing connected transactions, please refer to the related announcements published on the website of the Stock Exchange and SSE on 10 February and 7 November 2012 respectively.
- (3) 經本公司董事會審議批准，2012年11月5日，本公司全資附屬公司青啤財務與煙臺啤酒簽訂一份協議書，約定煙臺啤酒將其銷售款存放在其於青啤財務開立之賬戶，接受青啤財務提供之存款及結算服務之交易，合同期限自2012年1月1日起至2014年12月31日止。青啤財務吸收煙臺啤酒銷售款之存款交易額度(包括利息和結算手續費)不得超出經董事會批准本公司與煙臺啤酒進行購銷持續關連交易的各年度上限金額。截止報告期末，煙臺啤酒存放於財務公司的本金及相應的利息和手續費累計為人民幣576,198,210元，未超逾年度上限。有關該持續關連交易事項的詳情請見本公司於2012年11月7日分別在聯交所和上交所網站刊登的相關公告。
- (3) As considered and approved by the Board, on 5 November 2012, the Company's wholly-owned subsidiary, Tsingtao Finance Company, entered into an agreement with Yantai Beer, whereby Yantai Beer agreed the transaction of depositing the sales amounts into the account opened by itself in Tsingtao Finance Company, and receiving the deposit and settlement services provided by the Tsingtao Finance Company for a period from 1 January 2012 to 31 December 2014. The cap amount (including the interests and settlement fees) for Tsingtao Finance Company taking the deposit of Yantai Beer's sales amount payable was not allowed to exceed the annual cap amount of the continuing connected transaction of the purchasing beer products between the Company and Yantai Beer as approved by the Board. As at the end of the Reporting Period, the capital and its corresponding interests and settlement fees deposited by Yantai Beer in Tsingtao Finance Company was accumulated to RMB576,198,210, not exceeding the annual cap amount. For details of such continuing connected transaction, please refer to the related announcement published respectively by the Company on the website of the Stock Exchange and SSE on 7 November 2012.

重要事項 Significant Events

股東亦請注意本公司於2009年5月18日有關青啤深圳與本集團若干成員之持續關連交易之公告。朝日啤酒乃青啤深圳之主要股東，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，青啤深圳成為本公司的關連人士，青啤深圳與本集團成員之交易亦構成本公司的關連交易。有關該持續關連交易事項的其他詳情見本公司於2009年5月18日在本公司上市地交易所網站發佈的公告。

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

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

本公司審計師受聘根據香港會計師公會發佈的香港鑒證業務準則3000「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明740「香港上市規則規定的持續關連交易的核數師函件」，對本集團持續關連交易作出報告。根據香港聯合交易所證券上市規則第14A.38條，審計師已就本年報第66-67頁所載本集團披露的持續關連交易發出函件，並載有其發現和結論。本公司已將審計師函件副本向香港聯交所提供。

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。

Shareholders' attention is also drawn to the announcement of the Company dated 18 May 2009, regarding certain continuing connected transactions between Tsingtao Shenzhen and various members of the Group. Asahi Breweries is a substantial shareholder of Tsingtao Shenzhen 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*, Tsingtao Shenzhen has become a connected person of the Company and transaction between Tsingtao Shenzhen and certain member of the Group have become continuing connected transactions of the Company. For other details of these continuing connected transactions, please refer to the announcement of the Company published on 18 May 2009 on the website 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 terms of the above contracts or agreements. The independent non-executive directors of the Company had reviewed the continuing connected transactions in the Group, and confirmed such transactions were:

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group from page 66 to page 67 of the Annual Report in accordance with Rule 14A.38 of the Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

重要事項 Significant Events

二. 報告期內公司收購及出售股權或資產事項

- (1) 本公司第七屆董事會於2012年6月5日召開臨時會議，審議通過本公司與三得利中國的合作交易，雙方已於同日簽訂《事業合資公司框架協議》及《銷售合資公司框架協議》(統稱「*框架協議*」)。本公司與三得利中國將各自在上海市及江蘇省全域的目標子公司的資產和業務重組整合到兩家合資公司，包括一家事業合資公司，負責雙方在上海市及江蘇省全域經整合後的所有啤酒業務的生產和採購等事項；另一家銷售合資公司負責雙方在上海市及江蘇省全域經整合後的所有啤酒業務的銷售等事項。兩份框架協議互為條件，同時生效。其中，三得利中國通過現金增資取得事業合資公司50%股權，被視為本公司出售股權的交易。截至本年度報告披露日，交易尚未完成。有關上述交易的詳情請參閱本公司於香港聯交所網站刊發的相關公告。



2012年11月13日上述交易通過商務部的反壟斷審查。根據《*框架協議*》進行的公司內部重組已於2012年底完成。截止本報告披露日，雙方正進行事業合資公司增資、銷售合資公司股權轉讓的申報工作。

II. Acquisitions and sales of equity interests or assets by the Company during the Reporting Period

- (1) On 5 June 2012, the 7th Board of the Company held an extraordinary meeting to consider and approve the cooperative transaction between the Company and Suntory China. Both parties have entered into *Business Joint-investment Company Framework Agreement* and *Sales Joint-investment Company Framework Agreement* (collectively, the “*Framework Agreements*”) on the same day. The Company and Suntory China will restructure and integrate the assets and business of their respective target subsidiaries in Shanghai and Jiangsu Province as a whole into two joint-investment companies, including a business joint-investment company which is in charge of the matters including production and purchase of the integrated beer business of the both parties in Shanghai and Jiangsu Province as a whole; and a sales joint-investment company which is in charge of the matters including marketing and sales of the integrated beer business of the both parties in Shanghai and Jiangsu Province as a whole. The two *Framework Agreements* are inter-conditional, and are effective at the same time, pursuant to which, *inter alia*, the Suntory China’s obtaining 50% equity interests in the business joint-investment company through adding cash investment was deemed as the sales of equity interests by the Company. As at the date of the publication of this Report, the transaction has not been completed. For details of the abovementioned transaction, please refer to the related announcement published on the websites of the Company and the Stock Exchange.

On 13 November 2012, the abovementioned transaction has passed the anti-trust investigation conducted by the Ministry of Commerce. The internal restructuring has been completed by the Company pursuant to the *Framework Agreements* at the end of 2012. As at the date of the publication of this Report, the both parties are in the reporting process for adding investment in the business joint-investment company and the equity interests transfer of the sales joint-investment company.

重要事項 Significant Events

(2) 經本公司第七屆董事會臨時會議批准，2012年5月25日，本公司與本公司之附屬公司松江公司簽訂股權轉讓協議，將本公司持有的揚州公司20%股權以人民幣100萬元的價格轉讓給松江公司；2012年5月31日，松江公司向揚州公司增資人民幣1,100萬元，松江公司與青啤集團對揚州公司投資比例變更為75%和25%；2012年12月17日，青啤集團與松江公司簽訂股權轉讓協議，將其持有的揚州公司25%的股權以人民幣400萬元的價格轉讓給松江公司，轉讓完成後，揚州公司成為松江公司全資附屬公司。上述交易的相關法律手續已於報告期末辦理完畢。而本年度報告財務報表附註第七項「關聯方關係及其交易」披露有關揚州公司25%的股權轉讓及青啤集團向揚州公司提供委託貸款之財務資助事項，亦為《上市規則》中受豁免之關連交易。

(2) On 25 May 2012, as approved at an extraordinary meeting of the 7th Board, an equity transfer agreement was entered into between the Company and Songjiang Company, a subsidiary of the Company, whereby the 20% equity interests held by the Company in Yangzhou Company was transferred to Songjiang Company for a consideration of RMB1 million; On 31 May 2012, Songjiang Company added RMB11 million of cash investment in Yangzhou Company, resulting in the change of investment ratio between Songjiang Company and Tsingtao Group in Yangzhou Company to 75% and 25% respectively; On 17 December 2012, an equity transfer agreement was entered into between Tsingtao Group and Songjinag Company, whereby the 25% equity interests held by Tsingtao Group in Yangzhou Company was transferred to Songjiang Company for a consideration of RMB4 million. After the transfer, Yangzhou Company became a wholly-owned subsidiary of Songjiang Company. The related legal procedures for the abovementioned transactions had been completed at the end of the Reporting Period. The 25% equity transfer of Yangzhou Company and the financial assistance of entrusted loan provided by Tsingtao Group to Yangzhou Company as disclosed in Note 7 to the *financial statements*, “related parties and related parties transactions”, of this annual report also constituted exempted connected transactions under the *Listing Rules*.

三. 公司新建啤酒工廠情況

1. 2012年2月27日，本公司第七屆董事會召開臨時會議，審議批准了本公司在江西九江新建年產20萬千升啤酒生產基地項目的可行性報告，該項目計劃固定資產建設投資約為人民幣29,954萬元，建設資金通過設立子公司投入資本金和提供委託貸款解決。於2012年6月12日，青島啤酒(九江)有限公司由本公司和九江海洋實業有限公司分別投入資本金人民幣18,000萬元和人民幣2,000萬元正式設立。目前建廠項目進入建設施工階段。

2. 2012年10月10日，本公司第七屆董事會召開臨時會議，審議批准了本公司在河南洛陽新建年產20萬千升啤酒生產基地項目的可行性報告，該項目計劃固定資產建設投資約為人民幣33,647萬元，建設資金通過設立子公司投入資本金和提供委託貸款解決。於2012年12月21日，青島啤酒(洛陽)有限公司由本公司單獨投入資本金人民幣20,000萬元正式設立。目前建廠項目正在規劃設計中。

III. The Company's new constructions of brewing plant

(1) On 27 February 2012, the 7th Board held an extraordinary meeting to consider and approve the feasibility report of the Company's new construction project of a beer production base for an annual production capacity of 2 million hl in Jiujiang, Jiangxi Province. It is estimated that the investment for the construction of fixed assets is approximately RMB299.54 million, which will be from the capital funds input through establishing a subsidiary and be financed by trusted loan. On 12 June 2012, Tsingtao Brewery (Jiujiang) Company Limited was formally established by the Company and Jiujiang Ocean Industries Co., Ltd. with respective investment of RMB180 million and RMB20 million of capital fund. At present, the project is under construction.

(2) On 10 October 2012, the 7th Board held an extraordinary meeting to consider and approve the feasibility report of the Company's new construction project of a beer production base for an annual production capacity of 2 million hl in Luoyang, Henan Province. It is estimated that the investment for the construction of fixed assets is approximately RMB336.47 million, which will be from the capital funds input through establishing a subsidiary and be financed by trusted loan. On 21 December 2012, Tsingtao Brewery (Luoyang) Company Limited was formally established by the Company with sole investment of RMB200 million of capital funds. At present, the project is under planning and designing.

重要事項 Significant Events

四. 報告期內公司向子公司提供擔保及委託貸款事項

1. 經公司董事會審議批准，本公司同意為全資附屬公司進出口公司開具信用證業務提供保證，並與中國工商銀行青島市南二支行簽訂《最高額保證合同》，合同期限自2012年3月25日至2012年12月31日，擔保金額為3,000萬元人民幣，報告期內，進出口公司實際開具信用證230.36萬歐元，截止12月31日已結清218.84萬歐元，餘額11.52萬歐元；截止本報告披露日已結清餘額，公司的擔保責任解除。
2. 經公司董事會審議批准，本公司同意為控股子公司三水公司銀行承兌匯票業務提供擔保。報告期內，本公司與興業銀行股份有限公司佛山分行簽訂了《最高額保證合同》，合同期限自2012年6月25日至2012年12月31日，擔保金額3,000萬元人民幣，報告期內三水公司開具銀行承兌匯票4,686萬元人民幣，截至12月31日止已到期兌付4,397萬元，未兌付餘額289萬元，擔保期間內三水公司銀行承兌匯票餘額均未超過公司提供的3,000萬元人民幣擔保總額。
3. 根據公司2011年第一次臨時股東大會審議通過關於公司為青啤香港融資業務提供擔保的決議，以及公司與國家開發銀行股份有限公司簽訂《國家開發銀行股份有限公司外匯保函反擔保合同》，公司為國家開發銀行股份有限公司向青啤香港開立港幣55,000萬元的保函提供反擔保(即公司為香港公司向國家開發銀行香港分行申請的港幣貸款55,000萬元提供擔保)，期限自2011年5月25日至2014年6月24日。
4. 報告期內，本公司沒有發生委託理財事項。為保障子公司的生產經營，經本公司董事會批准，本公司為下屬控股子公司合計發放的委託貸款總金額約為人民幣76,575萬元。

五、報告期內其他事項

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。

IV. Guarantees and trusted loans provided by the Company to the subsidiaries during the Reporting Period

1. As considered and approved by the Board, the Company agreed to provide guarantee to the I/E Company, a wholly-owned subsidiary of the Company, for its business of opening letter of credit and entered into a *Cap Amount Guarantee Contract* with Sub-branch No. 2 of Shinan District of Qingdao Branch, Industrial and Commercial Bank of China for a period from 25 March to 31 December in 2012 for a guarantee amount of RMB30 million. During the Reporting Period, the I/E Company actually opened EUR2,303,600 of letters of credit, in which EUR2,188,400 had been reimbursed and EUR115,200 remained outstanding as at 31 December 2012; as at the date of the publication of this Report, the outstanding amount had been settled and the Company was thus relieved of guaranteeing responsibility.
2. As considered and approved by the Board, the Company agreed to provide guarantee for the accepted bank bill of exchange for Sanshui Company, a controlling subsidiary of the Company. During the Reporting Period, the Company and Foshan Branch of Industrial Bank Co., Ltd. entered into a *Cap Amount Guarantee Contract* for a period from 25 June to 31 December in 2012 for a guarantee amount of RMB30 million. During the Reporting Period, Sanshui Company issued RMB46.86 million of bank acceptance notes, in which, as at 31 December 2012, RMB43.97 million has expired and been reimbursed, and RMB2.89 million remained outstanding. During the guarantee period, the outstanding amount of the bank acceptance notes of Sanshui Company did not exceed the total guaranteed amount of RMB30 million provided by the Company.
3. In accordance with the resolution of the Company's provision of guarantee for the financing business of Tsingtao HK as considered and approved at the Company's first extraordinary general meeting in 2011, and a *Contract of Counter-guarantee of Foreign Exchanges L/G of China Development Bank Co., Ltd* was entered into between the Company and China Development Bank Co., Ltd., whereby the Company agreed to provide counter-guarantee for the HKD550 million of letters of guarantee (the "L/G") issued by China Development Bank Co., Ltd. to Tsingtao HK (that is, the Company agreed to provide guarantee for the HKD550 million of loan applied by Tsingtao HK to Hong Kong Branch, China Development Bank) for a period from 25 May 2011 to 24 June 2014.
4. During the Reporting Period, no event relating to the entrusted wealth management had occurred. To secure the production and operation of its subsidiaries, upon the approval by the Board, approximately RMB765.75 million in aggregate of trusted loans was provided by the Company to its controlling subsidiaries.

V. Other issues during the Reporting Period

During the Reporting Period, the Company did not involve in any newly arising significant litigations or arbitration affairs.

財務報告 Financial Report

按照中國企業會計準則編制的財務報表

Financial Statements Prepared in Accordance with China Accounting Standards for Business Enterprises

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Auditor's Report



普華永道

Pwc ZT Shen Zi (2013) No. 10066

TO THE SHAREHOLDERS OF TSINGTAO BREWERY COMPANY LIMITED,

We have audited the accompanying financial statements of Tsingtao Brewery Company Limited (hereinafter the “Company”), which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated and company income statements, the consolidated and company statements of changes in shareholders’ equity and the consolidated and company cash flow statements for the year then ended and the notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position of the Company as of 31 December 2012, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Shanghai, the People’s Republic of China
27 March 2013

普華永道中天會計師事務所有限公司

PricewaterhouseCoopers Zhong Tian CPAs Limited Company, 11/F PricewaterhouseCoopers Center

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Consolidated and Company Balance Sheets

As at 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note 5 (unless otherwise stated)	As at 31 December			
		2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Current assets					
Cash at bank and on hand	(1)	7,118,248,041	6,107,611,258	3,087,112,980	2,634,082,939
Notes receivable	(2)	61,800,000	98,350,000	53,700,000	71,520,000
Accounts receivable	(3), 15(1)	82,685,056	88,097,460	689,075,914	195,603,812
Advances to suppliers	(5)	83,739,085	273,208,801	31,459,444	115,338,796
Interest receivable	(6)	63,996,403	13,346,298	16,382,068	20,629,915
Dividends receivable		—	—	50,000,000	—
Other receivables	(4), 15(2)	87,291,890	114,425,093	155,080,986	205,733,327
Inventories	(7)	2,360,058,834	2,717,721,790	526,788,093	666,203,531
Other current assets	(8)	284,314,434	170,592,062	70,879,214	—
Total current assets		10,142,133,743	9,583,352,762	4,680,478,699	3,909,112,320
Non-current assets					
Long-term receivables	15(3)	—	—	569,790,000	782,585,325
Long-term equity investments	(9), 15(4)	163,876,932	151,965,192	7,317,328,354	7,055,507,829
Investment properties	(11), 15(5)	7,252,927	—	21,018,594	20,271,596
Fixed assets	(12), 15(6)	8,343,690,353	7,204,985,036	1,625,195,023	865,203,049
Construction in progress	(13), 15(7)	678,285,333	624,331,319	250,717,330	249,953,621
Fixed assets pending for disposal	(14)	9,917,059	3,426,554	9,377,775	3,374,490
Intangible assets	(15), 15(8)	2,546,579,520	2,378,806,001	505,086,472	406,034,650
Goodwill	(16)	1,081,684,918	1,081,684,918	—	—
Long-term prepaid expenses	(17)	6,425,454	7,582,630	907,191	1,451,505
Deferred tax assets	(18)	485,349,168	392,464,144	266,629,467	218,315,282
Other non-current assets	(20)	195,910,178	205,555,005	42,582,408	21,227,106
Total non-current assets		13,518,971,842	12,050,800,799	10,608,632,614	9,623,924,453
TOTAL ASSETS		23,661,105,585	21,634,153,561	15,289,111,313	13,533,036,773

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 5 (unless otherwise stated)	As at 31 December			
		2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Current liabilities					
Short-term borrowings	(21)	147,617,652	162,696,637	170,000,000	170,000,000
Notes payable	(22)	81,883,234	83,893,730	48,100,000	32,100,000
Accounts payable	(23), 15(10)	1,993,401,689	1,662,021,869	1,647,514,644	882,877,957
Advances from customers	(24)	656,414,452	751,128,688	344,126,929	373,625,564
Employee benefits payable	(25)	886,635,390	757,810,303	294,413,393	224,869,250
Taxes payable	(26)	350,866,482	568,596,400	65,018,805	216,284,524
Interest payable		1,735,072	2,458,418	287,019	309,107
Dividends payable	(27)	1,101,571	761,458	—	—
Other payables	(28)	3,213,582,340	3,164,401,766	1,237,550,433	1,100,542,605
Current portion of non-current liabilities	(29)	2,786,281	2,315,634	—	—
Total current liabilities		7,336,024,163	7,156,084,903	3,807,011,223	3,000,609,007
Non-current liabilities					
Long-term borrowings	(30)	452,485,603	454,116,834	—	—
Debentures payable	(31)	1,409,316,153	1,334,692,717	1,409,316,153	1,334,692,717
Long-term payables		—	1,000,000	—	—
Payables for specific projects	(32)	120,063,611	190,538,407	90,000,000	90,000,000
Deferred tax liabilities	(18)	178,572,908	209,569,271	—	—
Other non-current liabilities	(33)	1,381,212,241	1,011,216,862	51,836,628	14,751,273
Total non-current liabilities		3,541,650,516	3,201,134,091	1,551,152,781	1,439,443,990
Total liabilities		10,877,674,679	10,357,218,994	5,358,164,004	4,440,052,997
Shareholders' equity					
Share capital	(34)	1,350,982,795	1,350,982,795	1,350,982,795	1,350,982,795
Capital surplus	(35)	3,965,939,536	4,017,938,901	4,315,189,317	4,315,189,317
Surplus reserve	(36)	927,657,567	808,735,661	927,657,567	808,735,661
Undistributed profits	(37)	6,204,347,562	4,915,661,595	3,337,117,630	2,618,076,003
Difference on translation of foreign currency financial statements		19,025,550	17,119,722	—	—
Total equity attributable to shareholders of the Company		12,467,953,010	11,110,438,674	9,930,947,309	9,092,983,776
Minority interests	(38)	315,477,896	166,495,893	—	—
Total shareholders' equity		12,783,430,906	11,276,934,567	9,930,947,309	9,092,983,776
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,661,105,585	21,634,153,561	15,289,111,313	13,533,036,773

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

Legal representative:
SUN MingboPrincipal in charge of accounting
(Chief Accountant):
YU ZhumingHead of accounting department:
YU Zhuming

Consolidated and Company Income Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5 (unless otherwise stated)	Year ended 31 December			
		2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Revenue	(39), 15(12)	25,781,543,977	23,158,054,330	14,925,864,129	13,396,354,691
Less: Cost of sales	(39), 15(12)	(15,433,869,536)	(13,416,658,758)	(10,913,545,847)	(9,325,820,227)
Taxes and surcharges	(40)	(2,201,082,461)	(2,024,413,362)	(490,269,188)	(345,215,803)
Selling and distribution expenses	(41)	(4,930,865,618)	(4,414,666,287)	(2,622,499,931)	(2,428,078,928)
General and administrative expenses	(42)	(1,269,421,699)	(1,184,193,076)	(368,401,783)	(310,515,990)
Financial expenses – net	(43), 15(13)	178,141,002	36,212,900	(41,340,548)	(43,656,050)
Asset impairment (losses)/losses recovery	(45), 15(15)	(1,004,586)	(17,028,876)	12,088,884	(20,500,971)
Add: Investment income	(44), 15(14)	14,962,001	4,261,371	795,802,833	476,351,966
Including: Share of profit of associates and joint venture	(44), 15(14)	14,844,764	4,499,264	14,692,242	4,224,790
Operating profit		2,138,403,080	2,141,568,242	1,297,698,549	1,398,918,688
Add: Non-operating income	(46)	394,830,713	469,804,738	49,444,974	18,013,461
Less: Non-operating expenses	(47)	(49,077,560)	(156,460,416)	(3,856,566)	(16,666,083)
Including: Losses on disposal of non-current assets	(47)	(36,682,557)	(136,610,344)	(1,411,545)	(9,550,401)
Total profit		2,484,156,233	2,454,912,564	1,343,286,957	1,400,266,066
Less: Income tax expenses	(48), 15(16)	(639,393,988)	(657,298,005)	(154,067,897)	(231,166,860)
Net profit		1,844,762,245	1,797,614,559	1,189,219,060	1,169,099,206
Attributable to shareholders of the Company		1,758,863,400	1,737,928,034	1,189,219,060	1,169,099,206
Minority interests		85,898,845	59,686,525	Not Applicable	Not Applicable
Earnings per share					
Basic earnings per share	(49)	1.302	1.286	Not Applicable	Not Applicable
Diluted earnings per share	(49)	1.302	1.286	Not Applicable	Not Applicable
Other comprehensive income	(50)	1,905,828	12,575,511	—	1,099,260
Total comprehensive income		1,846,668,073	1,810,190,070	1,189,219,060	1,170,198,466
Attributable to shareholders of the Company		1,760,769,228	1,750,503,545	1,189,219,060	1,170,198,466
Minority interests		85,898,845	59,686,525	Not Applicable	Not Applicable

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

Legal representative:
SUN Mingbo

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

Head of accounting department:
YU Zhuming

Consolidated and Company Cash Flow Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5 (unless otherwise stated)	Year ended 31 December			
		2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		28,017,681,948	25,309,649,880	16,332,518,973	14,580,471,938
Refund of taxes and surcharges		19,685,510	121,874,526	—	4,045,619
Cash received relating to other operating activities	(51)(a)	1,239,239,170	1,166,686,056	284,105,658	301,993,796
Sub-total of cash inflows		29,276,606,628	26,598,210,462	16,616,624,631	14,886,511,353
Cash paid for goods and services		(14,099,031,530)	(14,274,996,349)	(11,047,495,330)	(10,588,194,836)
Cash paid to and on behalf of employees		(2,940,782,698)	(2,437,876,003)	(967,765,258)	(727,006,597)
Payments of taxes and surcharges		(5,605,019,129)	(4,931,596,220)	(1,672,605,090)	(1,281,704,464)
Cash paid relating to other operating activities	(51)(b)	(3,528,176,497)	(3,081,432,868)	(1,859,086,917)	(1,635,581,369)
Sub-total of cash outflows		(26,173,009,854)	(24,725,901,440)	(15,546,952,595)	(14,232,487,266)
Net cash flows from operating activities	(52)(a), 15(17)(a)	3,103,596,774	1,872,309,022	1,069,672,036	654,024,087
Cash flows from investing activities					
Cash received from disposal of investments		—	—	1,143,381,872	1,370,384,488
Cash received from returns on investments		3,050,261	5,551,449	410,597,590	469,466,541
Net cash received from disposal of fixed assets and intangible assets		12,845,364	36,864,412	5,198,199	4,251,595
Net cash received from disposal of subsidiaries		—	—	381,149,419	14,716,469
Cash received relating to other investing activities	(51)(c)	677,264,130	762,360,853	54,726,600	183,303,566
Sub-total of cash inflows		693,159,755	804,776,714	1,995,053,680	2,042,122,659
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,378,217,741)	(2,441,700,057)	(570,563,381)	(491,708,510)
Cash paid to acquire investments		(4,000,000)	—	(1,667,500,000)	(2,577,130,000)
Net cash paid to acquisition of subsidiaries	(52)(b)	—	(1,768,717,960)	—	(1,470,558,400)
Cash paid relating to other investing activities	(51)(d)	(305,755,551)	(530,936,534)	(708,600)	(30,414,000)
Sub-total of cash outflows		(2,687,973,292)	(4,741,354,551)	(2,238,771,981)	(4,569,810,910)
Net cash flows from investing activities		(1,994,813,537)	(3,936,577,837)	(243,718,301)	(2,527,688,251)

Consolidated and Company Cash Flow Statements (Continued)

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5 (unless otherwise stated)	Year ended 31 December			
		2012 Consolidated	2011 Consolidated	2012 Company	2011 Company
Cash flows from financing activities					
Cash received from capital contributions		70,255,000	30,000,000	—	—
Including: Cash received from capital contributions by minority shareholders of subsidiaries		70,255,000	30,000,000	—	—
Cash received from borrowings		75,402,217	731,933,466	170,000,000	170,000,000
Cash received relating to other financing activities	(51)(e)	—	22,401,507	—	—
Sub-total of cash inflows		145,657,217	784,334,973	170,000,000	170,000,000
Cash repayments of borrowings		(97,221,202)	(373,280,873)	(170,000,000)	(170,000,000)
Cash payments for interest expenses and distribution of dividends or profits		(439,640,158)	(335,658,086)	(373,321,140)	(263,830,505)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(54,831,094)	(65,757,286)	—	—
Cash payments relating to other financing activities	(51)(f)	(641,247)	(20,818,931)	—	—
Sub-total of cash outflows		(537,502,607)	(729,757,890)	(543,321,140)	(433,830,505)
Net cash flows from financing activities		(391,845,390)	54,577,083	(373,321,140)	(263,830,505)
Effect of foreign exchange rate changes on cash		2,098,689	(2,966,520)	261,962	(240,432)
Net (decrease)/increase in cash and cash equivalent		719,036,536	(2,012,658,252)	452,894,557	(2,137,735,101)
Add: Cash and cash equivalent at beginning of year		5,550,147,726	7,562,805,978	2,606,570,012	4,744,305,113
Cash and cash equivalent at end of year	(52)(c), 15(17)(b)	6,269,184,262	5,550,147,726	3,059,464,569	2,606,570,012

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

Legal representative:
SUN Mingbo

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

Head of accounting department:
YU Zhuming

Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5	Attributable to shareholders of the Company					Difference on translation of foreign currency financial statements	Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Surplus reserves	Undistributed profits				
Balance at 1 January 2011		1,350,982,795	4,016,839,641	691,825,740	3,537,820,385	5,643,471	116,633,440	9,719,745,472	
Movements for the year ended 31 December 2011		—	1,099,260	116,909,921	1,377,841,210	11,476,251	49,862,453	1,557,189,095	
Net profit		—	—	—	1,737,928,034	—	59,686,525	1,797,614,559	
Other comprehensive income	(50)	—	1,099,260	—	—	11,476,251	—	12,575,511	
Capital contribution and withdrawal by shareholders		—	—	—	—	—	47,144,943	47,144,943	
Capital contribution by shareholders		—	—	—	—	—	30,000,000	30,000,000	
Others		—	—	—	—	—	17,144,943	17,144,943	
Profit distribution	(37)	—	—	116,909,921	(360,086,824)	—	(56,969,015)	(300,145,918)	
Appropriation to surplus reserves		—	—	116,909,921	(116,909,921)	—	—	—	
Profit distribution to shareholders		—	—	—	(243,176,903)	—	(56,969,015)	(300,145,918)	
Balance at 31 December 2011		1,350,982,795	4,017,938,901	808,735,661	4,915,661,595	17,119,722	166,495,893	11,276,934,567	
Balance at 1 January 2012		1,350,982,795	4,017,938,901	808,735,661	4,915,661,595	17,119,722	166,495,893	11,276,934,567	
Movements for the year ended 31 December 2012		—	(51,999,365)	118,921,906	1,288,685,967	1,905,828	148,982,003	1,506,496,339	
Net profit		—	—	—	1,758,863,400	—	85,898,845	1,844,762,245	
Other comprehensive income	(50)	—	—	—	—	1,905,828	—	1,905,828	
Capital contribution and withdrawal by shareholders		—	(51,999,365)	—	—	—	118,254,365	66,255,000	
Capital contribution by shareholders		—	—	—	—	—	70,255,000	70,255,000	
Others	(35)	—	(51,999,365)	—	—	—	47,999,365	(4,000,000)	
Profit distribution	(37)	—	—	118,921,906	(470,177,433)	—	(55,171,207)	(406,426,734)	
Appropriation to surplus reserves		—	—	118,921,906	(118,921,906)	—	—	—	
Profit distribution to shareholders		—	—	—	(351,255,527)	—	(55,171,207)	(406,426,734)	
Balance at 31 December 2012		1,350,982,795	3,965,939,536	927,657,567	6,204,347,562	19,025,550	315,477,896	12,783,430,906	

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

Legal representative:
SUN Mingbo

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

Head of accounting department:
YU Zhuming

Company Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Note 5	Share capital	Capital surplus	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at 1 January 2011		1,350,982,795	4,314,547,068	691,825,740	1,809,063,621	8,166,419,224
Movement for the year ended 31 December 2011						
Net profit		—	642,249	116,909,921	809,012,382	926,564,552
Other comprehensive income		—	—	—	1,169,099,206	1,169,099,206
Capital contribution and withdrawal by shareholders		—	1,099,260	—	—	1,099,260
Others		—	(457,011)	—	—	(457,011)
Profit distribution		—	(457,011)	—	—	(457,011)
Appropriation to surplus reserves		—	—	116,909,921	(116,909,921)	—
Profit distribution to shareholders	(37)	—	—	—	(243,176,903)	(243,176,903)
Balance at 31 December 2011		1,350,982,795	4,315,189,317	808,735,661	2,618,076,003	9,092,983,776
Balance at 1 January 2012		1,350,982,795	4,315,189,317	808,735,661	2,618,076,003	9,092,983,776
Movement for the year ended 31 December 2012						
Net profit		—	—	118,921,906	719,041,627	837,963,533
Profit distribution		—	—	—	1,189,219,060	1,189,219,060
Appropriation to surplus reserves		—	—	118,921,906	(470,177,433)	(351,255,527)
Profit distribution to shareholders	(37)	—	—	—	(118,921,906)	—
		—	—	—	(351,255,527)	(351,255,527)
Balance at 31 December 2012		1,350,982,795	4,315,189,317	927,657,567	3,337,117,630	9,930,947,309

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

Legal representative:
SUN Mingbo

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

Head of accounting department:
YU Zhuming

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

1 General information

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

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

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

Pursuant to the A share reform proposal approved at the Shareholders’ Meeting of the Company held on 16 October 2006, all shareholders of non-circulating shares of the Company shall pay shares and cash to all shareholders of circulating A shares of the Company registered on the register of China Securities Registration and Clearing Company limited Shanghai branch on the record date for the implementation of the reform proposal (18 December 2006) as consideration arrangements. After completion of the consideration arrangement, the non-circulating shares held by the shareholders of the Company would obtain trading rights immediately. However, the shareholders of state-owned shares of the Company had undertaken not to transfer such shares within 5 years after obtaining the trading rights, and had undertaken to put forward proposal for profit appropriation at a ratio not lower than 70% of the distributable profit of the Company realised for the year at the Shareholders’ Meeting of the Company in the following three years, and vote for the resolution on a poll at the General Meeting of the Company. According to the stipulated sale restrictions, 417,394,505 corporate legal shares held by the original shareholders of non-circulating shares have been subject to trading in year 2011. Hence, all of the shares of the Company are tradable as at 31 December 2012.

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

These financial statements have been approved for issue by the Company’s Board of Directors on 27 March 2013.

2 Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

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

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

The financial statements of the Company for the year ended 31 December 2012 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 31 December 2012 and of their financial performance, cash flows and other information for the year then ended.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(3) Accounting period

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

(4) Recording currency

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

(5) Business combinations

(a) Business combinations involving enterprises under common control

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

(b) Business combinations involving enterprises not under common control

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

(c) Transactions with minority interests

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(6) Preparation of consolidated financial statements

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

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

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

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

(7) Cash and cash equivalents

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

(8) Foreign currency translation

(a) Foreign currency transactions

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

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

(b) Translation of foreign currency financial statements

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(9) Financial instruments

(a) Financial assets

(i) Classification of financial assets

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

Financial assets at fair value through profit or loss

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

Receivables

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

Available-for-sale financial assets

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

Held-to-maturity investments

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

(ii) Recognition and measurement

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(9) Financial instruments *(continued)*

(a) Financial assets *(continued)*

(ii) Recognition and measurement *(continued)*

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

(iii) Impairment of financial assets

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

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

The objective evidence which indicates impairment in fair value of available-for-sale equity instruments includes the significant and not temporary drop in fair value. The Group has separately tested various available-for-sale equity instruments at the balance sheet date. It will be defined as impairment if the fair value is lower than the initial investment cost by more than 50%(including 50%) or the low state has lasted for no less than 1 year. While the lower proportion is between 20% and 50%, the Group will take other factors such as price fluctuation into consideration to estimate whether the equity instrument has impaired or not.

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

(iv) Derecognition of financial assets

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(9) Financial instruments (continued)

(b) Financial liabilities

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

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

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

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

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

(c) Determination of fair value of financial instruments

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

(10) Receivables

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

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(10) Receivables (continued)

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

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

Basis for grouping is as follows:

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(11) Inventories

(a) Classification

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

(b) Costing of inventories

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

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

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

(d) The Group adopts the perpetual inventory system.

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

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

(12) Long-term equity investments

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

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

(a) *Determination of investment cost*

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(12) Long-term equity investments (continued)

(d) Impairment of long-term equity investments

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

(13) Investment properties

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

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

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	40 years	3% to 5%	2.38% to 2.43%

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(14) Fixed assets

(a) Recognition and initial measurement of fixed assets

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

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

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

(b) Depreciation methods of fixed assets

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

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(14) Fixed assets *(continued)*

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

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

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

(e) Disposal of fixed assets

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

(15) Construction in progress

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

(16) Borrowing costs

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(17) Intangible assets

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

(a) Land use rights

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

(b) Trademarks

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

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

(c) Sales networks

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

(d) Computer software

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

(e) Technology known-how

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

(f) Periodical review of useful life and amortisation method

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(17) Intangible assets (continued)

(g) Research and development

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

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

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

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

(h) Impairment of intangible assets

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

(18) Long-term prepaid expenses

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(19) Impairment of long-term assets

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

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

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

(20) Employee benefits

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

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(21) Dividends distribution

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

(22) Convertible bonds with detachable warrants subscription rights

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

(23) Revenue recognition

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

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

(a) Sale of goods

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

(b) Rendering of services

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

(c) Transfer of asset use rights

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(24) Government Grants

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

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

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

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

(25) Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax assets and liabilities are offset when:

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(26) Leases

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

(a) Operating leases

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

(b) Finance leases

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

(27) Held for sale and discontinued operations

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

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

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

(28) Segment information

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(29) Critical accounting estimates and judgments

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

(a) *Critical accounting estimates and key assumptions*

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

(i) *Accounting estimates on impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 5 (16)).

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

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

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

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

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

In 2012, the Group recorded impairment losses amounting to RMB6,138,436 (2011: RMB8,248,044) for fixed assets based on such evaluation. As at 31 December 2012, the Group recognised the cumulative provision for fixed assets impairment amounting to RMB668,839,833 (31 December 2011: RMB694,861,342) (Note 5 (12)).

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(29) Critical accounting estimates and judgments (continued)

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

(iii) Accounting estimates on recognition of deferred tax assets

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

As at 31 December 2012, deferred tax assets of RMB485,349,168 has been recognised in the Group's balance sheet. As stated in Note 5 (18), the Group had unrecognised deferred tax assets aggregated to approximately RMB336,489,000 as at 31 December 2012, which mainly attributable to accumulated tax losses of certain subsidiaries, depreciation differences of fixed assets acquired in business combinations and provision for impairment losses. Deferred tax assets had not been recognised due to the fact that there is no certainty of obtaining approval from local tax authorities or there is no certainty of their respective realisation of these tax benefits through available future taxable profits of the subsidiaries concerned. In cases where the actual future assessable profits generated are more or less than expected or approval from local tax authorities are obtained, a recognition or reversal of deferred tax assets may arise accordingly.

(iv) Useful lives of fixed assets and intangible assets

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

(v) Net realisable values of inventories

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

3 Taxation

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

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

(2) Preferential tax treatment and approval documents

(i) *Enterprise income tax of the Company*

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

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

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

3 Taxation (continued)

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

(ii) Enterprise income tax of the subsidiaries

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

Name of the subsidiary	Preferential		Tax approval document
	tax rate	Tax preference enjoyed	
Tsingtao Brewery Yulin Company Limited ("Yulin Company")	12.5%	Third year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Yukaiguoshuihan [2008] No. 1
Tsingtao Brewery (Nanning) Company Limited ("Nanning Company") (a)	12.5%	Third year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Nanguowaihuifa [1996] No. 95
Beijing Five Star Tsingtao Brewery Company Limited ("Five Star Company") (a)	12.5%	Third year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Has not obtained document of tax authority.
Beijing Tsingtao Brewery Three Ring Company Limited ("Three Ring Company") (a)	12.5%	Third year of 50% reduction in respect of the two-year exemption and three-year 50% reduction for productive foreign-invested enterprises.	Has not obtained document of tax authority.

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

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

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

(4) VAT

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

Tsingtao Brewery (Yangzhou) Company Limited, the subsidiary of the Company, had outstanding VAT taxes in respect of prior years amounting to approximately RMB17,671,000. The VAT taxes in default were the preferential treatment on the holding over of tax given by local governments.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

3 Taxation *(continued)*

(5) Consumption tax

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

Tsingtao Brewery (Yangzhou) Company Limited, Tsingtao Brewery (Xuzhou) Company Limited and Tsingtao Brewery (Langfang) Company Limited, the subsidiaries of the Company, had outstanding consumption taxes in respect of prior years amounting to approximately RMB41,883,000. The consumption taxes in default were the preferential treatment on the holding over of tax given by local governments.

(6) Withholding Tax

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

Notes to Financial Statements

For the Year Ended 31 December 2012
(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements

(1) Information of subsidiaries

(a) Subsidiaries obtained through incorporation

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

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Shouguang) Company Limited ("Shouguang Company")	Directly	Shouguang, the PRC	Manufacturing	RMB60,610	Manufacture and domestic trading of beer	Company limited	Dong Jianjun	72621713-7
Tsingtao Brewery (Weifang) Company Limited ("Weifang Company")	Directly	Weifang, the PRC	Manufacturing	RMB75,000	Manufacture and domestic trading of beer	Company limited	Dong Jianjun	72074366-2
Tsingtao Brewery (Xuzhou) Huaihai Sales Company Limited ("Huaihai Sales Company") (4)	Directly	Xuzhou, the PRC	Wholesale and retail sale	RMB45,000	Domestic trading of beer	Company limited	Wang Ruiyong	78435470-3
Tsingtao Brewery (Xuzhou) Company Limited ("Xuzhou Company") (4)	Indirectly	Peixian, the PRC	Manufacturing	RMB39,340	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	70358441-X
Tsingtao Brewery (Xuzhou) Pengcheng Company Limited ("Pengcheng Company") (4)	Indirectly	Xuzhou, the PRC	Manufacturing	RMB155,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	72061880-2
Tsingtao Brewery (Xuecheng) Company Limited ("Xuecheng Company")	Indirectly	Xuecheng, the PRC	Manufacturing	RMB45,000	Manufacture and domestic trading of beer	Company limited	Yu Jiaping	70617665-7
Tsingtao Brewery (Tengzhou) Company Limited ("Tengzhou Company")	Directly & Indirectly	Tengzhou, the PRC	Manufacturing	RMB61,020	Manufacture and domestic trading of beer	Company limited	Yu Jiaping	72071609-0
Tsingtao Brewery (Heze) Company Limited ("Heze Company")	Directly & Indirectly	Heze, the PRC	Manufacturing	RMB130,000	Manufacture and domestic trading of beer	Company limited	Yu Jiaping	16892261-5
Tsingtao Brewery (Suqian) Company Limited ("Suqian Company") (4)	Indirectly	Suqian, the PRC	Manufacturing	RMB25,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	72220045-0
Tsingtao Brewery (Taierzhuang) Malt Company Limited ("Taierzhuang Malt")	Indirectly	Taierzhuang, the PRC	Manufacturing	RMB5,000	Manufacture and domestic trading of Malt	Company limited	Qu Jun	72329576-2
Tsingtao Brewery (Langfang) Company Limited ("Langfang Company")	Directly & Indirectly	Langfang, the PRC	Manufacturing	RMB99,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	60117924-5
Tsingtao Brewery Xi'an Han's Group Company Limited ("Xi'an Company")	Directly	Xi'an, the PRC	Manufacturing & Wholesale and retail sale	RMB287,900	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	29446305-0
Tsingtao Brewery Hansi Baoji Company Limited ("Hansi Baoji")	Indirectly	Baoji, the PRC	Manufacturing	RMB30,000	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	78367236-3

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Anshan) Company Limited ("Anshan Company")	Directly	Anshan, the PRC	Manufacturing	RMB50,000	Manufacture and domestic trading of beer	Company limited	Dong Jianjun	72370443-1
Tsingtao Brewery (Xingkaihu) Company Limited ("Xingkaihu Company")	Directly	Jixi, the PRC	Manufacturing	RMB130,000	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	70287259-1
Tsingtao Brewery (Mishan) Company Limited ("Mishan Company")	Directly	Mishan, the PRC	Manufacturing	RMB23,400	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	72135373-8
Tsingtao Brewery (Harbin) Company Limited ("Harbin Company")	Directly	Harbin, the PRC	Manufacturing	RMB52,000	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	72367275-9
Tsingtao Brewery Import/Export Company Limited ("Import/Export Company")	Directly	Qingdao, the PRC	Wholesale and retail sale	RMB11,000	Import/Export trading of beer	Company limited	Sun Mingbo	70643063-5
Tsingtao Brewery (Pingyuan) Company Limited ("Pingyuan Company")	Directly	Pingyuan, the PRC	Manufacturing	RMB25,000	Manufacture and domestic trading of beer	Company limited	Huang Zujiang	16741611-2
Tsingtao Brewery (Rizhao) Company Limited ("Rizhao Company")	Directly	Rizhao, the PRC	Manufacturing	RMB290,000	Manufacture and domestic trading of beer	Company limited	Fan Wei	61380406-0
Chengdu Tsingtao Brewery Xinan Sales Company Limited ("Xinan Sales Company")	Directly	Chengdu, the PRC	Wholesale and retail sale	RMB100,000	Domestic trading of beer	Company limited	Huang Yinbo	73238966-4
Tsingtao Brewery (Luzhou) Company Limited ("Luzhou Company")	Indirectly	Luzhou, the PRC	Manufacturing	RMB111,110	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	72323962-1
Tsingtao Brewery (Taizhou) Company Limited ("Taizhou Company")	Directly & Indirectly	Taizhou, the PRC	Manufacturing	RMB70,000	Manufacture and domestic trading of beer	Company limited	Huang Zujiang	72585057-1
Tsingtao Brewery (Hong Kong) Trading Company Limited ("Hong Kong Company") (4)	Directly	Hong Kong, the PRC	Wholesale and retail sale	HKD 40,500	Trading of beer in Hong Kong	Company limited	Sun Mingbo	Not Applicable
Tsingtao Brewery (Hanzhong) Company Limited ("Hanzhong Company")	Indirectly	Hanzhong, the PRC	Manufacturing	RMB29,410	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	71977863-0

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Beijing Tsingtao Brewery Beifang Sales Company Limited ("Beifang Sales Company")	Directly & Indirectly	Beijing, the PRC	Wholesale and retail sale	RMB89,980	Domestic trading of beer	Company limited	Yang Huajiang	72261954-2
Tsingtao Brewery (Xiamen) Company Limited ("Xiamen Company")	Indirectly	Xiamen, the PRC	Manufacturing	RMB90,000	Manufacture and domestic trading of beer	Company limited	Sui Zhanping	70549981-7
Xiamen Tsingtao Brewery Dongnan Sales Company Limited ("Dongnan Sales Company")	Directly	Xiamen, the PRC	Wholesale and retail sale	RMB215,000	Domestic trading of beer	Company limited	Wang Ruiyong	73786016-0
Tsingtao Brewery (Jinan) Company Limited ("Jinan Company")	Directly	Jinan, the PRC	Manufacturing	RMB560,000	Manufacture and domestic trading of beer	Company limited	Fan Wei	79261928-1
Tsingtao Brewery (Chengdu) Company Limited ("Chengdu Company")	Directly	Chengdu, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Yang Huajiang	66301928-X
Yulin Company	Indirectly	Yulin, the PRC	Manufacturing	RMB55,000	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	78695254-7
Tsingtao Brewery Chengyang Sales Company Limited ("Chengyang Sales Company")	Directly	Qingdao, the PRC	Manufacturing	RMB8,000	Pre-packaged food	Company limited	Cai Zhiwei	69715829-6
Tsingtao Brewery Chenzhou Sales Company Limited ("Chenzhou Sales Company")	Indirectly	Chenzhou, the PRC	Wholesale and retail sale	RMB1,000	Domestic trading of beer	Company limited	Wang Xinhong	73474630-3
Tsingtao Brewery Machinery and Equipment Company Limited ("Machinery and Equipment Company")	Indirectly	Qingdao, the PRC	Construction	RMB2,000	Manufacture and trading of machinery, electrical equipment accessory	Company limited	Wang Zhaoping	68257486-0
Tsingtao Brewery (Shijiazhuang) Company Limited ("Shijiazhuang Company")	Directly	Shijiazhuang, the PRC	Manufacturing	RMB321,010	Manufacture and domestic trading of beer	Company limited	Huang Kexing	55607563-0
Tsingtao Brewery (Taiyuan) Company Limited ("Taiyuan Company")	Directly	Taiyuan, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	56132576-1

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(a) Subsidiaries obtained through incorporation (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery Finance Company Liability Limited ("Finance Company")	Directly	Qingdao, the PRC	Financing	RMB300,000	Absorb deposits, entrusted loans and issue bank acceptance notes for subsidiaries and related parties	Company limited	Sun Yuguo	57575577-0
Tsingtao Brewery Sifang Sales Company Limited ("Sifang Sales")	Directly	Qingdao, the PRC	Wholesale and retail sale	RMB10,000	Pre-packaged food	Company limited	Cai Zhiwei	57976276-7
Tsingtao Brewery (Jieyang) Company Limited ("Jieyang Company") (5)	Directly	Jieyang, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	57791531-X
Tsingtao Brewery (Shaoguan) Company Limited ("Shaoguan Company")	Directly	Shaoguan, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	58636851-4
Tsingtao Brewery (Hainan) Company Limited ("Hainan Company") (2)	Directly	Chengmai, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	58394661-4
Tsingtao Brewery Shibe Sales Company Limited ("Shibe Sales") (2)	Directly	Qingdao, the PRC	Wholesale and retail sale	RMB8,000	Pre-packaged food	Company limited	Wang Ruiyong	59529728-7
Tsingtao Brewery (Jiujiang) Company Limited ("Jiujiang Company") (2)	Directly	Jiujiang, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Sui Zhanping	59654049-6
Tsingtao Brewery Pingdu Sales Company Limited ("Pingdu Sales") (2)	Directly	Qingdao, the PRC	Wholesale and retail sale	RMB5,000	Pre-packaged food	Company limited	Wang Ruiyong	05308936-0
Shanghai Tsingtao Brewery Sales Company Limited ("New Shanghai Sales") (2),(4)	Directly	Shanghai, the PRC	Wholesale and retail sale	RMB1,000	Pre-packaged food	Company limited	Ma Jiji	05458196-3
Tsingtao Brewery (Xuzhou) Enterprise Management Service Company Limited ("Xuzhou Enterprise Management") (2),(4)	Directly	Xuzhou, the PRC	Wholesale and retail sale	RMB10,000	Pre-packaged food and asset management	Company limited	Liu Yingdi	05867534-2
Tsingtao Brewery (Luoyang) Company Limited ("Luoyang Company") (2)	Directly	Luoyang, the PRC	Manufacturing	RMB200,000	Manufacture and domestic trading of beer	Company limited	Liu Yingdi	06001509-5

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(a) Subsidiaries obtained through incorporation (continued)

	Ending balance of actual contribution	Ending balance of other items which forms substantially part of the net investment in the subsidiary (i)	Share holding (%)	Voting rights (%)	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Huanan Holding Company	208,790,000	—	100%	100%	Yes	—	—
Zhuhai Company	111,679,356	—	99.47%	100%	Yes	—	—
Huangshi Company	12,928,201	—	100%	100%	Yes	—	—
Yingcheng Company	9,848,084	—	100%	100%	Yes	—	—
Huanan Sales Company	45,070,000	—	100%	100%	Yes	—	—
Changsha Company	68,000,000	—	100%	100%	Yes	—	—
Huadong Holding Company	96,855,102	—	100%	100%	Yes	—	—
Shanghai Sales Company (4)	100,300,000	—	100%	100%	Yes	—	—
Nanjing Sales Company	1,000,000	—	99.93%	100%	Yes	—	—
Wuhu Company	114,516,072	—	100%	100%	Yes	—	—
Maanshan Company	85,626,047	—	100%	100%	Yes	—	—
Shouguang Company	60,000,000	—	99%	99%	Yes	1,631,026	—
Weifang Company	73,620,001	—	100%	100%	Yes	—	—
Huaihai Sales Company (4)	45,000,000	—	100%	100%	Yes	—	—
Xuzhou Company (4)	25,331,564	—	66%	66%	Yes	11,628,605	3,195,662
Pengcheng Company (4)	194,731,644	—	100%	100%	Yes	—	—
Xuecheng Company	2,078,659	130,000,000	85%	85%	Yes	(11,874,496)	523,073
Tengzhou Company	49,158,799	30,000,000	100%	100%	Yes	—	—
Heze Company	128,549,814	—	100%	100%	Yes	—	—
Suqian Company (4)	43,915,739	—	100%	100%	Yes	—	—
Taierzhuang Malt	5,000,000	11,000,000	97%	100%	Yes	—	—
Langfang Company	80,830,288	17,000,000	100%	100%	Yes	—	—
Xi'an Company	392,627,114	—	100%	100%	Yes	—	—
Hansi Baoji	30,000,000	—	100%	100%	Yes	—	—
Anshan Company	30,000,000	—	60%	60%	Yes	5,780,523	122,715
Xingkaihu Company	129,430,000	—	100%	100%	Yes	—	—
Mishan Company	23,920,000	56,300,000	100%	100%	Yes	—	—
Harbin Company	109,940,000	—	100%	100%	Yes	—	—
Import/Export Company	11,210,000	—	100%	100%	Yes	—	—
Pingyuan Company	21,730,001	—	100%	100%	Yes	—	—
Rizhao Company	339,239,300	—	100%	100%	Yes	—	—
Xinan Sales Company	99,200,000	—	100%	100%	Yes	—	—
Luzhou Company	110,518,371	—	95%	95%	Yes	6,641,909	—
Taizhou Company	62,808,167	—	100%	100%	Yes	—	—
Subtotal	2,923,452,323	244,300,000				13,807,567	3,841,450

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(a) Subsidiaries obtained through incorporation (continued)

	Ending balance of actual contribution	Ending balance of other items which forms substantially part of the net investment in the subsidiary (i)	Share holding (%)	Voting rights (%)	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Hong Kong Company (4)	41,728,681	—	100%	100%	Yes	—	—
Hanzhong Company	46,093,340	—	66%	66%	Yes	12,822,976	—
Beifang Sales Company	88,481,000	—	100%	100%	Yes	—	—
Xiamen Company	92,289,095	—	100%	100%	Yes	—	—
Dongnan Sales company	293,862,688	—	100%	100%	Yes	—	—
Jinan Company	560,000,000	—	100%	100%	Yes	—	—
Chengdu Company	200,000,000	—	100%	100%	Yes	—	—
Yulin Company	54,442,237	—	100%	100%	Yes	—	—
Chengyang Sales Company	8,000,000	—	100%	100%	Yes	—	—
Chenzhou Sales Company	50,000	—	100%	100%	Yes	—	—
Machinery and Equipment Company	2,000,000	—	100%	100%	Yes	—	—
Shijiazhuang Company	321,010,000	—	100%	100%	Yes	—	—
Taiyuan Company	200,000,000	15,000,000	100%	100%	Yes	—	—
Finance Company	300,000,000	—	100%	100%	Yes	—	—
Sifang Sales	10,000,000	—	100%	100%	Yes	—	—
Jieyang Company (5)	150,000,000	—	75%	75%	Yes	51,705,397	—
Shaoguan Company	200,000,000	40,000,000	100%	100%	Yes	—	—
Hainan Company (2)	200,000,000	—	100%	100%	Yes	—	—
Shibei Sales (2)	8,000,000	—	100%	100%	Yes	—	—
Jiujiang Company (2)	180,000,000	—	90%	90%	Yes	19,987,685	12,315
Pingdu Sales (2)	5,000,000	—	100%	100%	Yes	—	—
New Shanghai Sales (2),(4)	1,000,000	—	100%	100%	Yes	—	—
Xuzhou Enterprise Management (2),(4)	10,000,000	—	100%	100%	Yes	—	—
Luoyang Company (2)	200,000,000	—	100%	100%	Yes	—	—
Subtotal	3,171,957,041	55,000,000				84,516,058	12,315
Total	6,095,409,364	299,300,000				98,323,625	3,853,765

(i) Represents the entrusted loans to subsidiaries entrusted by the Company through banks.

As at 31 December 2012, there is no debenture issued by the subsidiaries of the Company.

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(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(b) Subsidiaries acquired through business combination involving enterprises not under common control

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Sanshui) Company Limited ("Sanshui Company")	Indirectly	Sanshui, the PRC	Manufacturing	USD5,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	71923008-5
Tsingtao Brewery (Chenzhou) Company Limited ("Chenzhou Company")	Directly & Indirectly	Chenzhou, the PRC	Manufacturing	RMB70,000	Manufacture and domestic trading of beer	Company limited	Wang Xinhong	71700298-6
Shenzhen Tsingtao Brewery Asahi Company Limited ("Shenzhen Asahi")	Directly	Shenzhen, the PRC	Manufacturing	USD30,000	Manufacture and trading of beer	Company limited	Sun Mingbo	61884189-9
Nanning Company	Indirectly	Nanning, the PRC	Manufacturing	RMB730,000	Manufacture and domestic trading of beer	Company limited	Sun Mingbo	61930976-5
Tsingtao Brewery Songjiang Company Limited ("Songjiang Company") (4),(5)	Directly	Shanghai, the PRC	Manufacturing	RMB453,660	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	60733504-2
Three Ring Company	Directly & Indirectly	Beijing, the PRC	Manufacturing	USD29,800	Manufacture and domestic trading of beer	Company limited	Huang Kexing	10296842-6
Five Star Company	Directly & Indirectly	Beijing, the PRC	Manufacturing	RMB862,000	Manufacture and domestic trading of beer	Company limited	Huang Kexing	60002535-9
Tsingtao Brewery (Weinan) Company Limited ("Weinan Company")	Directly & Indirectly	Weinan, the PRC	Manufacturing	RMB50,000	Manufacture and domestic trading of beer	Company limited	Zhang Anwen	99496209-6
Tsingtao Brewery (Gansu) Nongken Company Limited ("Gansu Nongken Company")	Indirectly	Lanzhou, the PRC	Manufacturing	RMB174,420	Manufacture and domestic trading of beer	Stock corporation	Zhang Anwen	71020161-6
Tsingtao Brewery (Wuwei) Company Liability Limited ("Wuwei Company")	Indirectly	Lanzhou, the PRC	Manufacturing	RMB36,100	Manufacture and domestic trading of beer	Company Limited	Zhang Anwen	72022229-3
Tsingtao Brewery (Rongcheng) Company Limited ("Rongcheng Company")	Directly	Rongcheng, the PRC	Manufacturing	RMB20,000	Manufacture and domestic trading of beer	Company Limited	Huang Zujang	26712457-1
Tsingtao Brewery (Suizhou) Company Limited ("Suizhou Company")	Indirectly	Suizhou, the PRC	Manufacturing	RMB24,000	Manufacture and domestic trading of beer	Company Limited	Wang Xinhong	72829922-8

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(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(b) Subsidiaries acquired through business combination involving enterprises not under common control (continued)

	Type	Place of registration	Nature of business and principal activities	Registered capital '000	Business scope	Nature	Legal representative	Code of organisation
Tsingtao Brewery (Fuzhou) Company Limited ("Fuzhou Company")	Indirectly	Fuzhou, the PRC	Manufacturing	USD26,830	Manufacture and domestic trading of beer	Company Limited	Sui Zhanping	61131714-6
Tsingtao Brewery (Zhangzhou) Company Limited ("Zhangzhou Company")	Indirectly	Zhangzhou, the PRC	Manufacturing	RMB100,000	Manufacture and domestic trading of beer	Company Limited	Sui Zhanping	72971694-3
Tsingtao Brewery Construction Company Limited ("Construction Company")	Directly	Qingdao, the PRC	Construction	RMB13,140	Indoor decoration, industrial equipment fixing	Company Limited	Liu Yingdi	26480798-3
Tsingtao Brewery (Penglai) Company Limited ("Penglai Company")	Directly	Penglai, the PRC	Manufacturing	RMB37,500	Manufacture and domestic trading of beer	Company Limited	Huang Zujiang	72073544-3
Tsingtao Brewery Cultural Communication Company Limited ("Cultural Communication Company")	Directly	Qingdao, the PRC	Manufacturing	RMB3,500	Pre-packaged food, accommodation and design	Company Limited	Liu Yingdi	26462903-X
Tsingtao Brewery Beverage Company Limited ("Beverage Company")	Directly	Qingdao, the PRC	Manufacturing	RMB110,000	Manufacture and domestic trading of beverage	Company Limited	Hu Zhihong	72402575-6
Baotquan Company	Directly	Jinan, the PRC	Wholesale and retail sale	RMB20,000	Domestic trading of beer	Company Limited	Yan Zhengguang	67727382-8
Immense Brewery Company	Directly	Mengyin, the PRC	Manufacturing	USD18,760	Manufacture and domestic trading of beer	Company Limited	Huang Kexing	78715752-9
Tsingtao Brewery (Hangzhou) Company Limited ("Hangzhou Company")	Directly	Jiande, the PRC	Manufacturing	RMB230,000	Manufacture and domestic trading of beer	Company Limited	Wang Ruiyong	67399878-4
Asia Brewery (Macau) Company Limited ("Macau Company") (ii)	Indirectly	Macau, the PRC	Wholesale and retail sale	MOP200	Trading of beer in Macau	Company Limited	Yuan Li	Not Applicable
Tsingtao Brewery (Yangzhou) Company Limited ("Yangzhou Company") (4),(5)	Indirectly	Yangzhou, the PRC	Manufacturing	RMB16,000	Manufacture and domestic trading of beer	Company limited	Cai Zhiwei	84088001-2

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(1) Information of subsidiaries (continued)

(b) Subsidiaries acquired through business combination involving enterprises not under common control (continued)

	Ending balance of actual contribution	Ending balance of other items which forms substantially a part of net investment in the subsidiary (i)	Share holding (%)	Voting rights (%)	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Sanshui Company	58,789,877	—	75%	75%	Yes	28,542,904	—
Chenzhou Company	71,921,877	—	100%	100%	Yes	—	—
Shenzhen Asahi	126,746,680	—	51%	51%	Yes	205,508,590	—
Nanning Company	270,495,918	—	75%	75%	Yes	41,844,060	—
Songjiang Company (4),(5)	518,410,000	—	100%	100%	Yes	—	—
Three Ring Company	73,846,179	123,000,000	54%	54%	Yes	(22,909,910)	—
Five Star Company	75,917,538	96,000,000	62.64%	62.64%	Yes	(27,768,471)	—
Weinan Company	50,693,709	—	100%	100%	Yes	—	—
Gansu Nongken Company	64,292,092	167,000,000	55.06%	55.06%	Yes	(59,351,473)	—
Wuwei Company	35,710,000	—	54.91%	99.72%	Yes	128,182	—
Rongcheng Company	65,103,434	—	70%	70%	Yes	(400,632)	—
Suizhou Company	9,000,000	—	90%	90%	Yes	(1,962,866)	496,738
Fuzhou Company	68,094,738	—	100%	100%	Yes	—	—
Zhangzhou Company	69,367,401	—	90%	90%	Yes	10,799,014	—
Construction Company	2,490,000	—	100%	100%	Yes	—	—
Penglai Company	30,000,000	58,600,000	80%	80%	Yes	(12,093,111)	908,612
Cultural Communication Company	5,290,000	—	100%	100%	Yes	—	—
Beverage Company	44,000,001	20,000,000	100%	100%	Yes	—	—
Baotouquan Company	174,160,000	—	100%	100%	Yes	—	—
Immense Brewery Company	1,874,866,697	—	100%	100%	Yes	—	—
Hangzhou Company	186,000,000	—	80%	80%	Yes	37,886,601	2,907,734
Macau Company (ii)	74,352	—	45%	100%	Yes	9,334,968	—
Yangzhou Company (4),(5)	16,000,000	—	100%	100%	Yes	—	—
Total	3,891,270,493	464,600,000				209,557,856	4,313,084

(i) Represents the entrusted loans to subsidiaries entrusted by the Company through banks.

(ii) Hong Kong Company, a subsidiary of the Company, owns 45% of Macau Company's shares. Pursuant to the shareholders agreement of Macau Company, shareholders other than Hong Kong Company do not have the rights to be directly or indirectly involved in the management or be authorised to function the rights of management or operation of Macau Company, and all administrative members responsible for the operation of Macau Company are appointed by Hong Kong Company. Directors of the Company believe that the Group has essential control over Macau Company, hence Macau Company has been consolidated as subsidiary of the Group.

As at 31 December 2012, there is no debenture issued by the subsidiaries of the Company.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

4 Business combination and the consolidated financial statements (continued)

(2) Entities newly included in the consolidation scope in the current year

	Net assets/ (liabilities) on 31 December 2012	Net profits/(losses) for the current year
Jiujiang Company (i)	199,876,847	(123,153)
Hainan Company (ii)	201,829,048	1,829,048
Shibei Sales (ii)	171,991,775	163,991,775
Pingdu Sales (ii)	57,544,873	52,544,873
New Shanghai Sales (ii)	(212,916,838)	(14,998,382)
Luoyang Company (ii)	199,879,247	(120,753)
Xuzhou Enterprise Management (ii),(iii)	(15,673,289)	15,214

- (i) Jiujiang Company is the subsidiary invested by the Company and Jiujiang Ocean Industrial Co.,Ltd, which hold 90% and 10% equity interest respectively.
- (ii) Hainan Company, Shibei Sales, Pingdu Sales, New Shanghai Sales ,Luoyang Company and Xuzhou Enterprise Management are newly incorporated subsidiaries and are wholly owned by the company in the current year.
- (iii) As stated in Note 4 (4)(vii), Huaihai Sales Company, a subsidiary of the Company, divided in the current year. As a wholly-owned subsidiary arising from the division, Xuzhou Enterprise Management is included in the scope of consolidation.

(3) Entities not included in the consolidation scope in the current year

	Net assets at the disposal date	Net profit from 1 January 2012 to the disposal date
Tsingtao Brewery (No. 3) Company Limited (“No. 3 Company”)	552,320,032	12,969,359
Tsingtao Brewery (No. 5) Company Limited (“No. 5 Company”)	263,795,614	547,146

According to the resolution approved of the Annual General Meeting held on 6 June 2011, the Company considered to deregister two wholly-owned subsidiaries, No. 3 Company and No. 5 Company, and set up two branches No. 3 Factory and No. 5 Factory of the Company. The deregistration of No. 3 Company and No. 5 Company has been completed in the current year, excluded from the consolidation scope accordingly. No. 3 Factory and No. 5 Factory have been set up and start operation.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(4) Internal restructure

As stated in Note 9 (3), the Company implemented the following restructuring:

- (i) In June 2012, Songjiang Company, a subsidiary of the Company, acquired 66% equity interest in Xuzhou Company held by Huaihai Sales Company, a subsidiary of the Company, by RMB30,650,000. The relevant legal procedures have been completed in June 2012.
- (ii) In June 2012, the Company acquired 38% equity interest in Suqian Company held by its subsidiary Huaihai Sales Company by RMB19,450,000. The relevant legal procedures have been completed in July 2012. The movement of long-term investment refers to Note 15 (4)(a).
- (iii) In June 2012, the Company acquired 25% equity interest in Songjiang Company held by its subsidiary Hong Kong Company by RMB163,300,000. The relevant legal procedures have been completed in December 2012. The movement of long-term investment refers to Note 15 (4)(a).
- (iv) Pursuant to the resolution approved at the General Meeting of Pengcheng Company held on 12 June 2012, the capital of Pengcheng Company was decreased by RMB90,000,000, with the registered capital attributable to the Company decreased by RMB85,500,000, and the registered capital attributable to Huaihai Sales Company decreased by RMB4,500,000. Upon the completion of the capital reduction, the registered capital of Pengcheng Company was changed to RMB155,000,000. The relevant legal procedures have been completed in August 2012.
- (v) The Company held 20% equity interest in Yangzhou Company originally. Tsingtao Brewery Group Company Limited (“TB Group Company”), being the 80% equity owner of Yangzhou Company entrusted the Company to control the operations and management of Yangzhou Company. On 25 May 2012, the Company entered into the Equity Transfer Agreement with its subsidiary Songjiang Company to transfer its 20% equity interest in Yangzhou Company to Songjiang Company by RMB1,000,000. The movement of its long-term investment refers to Note 15 (4)(a). On 31 May 2012, Songjiang Company increased investment to Yangzhou Company by RMB11,000,000, and the investment ratio of Songjiang Company and TB Group Company in Yangzhou Company was changed to 75% and 25% respectively. On 17 December 2012, TB Group Company entered into the Equity Transfer Agreement with Songjiang Company to transfer its 25% equity interest in Yangzhou Company to Songjiang Company by RMB4,000,000. Upon the completion of the transfer, Yangzhou Company became a wholly-owned subsidiary of Songjiang Company. The relevant legal procedures of the above transaction have been completed in 2012. The difference between the increase in the cost of long-term equity investments as a result of acquisition of minority interests and the share of net assets of the subsidiary calculated continuously from the date of the acquisition or merger based on the new shareholding proportion should be adjusted against the capital surplus. The impact on the capital surplus and minority interests refers to Note 5 (35), (38).
- (vi) In September 2012, the Company increased its investment to its subsidiary Shanghai Sales Company by RMB50,000,000, the movement of the Company’s long-term investment refers to Note 15 (4)(a). On 16 October 2012, its subsidiary Shanghai Sales Company entered into the Assets Transfer Agreement with New Shanghai Sales Company to transfer the assets, liabilities and debts related to its regional sales business in Shanghai city and Jiangsu province as well as RMB50,000,000 in cash to New Shanghai Sales Company by RMB1. The relevant legal procedures of the above transaction have been completed in October 2012.
- (vii) Pursuant to the Separation Agreement entered into by the Company and its wholly-owned subsidiary Huaihai Sales Company in October 2012, Huaihai Sales Company only retained the assets, liabilities and debts related to its sales business in Shanghai city and Jiangsu province. Other assets and liabilities were transferred to Xuzhou Enterprise Management. The transaction has been completed in 2012. Upon the completion of the separation, the registered capital of Huaihai Sales Company and Xuzhou Enterprise Management Company was RMB45,000,000 and RMB10,000,000 respectively. The movement of the Company’s long-term investment refers to Note 15 (4)(a).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

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

(4) Internal restructure *(continued)*

(viii) In December 2012, the Company entered into an agreement with its subsidiary Songjiang Company. The Company increased its investment to Songjiang Company by RMB150,000,000 with its 100% equity interest in Pengcheng Company and Suqian Company. Upon the completion of the capital increase, the registered capital of Songjiang Company was changed to RMB453,660,000. Pengcheng Company and Suqian Company became wholly-owned subsidiaries of Songjiang Company. The relevant legal procedures have been completed in December 2012. The movement of long-term investment refers to Note 15 (4)(a).

(5) Purchase minority shareholders' shares and minority shareholders increase investment to a subsidiary of the Company

- (i) As stated in Note 4 (4)(v), Songjiang Company, increased its investment to Yangzhou Company and acquired 25% equity interest in Yangzhou Company held by TB Group Company.
- (ii) In February 2012, Jieyang Hongpeng Investment Company Limited increased its investment to Jieyang Company, a subsidiary of the Company, by RMB50,000,000. After the investment increase, the Company and Jieyang Hongpeng Investment Company Limited hold 75% and 25% equity interest of Jieyang Company respectively.

(6) Exchange rate applied to financial statements items of foreign operation entities

	Assets and liabilities	
	31 December 2012	31 December 2011
Hong Kong Company	HKD1 = RMB0.8109	HKD1 = RMB0.8107
Macau Company	MOP1 = RMB0.7804	MOP1 = RMB0.7886

The shareholders' equity items other than "undistributed profits", income and expense items, and the cash flows items are translated at the spot exchange rates at the dates of the transactions.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2012			31 December 2011		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash on hand						
RMB	—	—	425,980	—	—	473,233
HKD	16,650	0.8109	13,501	21,676	0.8107	17,573
MOP	17,451	0.7804	13,619	209,376	0.7886	165,114
			<u>453,100</u>			<u>655,920</u>
Bank deposits						
RMB	—	—	1,349,596,216	—	—	1,821,109,979
USD	8,194,195	6.2855	51,504,613	6,007,207	6.3009	37,850,811
HKD	235,092,183	0.8109	190,636,251	25,738,591	0.8107	20,866,276
EUR	5,858	8.3176	48,725	6,732	8.1625	54,950
MOP	9,144,188	0.7804	7,136,124	7,004,192	0.7886	5,523,506
			<u>1,598,921,929</u>			<u>1,885,405,522</u>
Deposits with interbank (i)						
RMB	—	—	4,637,688,863	—	—	3,664,086,284
USD	5,110,233	6.2855	32,120,370	—	—	—
Deposits with central bank (ii)						
RMB	—	—	802,560,000	—	—	521,570,000
Other cash balances						
RMB	—	—	46,503,779	—	—	35,893,532
			<u>7,118,248,041</u>			<u>6,107,611,258</u>

(i) Deposits with interbank represents bank deposits reserves with other domestic banks by Finance Company.

(ii) Deposits with central bank represents statutory deposit reserves with the People's Bank of China by Finance Company. At 31 December 2012, the statutory deposit reserve ratio for deposits of Finance Company is 15%(31 December 2011:16%).

As at 31 December 2012, other cash balances of RMB8,413,180 (31 December 2011: RMB4,130,453) is pledged as collateral for issuance of bank acceptance (Note 5 (22)); other cash balances of RMB6,924,613 (31 December 2011: RMB749,769) represents guarantee deposits of the Company for the purpose of applying for letter of credit; other cash balances of RMB31,165,986 (31 December 2011: RMB31,013,310) represents housing maintenance fund deposited in the bank.

Cash and cash equivalent presented in cash flow statements

	31 December 2012	31 December 2011
Cash at bank and on hand	7,118,248,041	6,107,611,258
Less: Deposits with central bank under restrictions	(802,560,000)	(521,570,000)
Other deposits under restrictions	(46,503,779)	(35,893,532)
	<u>6,269,184,262</u>	<u>5,550,147,726</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(2) Notes receivable

	31 December 2012	31 December 2011
Bank acceptance notes	<u>61,800,000</u>	<u>98,350,000</u>

As at 31 December 2012, the five largest notes receivable that are not mature but have been endorsed and other analysis are as follows:

Issued Company	Issuance date	Maturity date	Amount
Qingdao Xinkangjian Brewery Company Limited ("Xinkangjian Company")	27/08/2012	27/02/2013	44,400,000
Xinkangjian Company	20/07/2012	20/01/2013	29,000,000
Xinkangjian Company	24/09/2012	24/03/2013	27,800,000
Xinkangjian Company	23/11/2012	23/05/2013	21,100,000
Xinkangjian Company	24/08/2012	24/02/2013	10,100,000
Others below RMB10,000,000	Not applicable	Not applicable	<u>123,350,400</u>
			<u>255,750,400</u>

As at 31 December 2012, there are no pledged notes receivables and no discounted trade acceptance notes that were not mature(31 December 2011: nil).

(3) Accounts receivable

	31 December 2012	31 December 2011
Accounts receivable	<u>312,427,165</u>	325,048,799
Less: provision for bad debts	<u>(229,742,109)</u>	<u>(236,951,339)</u>
	<u>82,685,056</u>	<u>88,097,460</u>

The majority of the Company's domestic sales are made with advances from customers. The remainings are settled by letters of credit, bank acceptance notes or credit terms from 30 to 150 days.

(a) The ageing of accounts receivable based on their recording dates is analysed below:

	31 December 2012	31 December 2011
Within 6 months	<u>81,615,211</u>	87,799,273
6 months to 1 year	<u>234,437</u>	137,349
1 to 2 years	<u>1,694,260</u>	335,411
2 to 3 years	<u>298,209</u>	186,438
Over 3 years	<u>228,585,048</u>	<u>236,590,328</u>
	<u>312,427,165</u>	<u>325,048,799</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

(b) Accounts receivable by categories are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	% of total				% of total			
	Amount	balance	Amount	Ratio	Amount	balance	Amount	Ratio
Individually significant and subject to separate provision	45,101,710	14.44%	(45,101,710)	100%	45,101,710	13.88%	(45,101,710)	100%
Subject to provision by groups								
Group C	267,325,455	85.56%	(184,640,399)	69.07%	279,947,089	86.12%	(191,849,629)	68.53%
	<u>312,427,165</u>	<u>100%</u>	<u>(229,742,109)</u>	<u>73.53%</u>	<u>325,048,799</u>	<u>100%</u>	<u>(236,951,339)</u>	<u>72.90%</u>

(c) As at 31 December 2012, accounts receivable with amounts that are individually significant and the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Tsingtao Brewery (Guangzhou) General Agency Company Limited (“Guangzhou General Agency”)	18,859,690	(18,859,690)	100%	(i)
Gansu Nongken Brewery Company Limited (“Nongken Brewery Company”)	14,996,236	(14,996,236)	100%	(ii)
Beijing Tsingtao Brewery Sales Company Limited (“Beijing Sales Company”)	11,245,784	(11,245,784)	100%	(iii)
	<u>45,101,710</u>	<u>(45,101,710)</u>		

- (i) As Guangzhou General Agency has ceased operation, the management of the Company is of the view that it is hard to collect the receivable amount, therefore full bad debt provision has been made accordingly.
- (ii) As Nongken Brewery Company had been deregistered, the management of the Group is of the view that it is hard to collect the receivable amount, therefore full bad debt provision has been made accordingly.
- (iii) The Company has ceased all business transactions with Beijing Sales Company since year 2002, the management of the Company is of the view that it is hard to collect the receivable amount, therefore full bad debt provision has been made accordingly.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

- (d) Accounts receivable that the related provision for bad debts is provided on grouping basis (Group C) using the ageing analysis method are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	81,615,211	30.53%	—	—	87,799,273	31.36%	—	—
6 months to 1 year	234,437	0.09%	(11,722)	5%	137,349	0.05%	(6,867)	5%
1 to 2 years	1,694,260	0.63%	(847,130)	50%	335,411	0.12%	(167,706)	50%
2 to 3 years	298,209	0.11%	(298,209)	100%	186,438	0.07%	(186,438)	100%
Over 3 years	183,483,338	68.64%	(183,483,338)	100%	191,488,618	68.40%	(191,488,618)	100%
	267,325,455	100%	(184,640,399)	69.07%	279,947,089	100%	(191,849,629)	68.53%

- (e) There are no accounts receivable that related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year (2011: nil).

- (f) Accounts receivable that are written off in the current year are summarised as follows:

	Nature	Amount	Reason	Arising from related party transactions or not
Zhang Ye Market, etc.	Sales of beer	7,574,299	Deregistration etc.	No
Others	Others	207,485	Deregistration etc.	No
		7,781,784		

- (g) Accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

	31 December 2012		31 December 2011	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Asahi Breweries, Ltd. ("Asahi Breweries")	1,703,799	—	7,778,782	—

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

(h) As at 31 December 2012, the five largest accounts receivable are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Guangzhou General Agency (i)	Associate	18,859,690	Over 3 years	6.04%
Nongken Brewery Company (i)	Third party	14,996,236	Over 3 years	4.80%
Beijing Sales Company (i)	Associate	11,245,784	Over 3 years	3.60%
Tsingtao Brewery Import&Export S.A.R.L (“European Company”)	Associate	10,475,314	Within 6 months	3.35%
Nanjing Jiahongda Brewery Company Limited (i)	Third party	8,341,734	Over 3 years	2.67%
		<u>63,918,758</u>		<u>20.46%</u>

(i) Full bad debt provision has been made accordingly.

(i) Accounts receivable from related parties are analysed as follows (Note 7 (5)):

	Relationship with the Group	31 December 2012			31 December 2011		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Guangzhou General Agency	Associate	18,859,690	6.04%	(18,859,690)	18,859,690	5.80%	(18,859,690)
Beijing Sales Company	Associate	11,245,784	3.60%	(11,245,784)	11,245,784	3.46%	(11,245,784)
European Company	Associate	10,475,314	3.35%	—	12,336,949	3.80%	—
Asahi Breweries	Shareholder of the Company	1,703,799	0.55%	—	7,778,782	2.39%	—
Asahi Beer (China) Investment Co., Ltd. (“Asahi Investment”)	Asahi Breweries’ subsidiary	616,798	0.20%	—	1,869,327	0.58%	—
		<u>42,901,385</u>	<u>13.74%</u>	<u>(30,105,474)</u>	<u>52,090,532</u>	<u>16.03%</u>	<u>(30,105,474)</u>

(j) As at 31 December 2012, there are no accounts receivable derecognised due to the transfer of financial assets (31 December 2011: nil).

(k) As at 31 December 2012, there are no accounts receivable pledged as collateral for the Group’s short-term borrowings (31 December 2011: nil).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(3) Accounts receivable (continued)

(i) Accounts receivable dominated in foreign currency are as follows:

	31 December 2012			31 December 2011		
	Amount	Exchange rate	RMB	Amount	Exchange rate	RMB
HKD	39,537,776	0.8109	32,061,183	37,025,643	0.8107	30,016,689
USD	3,136,324	6.2855	19,713,365	4,109,317	6.3009	25,892,395
EUR	1,264,892	8.3176	10,520,866	1,511,418	8.1625	12,336,949
MOP	6,392,179	0.7804	4,988,456	5,142,001	0.7886	4,054,982
CAD	194,078	6.3184	1,226,262	141,055	6.1777	871,395
			<u>68,510,132</u>			<u>73,172,410</u>

(4) Other receivables

	31 December 2012	31 December 2011
Staff advance	29,403,125	33,768,594
Payment on behalf for recycled bottles	18,223,493	17,735,716
Refund for prepayment of land use rights	17,441,647	27,441,647
Deposits	17,065,831	17,758,496
VAT refund	2,741,233	4,369,605
Refund for prepayment of property	—	13,000,000
Others	88,112,945	93,708,491
	<u>172,988,274</u>	<u>207,782,549</u>
Less: provision for bad debts	(85,696,384)	(93,357,456)
	<u>87,291,890</u>	<u>114,425,093</u>

(a) The ageing of other receivables is analysed below:

	31 December 2012	31 December 2011
Within 6 months	78,373,877	80,325,704
6 months to 1 year	3,468,822	19,084,650
1 to 2 years	9,485,980	6,566,790
2 to 3 years	5,101,603	4,169,427
Over 3 years	76,557,992	97,635,978
	<u>172,988,274</u>	<u>207,782,549</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(4) Other receivables (continued)

(b) Other receivables by categories are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	% of total		Amount	Ratio	% of total		Amount	Ratio
	Amount	balance			Amount	balance		
Individually significant and subject to separate provision	17,441,647	10.08%	(17,441,647)	100%	30,441,647	14.65%	(30,441,647)	100%
Subject to provision by groups								
Group A	2,643,835	1.53%	—	—	16,166,320	7.78%	—	—
Group C	152,902,792	88.39%	(68,254,737)	44.64%	161,174,582	77.57%	(62,915,809)	39.04%
	<u>172,988,274</u>	<u>100%</u>	<u>(85,696,384)</u>	<u>49.54%</u>	<u>207,782,549</u>	<u>100%</u>	<u>(93,357,456)</u>	<u>44.93%</u>

(c) As at 31 December 2012, other receivables with amounts that are individually significant and that the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Refund for prepayment of land use rights	<u>17,441,647</u>	<u>(17,441,647)</u>	100%	(i)

(i) The land use right of the company was expropriated by the government years ago. The government provided to render another land use right instead. The management of the Company considers that the possibility of obtain land use right is low, therefore has transferred the cost of land use right with amount of RMB8,584,437 and cost of buildings RMB8,857,210 to other receivables, and full bad debt provision has been made accordingly.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(4) Other receivables (continued)

- (d) Other receivables that the related provision for bad debts is provided on grouping basis(Group C) using the ageing analysis method are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	78,373,877	51.25%	—	—	80,325,704	49.83%	—	—
6 months to 1 year	2,485,987	1.63%	(124,299)	5%	15,978,910	9.91%	(798,946)	5%
1 to 2 years	7,824,980	5.12%	(3,912,490)	50%	5,506,210	3.42%	(2,753,105)	50%
2 to 3 years	5,101,603	3.34%	(5,101,603)	100%	4,169,427	2.59%	(4,169,427)	100%
Over 3 years	59,116,345	38.66%	(59,116,345)	100%	55,194,331	34.25%	(55,194,331)	100%
	<u>152,902,792</u>	<u>100%</u>	<u>(68,254,737)</u>	<u>44.64%</u>	<u>161,174,582</u>	<u>100%</u>	<u>(62,915,809)</u>	<u>39.04%</u>

- (e) Other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year are as follows (2011:nil):

	Reason for reversal/ collection	Basis for determining the provision for bad debts	Cumulative amount of provision provided before reversal/ collection	Amount of reversal/ collection
Deposit for purchase of a property paid to Qingdao Municipal Local Taxation Bureau No. 2 Branch	Collected in full amount in current year	The management of the Company considers that the possibility of recovery is low	<u>13,000,000</u>	<u>13,000,000</u>

- (f) Other receivables that were written off in current year are as follows:

Nature	Amount	Reason	Arising from related party transactions or not
Staff advance	299,822	Amount due from individuals, no collection evidenced	No
Deposits collected on packaging materials leased	95,087	Cessation of business, deregistration or bankruptcy	No
Deposits	10,000	Cessation of business, deregistration or bankruptcy	No
Other	<u>1,150,031</u>	Deregistration etc.	No
	<u>1,554,940</u>		

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(4) Other receivables (continued)

(g) As at 31 December 2012, there are no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2011: nil).

(h) As at 31 December 2012, the five largest other receivables are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Qingdao Bureau of Land and Resources of Economic Technical Development Area	Third party	8,584,437	Over 3 years	4.96%
Maanshan Taijing Packaging service Company Limited	Third party	7,438,104	Within 6 months	4.30%
Shanghai Songjiao Trading Company Limited	Third party	7,363,548	Within 6 months	4.26%
Hunan ningxiang Hongda waste recycling Company Limited	Third party	6,293,972	Within 6 months	3.64%
Wuwei Carton Factory	Third party	5,000,000	Over 3 years	2.89%
		<u>34,680,061</u>		<u>20.05%</u>

(i) As at 31 December 2012, there are no other receivables from related parties (31 December 2011: nil).

(j) As at 31 December 2012, there are no other receivables derecognised due to transfer of financial assets (31 December 2011: nil).

(k) Other receivables dominated in foreign currency are as follows:

	31 December 2012			31 December 2011		
	Amount	Exchange rate	RMB	Amount	Exchange rate	RMB
HKD	1,483,410	0.8109	1,202,897	1,110,915	0.8107	900,619
MOP	266,670	0.7804	208,109	215,376	0.7886	169,846
			<u>1,411,006</u>			<u>1,070,465</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

	31 December 2012		31 December 2011	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	77,671,804	92.75%	273,004,885	99.93%
1 to 2 years	6,045,274	7.22%	40,926	0.01%
2 to 3 years	—	—	—	—
Over 3 years	22,007	0.03%	162,990	0.06%
	83,739,085	100%	273,208,801	100%

As at 31 December 2012, advances to suppliers over 1 year with carrying amount of RMB6,067,281 (31 December 2011: RMB203,916) are mainly advances paid for materials, which are not fully settled due to production plan.

(b) As at 31 December 2012, the five largest advances to suppliers are analysed as follows:

	Relationship with the Group	Amount	% of total balance	Recognition date	Reason for unsettled
Shanxi Anxing Glass Manufacturing Limited	Third party	14,439,211	17.24%	2012	Goods not received
Tsingtao Brewery (Baoji) Company Limited	Shareholding	13,686,915	16.34%	2012	Goods not received
Yancheng Haiyue Malt Company Limited	Third party	9,358,648	11.18%	2012	Goods not received
Fujian Huaneng Thermal Insulation Installation Company Limited	Third party	6,289,121	7.51%	2012	Goods not received
Laiwu Luzhong Beer Material Limited	Third party	4,518,640	5.40%	2012	Goods not received
		48,292,535	57.67%		

(c) As at 31 December 2012, there are no advances to shareholders holding more than 5%(including 5%) of the voting rights of the Company (31 December 2011: nil).

(d) As at 31 December 2012, there are no advances to related parties (31 December 2011: nil).

(e) As at 31 December 2012, there are no advances to suppliers dominated in foreign currency (31 December 2011: nil).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(6) Interests Receivable

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Interests Receivable	13,346,298	299,272,868	(248,622,763)	63,996,403

As at 31 December 2012, there are no overdue interest receivable.

(7) Inventories

(a) Classification of inventories is as follow:

	31 December 2012			31 December 2011		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	644,045,118	(5,612,209)	638,432,909	735,484,791	(4,608,459)	730,876,332
Packaging materials	914,975,848	(12,496,324)	902,479,524	955,314,707	(17,334,891)	937,979,816
Low-value consumption goods	45,654,180	—	45,654,180	69,274,861	—	69,274,861
Material on consignment for further processing	13,017,185	—	13,017,185	54,894,188	—	54,894,188
Work in progress	373,284,933	—	373,284,933	343,148,204	—	343,148,204
Finished goods	387,190,103	—	387,190,103	581,566,743	(18,354)	581,548,389
	2,378,167,367	(18,108,533)	2,360,058,834	2,739,683,494	(21,961,704)	2,717,721,790

(b) Movement of inventories is as follows:

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Raw materials	735,484,791	3,837,677,103	(3,929,116,776)	644,045,118
Packaging materials	955,314,707	7,690,136,833	(7,730,475,692)	914,975,848
Low-value consumption goods	69,274,861	419,276,112	(442,896,793)	45,654,180
Material on consignment for further processing	54,894,188	40,978,375	(82,855,378)	13,017,185
Work in progress	343,148,204	4,928,868,574	(4,898,731,845)	373,284,933
Finished goods	581,566,743	14,998,004,928	(15,192,381,568)	387,190,103
	2,739,683,494	31,914,941,925	(32,276,458,052)	2,378,167,367

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(7) Inventories (continued)

(c) Provision for decline in the value of inventories are analysed as follows:

	31 December 2011	Increase in current year	Decrease in current year		31 December 2012
			Reversal	Write-off	
Raw materials	(4,608,459)	(1,650,774)	197,927	449,097	(5,612,209)
Packaging materials	(17,334,891)	(15,281)	1,068,400	3,785,448	(12,496,324)
Finished goods	(18,354)	—	—	18,354	—
	<u>(21,961,704)</u>	<u>(1,666,055)</u>	<u>1,266,327</u>	<u>4,252,899</u>	<u>(18,108,533)</u>

(d) Provision for decline in the value of inventories are as follows:

	Basis for provision	Reason for reversal	% of total balance
Raw materials	Amount of carrying amount over net realisable value	Increase in net realisable value	0.03%
Packaging materials	Amount of carrying amount over net realisable value	Increase in net realisable value	0.12%
Finished goods	Amount of carrying amount over net realisable value	Not applicable	Not applicable

(8) Other current assets

	31 December 2012	31 December 2011
Input VAT	183,377,399	127,079,352
Prepaid enterprise income tax	98,997,204	41,129,441
Others	1,939,831	2,383,269
	<u>284,314,434</u>	<u>170,592,062</u>

(9) Long-term equity investments

	31 December 2012	31 December 2011
Jointly controlled entity — unlisted (a)	—	—
Associates — unlisted (b)	163,788,290	151,876,550
Other long-term equity investments — unlisted (c)	10,116,821	10,116,821
	<u>173,905,111</u>	<u>161,993,371</u>
Less: Provision for impairment of long-term equity investments (d)	(10,028,179)	(10,028,179)
	<u>163,876,932</u>	<u>151,965,192</u>

There is no limitation on sales of the long-term equity investments held by the Group.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(9) Long-term equity investments (continued)

(a) Jointly controlled entity — unlisted

	Accounting Method	Investment cost	31 December 2011	Current year movement			31 December 2012	Equity interest held	Voting rights held	Explanation of disparity between percentages of share holding and Provision for impairment	Impairment provided in the current year
				Increase/Decrease in investment	Share of net profit using the equity method	Cash dividend declared					
Tsingtao Brewery Equipment Manufacture Company Limited ("Equipment Manufacture")	Equity Method	577,406	—	—	—	—	50%	50%	Not applicable	—	—

Equipment Manufacture had been loss-making with negative net assets, while the Group does not have any obligation for its additional losses. Accordingly, in the recognition of the Group's share of its net loss, the carrying value of the long-term equity investment is only reduced to zero. The unrecognised investment loss for the year amounted to RMB608,194 (2011: unrecognised investment loss RMB499,010). As at 31 December 2012, the cumulative unrecognised investment losses amounted to RMB1,398,112 (31 December 2011: RMB789,918).

(b) Associates — unlisted

	Accounting Method	Investment cost	31 December 2011	Current year movement			31 December 2012	Equity interest held	Voting rights held	Explanation of disparity between percentages of share holding and Provision for impairment	Impairment provided in the current year
				Increase/Decrease in investment	Share of net profit using the equity method	Cash dividend declared					
Yantai Asahi	Equity Method	120,024,598	126,272,648	9,668,253	(2,933,024)	133,007,877	39%	39%	Not Applicable	—	—
Qingdao Zhaoshang Logistics Company Limited ("Zhaoshang Logistics")	Equity Method	6,000,000	19,065,231	4,870,369	—	23,935,600	30%	30%	Not Applicable	—	—
Liaoning Shengqing Tsingtao Brewery Company Limited ("Liaoning Shengqing")	Equity Method	600,000	3,363,932	153,620	—	3,517,552	30%	30%	Not Applicable	—	—
European Company	Equity Method	584,166	1,954,739	152,522	—	2,107,261	40%	40%	Not Applicable	—	—
Others	Equity Method	1,220,000	1,220,000	—	—	1,220,000	Not Applicable	Not Applicable	Not Applicable	(1,220,000)	—
			151,876,550	14,844,764	(2,933,024)	163,788,290				(1,220,000)	—

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(9) Long-term equity investments (continued)

(c) Other long-term equity investments — unlisted

	Accounting Method	Investment cost	31 December 2011	Increase/ Decrease in investment	31 December 2012	Provision for impairment	Impairment provided in the current year	Cash dividends declared in the current year
Guangxi Beihai Real Estate Company Limited (“Beihai Real Estate Company”)	Cost Method	3,610,000	3,610,000	—	3,610,000	(3,610,000)	—	—
Qingdao Yingxiao Club (“Yingxiao Club”)	Cost Method	3,985,261	3,985,261	—	3,985,261	(3,985,261)	—	—
Others	Cost Method	2,521,560	2,521,560	—	2,521,560	(1,212,918)	—	—
			10,116,821	—	10,116,821	(8,808,179)	—	—

(d) Provision for impairment of long-term equity investments

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Beihai Real Estate Company	(3,610,000)	—	—	(3,610,000)
Yingxiao Club	(3,985,261)	—	—	(3,985,261)
Others	(2,432,918)	—	—	(2,432,918)
	(10,028,179)	—	—	(10,028,179)

(10) Investments in jointly controlled entity and associates

	Share holding (%)	Voting rights (%)	31 December 2012			2012	
			Total assets	Total liabilities	Net assets	Revenue	Net profit/(losses)
Jointly controlled entity — Equipment Manufacture	50%	50%	25,664,478	28,460,944	(2,796,466)	20,132,530	(1,216,388)
Associates —							
Yantai Asahi Zhaoshang Logistics	39%	39%	392,286,911	131,366,211	260,920,700	618,534,491	28,650,392
Liaoning Shenqing	30%	30%	140,398,325	60,657,884	79,740,441	207,590,102	16,234,563
European Company	30%	30%	85,987,889	73,813,504	12,174,385	376,542,783	512,067
	40%	40%	19,575,618	15,819,693	3,755,925	57,729,868	381,305

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(11) Investment properties

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Cost	—	18,572,021	—	18,572,021
Buildings	—	18,572,021	—	18,572,021
Accumulated depreciation	—	(11,072,934)	—	(11,072,934)
Buildings	—	(11,072,934)	—	(11,072,934)
Net book value	—	—	—	7,499,087
Buildings	—	—	—	7,499,087
Provision for impairment	—	(246,160)	—	(246,160)
Buildings	—	(246,160)	—	(246,160)
Carrying amount	—	—	—	7,252,927
Buildings	—	—	—	7,252,927

In 2012, the Group changed the use of certain Buildings with a carrying amount of RMB7,441,415 (cost of RMB18,572,021 to lease out properties, provision for impairment of RMB246,160) and therefore, such assets were transferred from fixed assets to investment properties at the date of change in use.

Depreciation of investment properties recognised in the current year is RMB188,488 (2011: nil).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(12) Fixed assets

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Cost	14,387,812,784	1,891,448,506	(403,407,305)	15,875,853,985
Buildings	4,561,038,844	614,921,035	(73,832,365)	5,102,127,514
Machinery and equipment	8,964,962,068	1,129,767,763	(271,812,007)	9,822,917,824
Motor vehicles	365,111,945	44,012,421	(30,133,014)	378,991,352
Other equipment	496,699,927	102,747,287	(27,629,919)	571,817,295
Accumulated depreciation	(6,487,966,406)	(684,896,272)	309,538,879	(6,863,323,799)
Buildings	(1,275,326,905)	(141,953,785)	35,253,893	(1,382,026,797)
Machinery and equipment	(4,706,411,151)	(433,397,053)	219,248,940	(4,920,559,264)
Motor vehicles	(191,823,746)	(45,942,157)	30,078,938	(207,686,965)
Other equipment	(314,404,604)	(63,603,277)	24,957,108	(353,050,773)
Net book value	7,899,846,378	—	—	9,012,530,186
Buildings	3,285,711,939	—	—	3,720,100,717
Machinery and equipment	4,258,550,917	—	—	4,902,358,560
Motor vehicles	173,288,199	—	—	171,304,387
Other equipment	182,295,323	—	—	218,766,522
Provision for impairment	(694,861,342)	(6,138,436)	32,159,945	(668,839,833)
Buildings	(95,801,641)	(805,979)	9,202,070	(87,405,550)
Machinery and equipment	(579,809,179)	(5,224,742)	22,366,500	(562,667,421)
Motor vehicles	(18,830,135)	(26,990)	475,727	(18,381,398)
Other equipment	(420,387)	(80,725)	115,648	(385,464)
Carrying amount	7,204,985,036	—	—	8,343,690,353
Buildings	3,189,910,298	—	—	3,632,695,167
Machinery and equipment	3,678,741,738	—	—	4,339,691,139
Motor vehicles	154,458,064	—	—	152,922,989
Other equipment	181,874,936	—	—	218,381,058

As at 31 December 2012, there is no fixed assets pledged as collateral for borrowings (31 December 2011: nil).

In 2012, depreciation charged to fixed assets amounts to RMB684,896,272 (2011: RMB570,888,585), of which RMB617,622,428, RMB9,743,617 and RMB57,530,227 (2011: RMB514,242,626, RMB6,776,344 and RMB49,869,615) has been charged in cost of sales, selling and distribution expenses and general and administrative expenses, respectively.

The costs of fixed assets transferred from construction in progress amount to RMB1,330,691,950 (2011: RMB1,609,940,427).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(12) Fixed assets (continued)

(a) Temporarily idle fixed assets

As at 31 December 2012, the buildings and the machinery and equipment with carrying amount of RMB19,732,059 (cost of RMB68,508,409) are temporarily idle for the reason of products update (31 December 2011: carrying amount of RMB11,528,046 (cost of RMB45,725,847)), which are analysed as follow:

	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	4,521,872	(2,970,749)	(11,081)	1,540,042
Machinery and equipment	63,986,537	(43,097,920)	(2,696,600)	18,192,017
	<u>68,508,409</u>	<u>(46,068,669)</u>	<u>(2,707,681)</u>	<u>19,732,059</u>

(b) Fixed assets held under finance leases

As at 31 December 2012, there is no fixed assets held under finance leases (31 December 2011: carrying amount of RMB6,964,305 (cost of RMB10,214,224)).

(c) Provision for impairment

According to the accounting policies stated in Note 2 (19), the Group tests whether fixed assets, for example, buildings, machinery and equipment have suffered any impairment at the balance sheet date, and impairment amounts to RMB6,138,436 has been provided.

(d) Fixed assets with pending certificates of ownership

The ownership certificates of the Group's certain buildings have not been obtained. The analysis are as follows:

Reason	31 December 2012		31 December 2011	
	Cost	Carrying amount	Cost	Carrying amount
In the application process	745,984,000	643,895,000	816,981,000	719,927,000
Unable to obtain	156,165,000	86,511,000	127,859,000	59,724,000
	<u>902,149,000</u>	<u>730,406,000</u>	<u>944,840,000</u>	<u>779,651,000</u>

Per consultation with the Company's legal adviser, the Company's directors are of the view that this situation will not prevent the Group from legal possession of such facilities as there is no legal restriction for the Group to apply for and obtain the building ownership certificates, there are no significant adverse impact on the operations of the Group, therefore, no provision for fixed assets impairment is provided. In addition, certain buildings of the Group are still located on parcels of allocated land owned by certain local municipal governments (Note 5 (15)).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(12) Fixed assets (continued)

(d) Fixed assets with pending certificates of ownership (continued)

	Reason	Estimated date
Partial buildings of Immense Brewery Company	In progress	2013
Partial buildings of Zhuhai Company	In progress	2013
Partial buildings of Sanshui Company	In progress	Not determined
Partial buildings of Three Ring Company	In progress	Not determined
Partial buildings of Taiyuan Company	In progress	Not determined
Partial buildings of Mishan Company	In progress	Not determined
Partial buildings of Chengdu Company	In progress	Not determined
Partial buildings of Hangzhou Company	In progress	Not determined
Partial buildings of Yulin Company	In progress	Not determined
Partial buildings of Wuwei Company	In progress	Not determined
Partial buildings of Shenzhen Asahi Company	In progress	Not determined
Partial buildings of Weinan Company	In progress	Not determined
Partial buildings of Gansu Nongken Company	In progress	Not determined
Partial buildings of Wuhu Company	In progress	Not determined
Partial buildings of Suizhou Company	In progress	Not determined
Partial buildings of Luzhou Company	In progress	Not determined
Partial buildings of Zhangzhou Company	In progress	Not determined
Partial buildings of Shijiazhuang Company	In progress	Not determined
Partial buildings of Xiamen Company	In progress	Not determined
Partial buildings of Shaoguan Company	In progress	Not determined
Partial buildings of Shaoguan Company	Temporary building	Not applicable
Partial buildings of Five Star Company	Temporary building	Not applicable
Partial buildings of Xiamen Company	Lack of document	Not applicable
Partial buildings of No. 1 Factory	Lack of document	Not applicable
Partial buildings of Malt Factory	Lack of document	Not applicable

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(13) Construction in progress

	31 December 2012			31 December 2011		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
New Factory Project of Suqian Company	196,428,954	—	196,428,954	8,807,317	—	8,807,317
Production Line Improvement of No. 2 Factory	178,535,980	(462,515)	178,073,465	241,612,576	(462,515)	241,150,061
Production Line Improvement of Gansu Nongken Company	98,775,677	—	98,775,677	961,918	—	961,918
New Factory Project of Yangzhou Company	42,777,984	—	42,777,984	1,149,984	—	1,149,984
Production Line Improvement of No. 1 Factory	41,993,097	—	41,993,097	5,246,689	—	5,246,689
Production Line Improvement of Harbin Company	21,386,161	—	21,386,161	19,893	—	19,893
New Factory Project of Jiujiang Company	20,300,581	—	20,300,581	—	—	—
New Factory Project of Malt Factory	16,862,188	—	16,862,188	1,086,095	—	1,086,095
Production Line Improvement of Jinan Company	11,315,692	—	11,315,692	209,898	—	209,898
Production Line Improvement of Xi'an Company	8,298,478	—	8,298,478	4,290,980	—	4,290,980
Production Line Improvement of No. 4 Factory	5,560,852	—	5,560,852	—	—	—
Production Line Improvement of Immense Brewery Company	5,437,907	—	5,437,907	18,565,957	—	18,565,957
Production Line Improvement of Shenzhen Asahi Company	4,808,731	—	4,808,731	12,616,693	—	12,616,693
Production Line Improvement of Songjiang Company	4,189,526	—	4,189,526	19,075,827	—	19,075,827
Production Line Improvement of Shouguang Company	3,905,870	—	3,905,870	692,923	—	692,923
Production Line Improvement of No. 5 Factory	2,405,442	—	2,405,442	959,000	—	959,000
Production Line Improvement of Maanshan Company	2,380,195	—	2,380,195	207,968	—	207,968
Production Line Improvement of Taiyuan Company	1,728,355	—	1,728,355	317,415	—	317,415
New office building project of Shanghai Sales Company	1,194,000	—	1,194,000	—	—	—
New Factory Project of Zhuhai Company	1,119,317	—	1,119,317	3,612,076	—	3,612,076
Production Line Improvement of Nanning Company	1,030,156	—	1,030,156	933,847	—	933,847
Production Line Improvement of Weifang Company	845,746	—	845,746	—	—	—

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(13) Construction in progress (continued)

	31 December 2012			31 December 2011		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Production Line Improvement of Five Star Company	749,400	—	749,400	89,588	—	89,588
Production Line Improvement of Pingyuan Company	677,916	—	677,916	2,167,059	—	2,167,059
Production Line Improvement of Heze Company	671,224	—	671,224	—	—	—
Production Line Improvement of Xiamen Company	652,427	—	652,427	—	—	—
Production Line Improvement of Luzhou Company	626,350	—	626,350	—	—	—
New Factory Project of Jieyang Company	615,359	—	615,359	63,214,000	—	63,214,000
Production Line Improvement of Chengdu Company	546,801	—	546,801	6,359,151	—	6,359,151
Production Line Improvement of Hangzhou Company	240,863	—	240,863	6,542,459	—	6,542,459
Production Line Improvement of Wuhu Company	221,406	—	221,406	133,194	—	133,194
Production Line Improvement of No. 3 Factory	114,530	—	114,530	35,267,350	—	35,267,350
Production Line Improvement of Shaoguan Company	—	—	—	52,816,403	—	52,816,403
New Factory Project of Tengzhou Company	—	—	—	35,524,256	—	35,524,256
New Factory Project of Fuzhou Company	—	—	—	77,399,700	—	77,399,700
Production Line Improvement of Changsha Company	—	—	—	15,727,766	—	15,727,766
Other projects	2,350,683	—	2,350,683	9,185,852	—	9,185,852
	678,747,848	(462,515)	678,285,333	624,793,834	(462,515)	624,331,319

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(13) Construction in progress (continued)

(a) Movement in significant construction in progress

Name	Budget	31 December 2011	Increase in current year	Transfer to fixed assets	31 December 2012	Proportion of expenditures incurred to budgeted amount	Progress of construction	Source of funds
New Factory Project of Suqian Company	200,000,000	8,807,317	187,621,637	—	196,428,954	98%	98%	Self-funding
Production Line Improvement of No. 2 Factory	531,879,285	241,612,576	210,029,239	(273,105,835)	178,535,980	85%	87%	Funding from the exercise of bonds
Production Line Improvement of Gansu Nongken Company	314,910,000	961,918	101,381,901	(3,568,142)	98,775,677	32%	30%	Self-funding
New Factory Project of Yangzhou Company	247,780,000	1,149,984	41,721,685	(93,685)	42,777,984	17%	20%	Self-funding
Production Line Improvement of No. 1 Factory	297,660,000	5,246,689	135,203,366	(98,456,958)	41,993,097	47%	46%	Self-funding
Production Line Improvement of Harbin Company	65,287,122	19,893	21,955,852	(589,584)	21,386,161	34%	37%	Self-funding
New Factory project of Jiujiang Company	299,540,000	—	20,300,581	—	20,300,581	7%	7%	Self-funding
New Factory project of Malt Factory	26,000,000	1,086,095	15,776,093	—	16,862,188	65%	63%	Funding from convertible bonds
Production Line Improvement of Jinan Company	54,890,000	209,898	19,908,143	(8,802,349)	11,315,692	37%	37%	Self-funding
Production Line Improvement of Xi'an Company	68,259,800	4,290,980	17,701,082	(13,693,584)	8,298,478	53%	53%	Self-funding
Production Line Improvement of No. 4 Factory	13,211,497	—	13,211,497	(7,650,645)	5,560,852	100%	99%	Self-funding
Production Line Improvement of Immense Brewery Company	104,600,000	18,565,957	18,182,591	(31,310,641)	5,437,907	35%	35%	Self-funding
Production Line Improvement of Shenzhen Asahi Company	153,257,352	12,616,693	40,394,624	(48,202,586)	4,808,731	35%	34%	Self-funding
Production Line Improvement of Songjiang Company	83,000,000	19,075,827	26,574,329	(41,460,630)	4,189,526	90%	90%	Self-funding
Production Line Improvement of Shouguang Company	12,066,000	692,923	9,378,097	(6,165,150)	3,905,870	83%	84%	Self-funding
Production Line Improvement of No. 5 Factory	5,000,000	959,000	4,005,034	(2,558,592)	2,405,442	98%	98%	Self-funding
Production Line Improvement of Maanshan Company	4,150,000	207,968	2,525,495	(353,268)	2,380,195	66%	69%	Self-funding
Production Line Improvement of Taiyuan Company	24,577,339	317,415	5,472,775	(4,061,835)	1,728,355	55%	56%	Self-funding
New office building project of Shanghai Sales Company	140,000,000	—	1,194,000	—	1,194,000	1%	1%	Self-funding
New Factory Project of Zhuhai Company	461,000,000	3,612,076	62,454,959	(64,947,718)	1,119,317	98%	98%	Self-funding
Production Line Improvement of Nanning Company	14,925,263	933,847	10,920,394	(10,824,085)	1,030,156	79%	81%	Self-funding
Production Line Improvement of Weifang Company	6,375,000	—	5,629,572	(4,783,826)	845,746	88%	86%	Self-funding
Production Line Improvement of Five Star Company	6,503,106	89,588	5,938,011	(5,278,199)	749,400	93%	91%	Self-funding
Production Line Improvement of Pingyuan Company	8,098,000	2,167,059	2,077,944	(3,567,087)	677,916	95%	94%	Self-funding
Production Line Improvement of Heze Company	1,932,977	—	716,000	(44,776)	671,224	37%	35%	Self-funding
Production Line Improvement of Xiamen Company	186,670,000	—	3,353,098	(2,700,671)	652,427	2%	4%	Self-funding
Production Line Improvement of Luzhou Company	29,238,340	—	3,860,844	(3,234,494)	626,350	13%	16%	Self-funding
New Factory Project of Jieyang Company	98,935,348	63,214,000	—	(62,598,641)	615,359	64%	62%	Self-funding
Production Line Improvement of Chengdu Company	85,192,722	6,359,151	63,990,186	(69,802,536)	546,801	90%	92%	Self-funding
Production Line Improvement of Hangzhou Company	62,540,000	6,542,459	42,090,292	(48,391,888)	240,863	95%	98%	Self-funding
Production Line Improvement of Wuhu Company	3,300,000	133,194	1,547,732	(1,459,520)	221,406	51%	50%	Self-funding
Production Line Improvement of No. 3 Factory	224,645,651	35,267,350	2,994,628	(38,147,448)	114,530	99%	99%	Self-funding
Production Line Improvement of Shaoguan Company	67,436,403	52,816,403	9,184,943	(62,001,346)	—	92%	100%	Self-funding
New Factory Project of Tengzhou Company	295,156,500	35,524,256	34,295,523	(69,819,779)	—	100%	100%	Self-funding
New Factory Project of Fuzhou Company	410,082,900	77,399,700	89,970,653	(167,370,353)	—	100%	100%	Self-funding
Production Line Improvement of Changsha Company	36,000,000	15,727,766	3,515,706	(19,243,472)	—	100%	100%	Self-funding
Other projects	—	9,185,852	149,567,458	(156,402,627)	2,350,683	Not applicable	Not applicable	Self-funding
		624,793,834	1,384,645,964	(1,330,691,950)	678,747,848			

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(13) Construction in progress (continued)

(a) Movement in significant construction in progress (continued)

As at 31 December 2012, the amount of the borrowing costs of new factory project of Malt Factory to be capitalised is RMB3,257,590. The capitalisation rate of borrowing costs is 6.53%. (Interest expenses capitalised from convertible bonds amount to RMB3,811,618, less interest income amount to RMB554,208, of which receiving from proceeds deposited in the bank: 2011: nil).

(b) Provision for impairment

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012	Reason for provision
Tin Seamer Installation Project	(462,515)	—	—	(462,515)	Project terminated

(c) The construction progress of significant construction in progress is set out in Note(a). The construction progress is estimated based on construction work quantity.

(14) Fixed assets pending for disposal

	31 December 2012	31 December 2011	Reason for transfer to assets pending for disposal
Machinery and equipment	9,917,059	3,426,554	Old machinery and Gequipment for disposal

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(15) Intangible assets

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Original cost	2,855,950,174	327,417,443	(6,106,001)	3,177,261,616
Land use rights	1,515,820,582	275,993,300	(6,106,001)	1,785,707,881
Patents	378,018,586	—	—	378,018,586
Proprietary	18,629,100	—	—	18,629,100
Marketing network	766,864,038	—	—	766,864,038
Others	176,617,868	51,424,143	—	228,042,011
Accumulated amortisation	(477,144,173)	(154,062,620)	524,697	(630,682,096)
Land use rights	(235,487,437)	(33,390,960)	524,697	(268,353,700)
Patents	(75,395,739)	(28,856,867)	—	(104,252,606)
Proprietary	(18,629,100)	—	—	(18,629,100)
Marketing network	(94,631,608)	(76,642,670)	—	(171,274,278)
Others	(53,000,289)	(15,172,123)	—	(68,172,412)
Carrying amount	2,378,806,001	—	—	2,546,579,520
Land use rights	1,280,333,145	—	—	1,517,354,181
Patents	302,622,847	—	—	273,765,980
Proprietary	—	—	—	—
Marketing network	672,232,430	—	—	595,589,760
Others	123,617,579	—	—	159,869,599

In 2012, amortisation of intangible assets amount to RMB154,062,620 in total, which is recognised in profit or loss for the current year (2011: RMB126,921,142).

As at 31 December 2012, there are no land use rights pledged as collateral for bank borrowings (31 December 2011: nil).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(15) Intangible assets (continued)

As at 31 December 2012, the relevant legal procedures for certificates application of the Group's land use rights with carrying value of approximately RMB56,578,000 (31 December 2011: RMB138,152,000) are still in process. According to the legal adviser's opinion, the directors of the Company are of the view that, there is no substantial legal restriction for the acquisition of the certificates, which does not have significant impact on the Group's operation and no provision for impairment of intangible assets is considered necessary. In addition, as at 31 December 2012, buildings of certain subsidiaries of the Group were located on parcels of allocated land owned by certain local municipal governments. Most of the relevant local governments have undertaken to implement transfer procedures for these lands. Carrying values of the associated buildings constructed thereon were approximately RMB77,523,000 as at 31 December 2012 (31 December 2011: RMB78,267,000). The Company's directors consider that there is no significant adverse impact on the operations of the Group.

Expenditures on research and development are set out as follows:

	31 December 2011	Increase in current year	Decrease in current year		31 December 2012
			Charged to losses	Recognised as intangible assets	
Beer production process improvement project	—	12,299,946	(12,299,946)	—	—

In 2012, expenditures on research and development incurred amount to RMB12,299,946 (2011: RMB10,969,856) in total, which is recognised in profits and losses for the current year.

Land use rights by locations and approved land use periods are analysed as follows:

	31 December 2012	31 December 2011
In China mainland — 10 to 50 years	<u>1,517,354,181</u>	<u>1,280,333,145</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(16) Goodwill

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Goodwill —				
Immense Brewery Company	958,868,617	—	—	958,868,617
Huanan Region — Nanning Company	130,895,740	—	—	130,895,740
Huabei Region — Three Ring Company/ Beifang Sales Company	24,642,782	—	—	24,642,782
Dongnan Region — Fuzhou Company/ Xiamen Company/Zhangzhou Company/ Dongnan Sales Company	114,031,330	—	—	114,031,330
Others	50,657,188	—	—	50,657,188
	<u>1,279,095,657</u>	—	—	<u>1,279,095,657</u>
Less: provision for impairment (a) —				
Immense Brewery Company	—	—	—	—
Huanan Region — Nanning Company	(130,895,740)	—	—	(130,895,740)
Huabei Region — Three Ring Company/ Beifang Sales Company	(24,642,782)	—	—	(24,642,782)
Dongnan Region — Fuzhou Company/ Xiamen Company/Zhangzhou Company/Dongnan Sales Company	—	—	—	—
Others	(41,872,217)	—	—	(41,872,217)
	<u>(197,410,739)</u>	—	—	<u>(197,410,739)</u>
	<u>1,081,684,918</u>	—	—	<u>1,081,684,918</u>

(a) Impairment

The goodwill allocated to the asset groups and groups of asset groups are summarised by operating segments as follows:

	31 December 2012	31 December 2011
Huanan Region	(130,895,740)	(130,895,740)
Huabei Region	(24,642,782)	(24,642,782)
Other Regions	(41,872,217)	(41,872,217)
	<u>(197,410,739)</u>	<u>(197,410,739)</u>

The recoverable amounts of asset groups and groups of asset groups are calculated using the estimated cash flows determined according to the five-year financial budgets approved by management. Cash flows beyond the five-year period are calculated using the estimated growth rate of 3% which does not exceed the long-term average growth rate of the brewery industry in the PRC.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(16) Goodwill (continued)

(a) Impairment (continued)

The main assumptions applied in calculating discounted future cash flows are as follows:

	Immense Brewery Company	Dongnan Region	Other Regions
Gross margin	37.4%	35.9%	25.6%
Pretax discount rate	20.6%	21.9%	19.9%
After tax discount rate	14.3%	14.3%	14.3%

Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups.

(17) Long-term prepaid expenses

	31 December 2011	Increase in current year	Amortisation in current year	31 December 2012
Decoration and renovation expenses	1,525,054	1,464,944	(840,436)	2,149,562
Occupancy expense	2,080,000	—	(160,000)	1,920,000
Gardening expense	1,561,622	327,040	(801,912)	1,086,750
Rental charge	1,383,193	561,615	(1,588,597)	356,211
Advertising expense	132,000	—	(132,000)	—
Others	900,761	1,179,017	(1,166,847)	912,931
	<u>7,582,630</u>	<u>3,532,616</u>	<u>(4,689,792)</u>	<u>6,425,454</u>

(18) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without taking into consideration the offsetting of balances

	31 December 2012		31 December 2011	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Business combination involving entities not under common control	—	—	985,299	3,941,196
Deductible losses	4,811,371	19,245,484	—	—
Deferred government grants	6,024,639	24,098,557	6,799,069	27,196,276
Provision for assets impairment	7,064,248	28,256,991	8,798,589	35,194,356
Internal unrealised profit's elimination	18,859,739	75,438,955	—	—
Accruals not tax deductible	473,510,133	1,894,040,538	419,458,008	1,677,832,032
	<u>510,270,130</u>	<u>2,041,080,525</u>	<u>436,040,965</u>	<u>1,744,163,860</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(18) Deferred tax assets and deferred tax liabilities (continued)

(b) Deferred tax liabilities without taking into consideration the offsetting of balances

	31 December 2012		31 December 2011	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Business combination involving entities not under common control	178,449,767	713,799,069	209,569,271	838,277,084
The difference between carrying amount and tax base of convertible bonds	24,920,962	99,683,848	43,576,821	174,307,284
The difference between carrying amount and tax base resulted from government grants charged in current profit and loss	123,141	492,563	—	—
	203,493,870	813,975,480	253,146,092	1,012,584,368

(c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2012	31 December 2011
Deductible temporary differences	489,701,736	609,407,297
Deductible losses	856,256,894	914,000,823
	1,345,958,630	1,523,408,120

Given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against which such deductible losses can be utilised is highly uncertain. Therefore, the Group has not recognised deferred tax assets of approximately RMB214,064,000 (31 December 2011: RMB222,674,000) arising from the accumulated losses that can set off against taxable incomes under tax laws in the five-year period from 2013 to 2017. In addition, given the loss-making position of certain subsidiaries, whether it is probable that sufficient future taxable incomes will be available against which temporary differences can be utilised is highly uncertain or the possibility of obtaining approval on the losses from tax authorities is low. Therefore, the Group also has not recognised deferred tax assets of approximately RMB122,425,000 (31 December 2011: RMB152,352,000) arising from the deductible temporary differences resulting from the impacts of provision for impairment losses and business combination on fair value.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(18) Deferred tax assets and deferred tax liabilities (continued)

(d) Deductible losses that are not recognised as deferred tax assets will be overdue in the following years:

	31 December 2012	31 December 2011
2012	—	138,380,361
2013	155,672,168	188,186,709
2014	89,081,607	73,759,599
2015	81,286,262	118,654,504
2016	259,182,527	395,019,650
2017	271,034,330	—
	856,256,894	914,000,823

(e) Offsetting of balances of deferred tax assets and liabilities:

	31 December 2012	31 December 2011
Deferred tax assets	24,920,962	43,576,821
Deferred tax liabilities	24,920,962	43,576,821

Net amounts of deferred assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	31 December 2012		31 December 2011	
	Net amounts	Deductible/ taxable temporary differences after offsetting	Net amounts	Deductible/ taxable temporary differences after offsetting
Deferred tax assets	485,349,168	1,941,396,677	392,464,144	1,569,856,576
Deferred tax liabilities	178,572,908	714,291,632	209,569,271	838,277,084

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(19) Provision for asset impairment

	31 December 2011	Increase in current year	Decrease in current year		31 December 2012
			Reversal	Write-off	
Provision for bad debts	330,308,795	8,593,915	(14,127,493)	(9,336,724)	315,438,493
Including:					
Provision for bad debts of accounts receivable	236,951,339	1,451,040	(878,486)	(7,781,784)	229,742,109
Provision for bad debts of other receivables	93,357,456	7,142,875	(13,249,007)	(1,554,940)	85,696,384
Provision for decline in value of inventories	21,961,704	1,666,055	(1,266,327)	(4,252,899)	18,108,533
Provision for impairment of long-term equity investments	10,028,179	—	—	—	10,028,179
Provision for impairment of fixed assets	694,861,342	6,138,436	—	(32,159,945)	668,839,833
Provision for impairment of investment properties	—	246,160	—	—	246,160
Provision for impairment of construction in progress	462,515	—	—	—	462,515
Provision for impairment of goodwill	197,410,739	—	—	—	197,410,739
	<u>1,255,033,274</u>	<u>16,644,566</u>	<u>(15,393,820)</u>	<u>(45,749,568)</u>	<u>1,210,534,452</u>

(20) Other non-current assets

Other non-current assets represent prepayments for construction and machinery and equipment.

As at 31 December 2012, there are no other non-current assets from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2011: nil).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(21) Short-term borrowings

Classification of short-term borrowings

	Currency	31 December 2012	31 December 2011
Unsecured	HKD	85,617,652	103,696,637
Guaranteed	RMB	—	2,000,000
Entrusted (i)	RMB	62,000,000	57,000,000
		147,617,652	162,696,637

(i) Represents short-term borrowings entrusted to Yangzhou Company by TB Group Company through bank (Note 7 (5)).

In 2012, the weighted average interest rate of short-term borrowings is 5.16% annually (2011: 4.33%).

As at 31 December 2012, there are no short-term borrowings that are due but have not been paid (31 December 2011: nil).

(22) Notes payable

	31 December 2012	31 December 2011
Trade acceptance notes	51,100,000	32,100,000
Bank acceptance notes	30,783,234	51,793,730
	81,883,234	83,893,730

As at 31 December 2012, other cash balances of RMB8,413,180 (31 December 2011: RMB4,130,453) is pledged as collateral for insurance of acceptance notes (Note 5 (1)).

As at 31 December 2012, there are no notes payable guaranteed by TB Group Company (31 December 2011: RMB7,318,780).

As at 31 December 2012, all notes payable are due within six months.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(23) Accounts payable

	31 December 2012	31 December 2011
Amount for purchase materials	1,956,408,429	1,619,007,766
Amount for purchase beer from related parties	21,792,927	22,335,742
Amount for purchase promotion goods	12,846,853	17,272,500
Others	2,353,480	3,405,861
	1,993,401,689	1,662,021,869

(a) As at 31 December 2012, there are no accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2011: nil).

(b) Accounts payable to related parties are analysed as follows (Note 7 (5)):

	31 December 2012	31 December 2011
Yantai Asahi	21,792,927	22,335,742

(c) As at 31 December 2012, accounts payable over 1 year with carrying amount of RMB35,826,187 (31 December 2011: RMB30,504,135) are mainly payables on materials, for which final settlement has not yet been completed. As at the date on which the financial statements are authorised for issue, the aforesaid accounts payable have been paid with the amount of RMB2,866,733 (Note 10 (1)).

(d) Accounts payable dominated in foreign currency are summarised as follows:

	31 December 2012			31 December 2011		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
AUD	—	—	—	23,615	5.8162	137,350

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

	31 December 2012	31 December 2011
Within 1 year	1,957,575,502	1,631,517,734
1 to 2 years	9,214,829	11,031,540
2 to 3 years	7,266,872	5,507,092
Over 3 years	19,344,486	13,965,503
	1,993,401,689	1,662,021,869

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(24) Advances from customers

	31 December 2012	31 December 2011
Advances on sales of beer	656,414,452	751,128,688

(a) As at 31 December 2012, there are no advances from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2011: nil).

(b) Advances from related parties are analysed as follows (Note 7 (5)):

	31 December 2012	31 December 2011
Liaoning Shenqing	13,943,339	21,336,053

(c) As at 31 December 2012, advances from customers over 1 year with carrying amount of approximately RMB11,234,894 (31 December 2011: RMB15,321,032) are mainly purchase deposits received from customers in advance. The amount has not been settled as the Group still maintains cooperative relationship with these customers. As at the date on which the financial statements are authorised to issue, revenue carried forward amounts to RMB 439,308 (Note 10 (1)).

(d) As at 31 December 2012, there are no advances from customers denominated in foreign currency.

(25) Employee benefits payable

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Salaries, bonuses, allowances and subsidies	336,641,343	2,178,261,177	(2,094,983,785)	419,918,735
Staff welfare	255,903	184,250,672	(184,292,378)	214,197
Social insurances	41,432,671	430,717,271	(429,821,862)	42,328,080
Including:				
Medical insurance	13,925,219	121,113,177	(119,580,278)	15,458,118
Pension insurance	19,922,673	258,014,270	(258,994,337)	18,942,606
Unemployment insurance	5,450,053	25,865,979	(26,076,749)	5,239,283
Other insurances	2,134,726	25,723,845	(25,170,498)	2,688,073
Housing funds	18,256,043	141,103,887	(141,105,208)	18,254,722
Labour union fund and employee education fund	109,558,337	79,268,142	(56,986,365)	131,840,114
Internal retirement benefits	251,666,006	93,545,089	(71,131,553)	274,079,542
	757,810,303	3,107,146,238	(2,978,321,151)	886,635,390

As at 31 December 2012, no defaulted payables are included in the balance of employee benefits payable and the balance (other than partial bonuses, internal retirement benefits, social assurance and housing funds for temporary staff, labour union funds and employee education funds) is estimated to be used up in 2013. Bonuses will be paid according to payment plan, internal retirement benefits will be paid in instalments in the period up to the employees' statutory retirement, social assurance and housing funds for temporary staff will be paid based on actual usage, while labour union funds and employee education funds will be paid in instalments based on usage plans.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(26) Taxes payable

	31 December 2012	31 December 2011
Consumption tax	116,725,314	147,133,279
Enterprise income tax	98,824,419	250,165,176
VAT	60,000,947	77,343,931
Business tax	15,747,999	32,849,680
Education surcharge	11,423,364	15,739,792
City maintenance and construction tax	10,662,923	14,274,948
Withholding income tax	1,340,402	2,283,348
Others	36,141,114	28,806,246
	<u>350,866,482</u>	<u>568,596,400</u>

(27) Dividends payable

	31 December 2012	31 December 2011
Payable to SITC Logistic (HK) Limited	<u>1,101,571</u>	<u>761,458</u>

(28) Other payables

	31 December 2012	31 December 2011
Marketing expenses	1,346,765,571	1,238,615,498
Guarantee deposits	698,414,980	696,548,813
Payables to vendors of construction and machinery and equipment	545,993,754	583,344,169
Accruals for transportation expenses	110,418,916	104,763,827
Accruals for advertising expenses	55,196,781	95,923,946
Accruals for general and administrative expenses	37,802,317	37,675,863
Accruals for labour expenses	22,780,353	16,045,553
Accruals for electricity expenses	15,349,803	11,529,868
Withholding overall social planning expenses for staff	10,060,927	6,912,888
Borrowings from related party	—	5,000,000
Others	370,798,938	368,041,341
	<u>3,213,582,340</u>	<u>3,164,401,766</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(28) Other payables (continued)

- (a) Other payables to shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

	31 December 2012	31 December 2011
TB Group Company	—	5,000,000

- (b) Other payables to related parties are analysed as follows (Note 7 (5)):

	31 December 2012	31 December 2011
Zhaoshang Logistics	49,704,038	31,858,161
Yantai Asahi	20,128,779	1,501,875
TB Group Company	—	5,000,000
	69,832,817	38,360,036

- (c) As at 31 December 2012, other payables over 1 year with carrying amount of RMB320,884,930 (31 December 2011: RMB328,516,321) are mainly liabilities incurred on acquisition of subsidiaries. As at the date on which the financial statements are authorised for issue, the aforesaid other payables have been repaid with the amount of RMB11,839,418 (Note 10 (1)).

- (d) Other payables denominated in foreign currency are as follows:

	31 December 2012			31 December 2011		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
USD	718,600	6.2855	4,516,760	582,850	6.3009	3,672,480
HKD	268,845	0.8109	218,006	725,349	0.8107	588,040
MOP	880,885	0.7804	687,443	300,000	0.7886	236,580
			5,422,209			4,497,100

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(29) Current portion of non-current liabilities

	31 December 2012	31 December 2011
Current portion of long-term borrowings (a)	1,786,281	1,690,220
Current portion of long-term payables (b)	1,000,000	625,414
	<u>2,786,281</u>	<u>2,315,634</u>

(a) Current portion of long-term borrowings

	31 December 2012	31 December 2011
Guaranteed	<u>1,786,281</u>	<u>1,690,220</u>

As at 31 December 2012, there are no overdue borrowings (31 December 2011: nil). Guarantee details please refer to Note 5 (30).

Current portion of long-term borrowings are set out as follows:

	Starting date	Ending date	Currency	Interest rate (%)	31 December 2012		31 December 2011	
					Amount in foreign currency	Amount in RMB	Amount in foreign currency	Amount in RMB
Import and Export Bank of China	1996.10.01	2013.04.01	DKK	—	396,832	438,023	391,739	430,639
Import and Export Bank of China	1996.12.31	2013.12.31	EUR	—	152,348	1,267,168	154,313	1,259,581
China Development Bank, Hong Kong Branch	2011.05.25	2013.05.26	HKD	3.15%	100,000	81,090	—	—
						<u>1,786,281</u>		<u>1,690,220</u>

(b) Current portion of long-term payables

As at 31 December 2012, current portion of long-term payables represents Shannan breakthrough development projects payable to Shanxi High-tech Industrial Investment Co., Ltd., a third party, which falls due in February 2013.

(30) Long-term borrowings

	Currency	31 December 2012	31 December 2011
Guaranteed (a)	HKD	445,913,910	445,885,000
Guaranteed (a)	EUR	3,260,293	4,494,214
Guaranteed (a)	DKK	3,311,400	3,737,620
		<u>452,485,603</u>	<u>454,116,834</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(30) Long-term borrowings (continued)

As at 31 December 2012, guaranteed long-term borrowings include:

Bank guaranteed borrowing of RMB445,995,000 (Original foreign currency: HKD550,000,000) (31 December 2011: RMB445,885,000 (Original foreign currency: HKD550,000,000)) is guaranteed by the Company to Hong Kong company, a subsidiary. Of which RMB81,090 falls due on 26 May 2013, while the principal left falls due on 26 May 2014.

Bank guaranteed borrowing of RMB4,527,461 (Original foreign currency: EUR544,323) (31 December 2011: RMB5,753,795 (Original foreign currency: EUR704,906)) guaranteed by the Beijing Branch of Bank of China. The principal amount shall be repaid annually based on the matching principal method, with the last repayment falling due on 31 December 2016. The amount due within one year amounted to RMB1,267,168 (31 December 2011: RMB1,259,581);

Bank guaranteed borrowing of RMB3,749,423 (Original foreign currency: DKK3,396,832) (31 December 2011: RMB4,168,259 (Original foreign currency: DKK3,791,739)) guaranteed by Beijing Development and Reform Commission. The principal amount shall be repaid twice annually based on the matching principal method, with the last repayment falling due on 1 April 2021. The amount due within one year amounted to RMB438,023 (31 December 2011: RMB430,639);

(a) Long-term borrowings are set out as follows:

	Starting date	Ending date	Currency	Interest rate (%)	31 December 2012		31 December 2011	
					Amount in foreign currency	Amount in RMB	Amount in foreign currency	Amount in RMB
China Development Bank, Hong Kong Branch	2011.05.25	2014.05.26	HKD	3.15%	549,900,000	445,913,910	550,000,000	445,885,000
Import and Export Bank of China	1996.12.31	2016.12.31	EUR	—	391,975	3,260,293	550,593	4,494,214
Import and Export Bank of China	1996.10.01	2021.04.01	DKK	—	3,000,000	3,311,400	3,400,000	3,737,620
						<u>452,485,603</u>		<u>454,116,834</u>

In 2012, the weighted average interest rate of long-term borrowings is 3.12% annually (2011: 2.90%).

As at 31 December 2012, there is no overdue long-term borrowing.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(31) Debentures payable

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Convertible bonds	1,334,692,717	86,623,436	(12,000,000)	1,409,316,153

As stated in Note 1, the Company issued the convertible bond with subscription warrants amounted to RMB1,500 million with a term of 6 years on 2 April 2008. The coupon rate of the convertible bonds was 0.8% per annum. Upon the issue of the bonds, the prevailing market interest rates of similar bonds without warrants were higher than the interest rate of the bond. The effective interest rate of the convertible bonds was 6.1%.

The fair value of the liability component of the convertible bonds was assessed based on the market interest rates of similar bonds without warrants on the date of issue. The fair value of the embedded equity component was calculated as the issue amount of the convertible bonds less the amount initially recognised for the liability component, and was included in equity.

Accrued interests of debentures are analysed as follows:

	Accrued interests			31 December 2012
	31 December 2011	Current year accruals	Current year payments	
Convertible bonds	—	12,000,000	(12,000,000)	—

As at 31 December 2012, the liability component of the convertible bonds is set out as follow:

	<i>RMB</i>
Face value of the convertible bonds	1,500,000,000
Less: Equity component	(389,702,040)
Transaction costs attributable to liability component	(26,245,028)
Liability component on initial recognition	1,084,052,932
Interest expenses up to 31 December 2011	286,639,785
Interest paid up to 31 December 2011	(36,000,000)
Liability component as at 31 December 2011	1,334,692,717
Interest expenses for the year ended 31 December 2012	86,623,436
Including: Capitalised interest expenses	3,811,618
Interest expenses recognised as financial expenses	82,811,818
Interest paid for the year ended 31 December 2012	(12,000,000)
Liability component as at 31 December 2012	1,409,316,153

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(32) Payables for specific projects

Payables for specific projects mainly represent the relocation compensation received by subsidiaries from the government. As the relocation has not yet been completed, the amount was temporarily accounted for as “Payables for specific projects” in accordance with the requirements under No. 3 Interpretation of Accounting Standards for Business Enterprises issued by the Ministry of Finance.

(33) Other non-current liabilities

	31 December 2012	31 December 2011
Deferred income (a)	<u>1,381,212,241</u>	<u>1,011,216,862</u>

(a) Deferred income

	31 December 2012	31 December 2011
Government grants related to income		
Projects on relocation compensation	—	21,886,308
Projects on scientific research grant	<u>5,385,000</u>	<u>6,665,169</u>
	<u>5,385,000</u>	<u>28,551,477</u>
Government grants related to assets		
Projects on relocation compensation for old factory	<u>1,212,905,177</u>	857,960,444
Projects on expansion or new factory construction	<u>123,565,954</u>	86,152,013
Projects on technology improvement	<u>22,145,439</u>	21,701,540
Project on sewage treatment	<u>7,476,461</u>	7,409,064
Other projects	<u>9,734,210</u>	<u>9,442,324</u>
	<u>1,375,827,241</u>	<u>982,665,385</u>
	<u>1,381,212,241</u>	<u>1,011,216,862</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(34) Share capital

	31 December 2011	Current year movement		31 December 2012
		Others	Subtotal	
Shares not subject to trading restriction —				
RMB-denominated ordinary shares	695,913,617	—	—	695,913,617
Foreign shares listed overseas	655,069,178	—	—	655,069,178
	<u>1,350,982,795</u>	<u>—</u>	<u>—</u>	<u>1,350,982,795</u>
	31 December 2010	Current year movement		31 December 2011
		Others	Subtotal	
Shares subject to trading restriction —				
State-owned legal person shares	399,820,000	(399,820,000)	(399,820,000)	—
Other domestic shares	17,574,505	(17,574,505)	(17,574,505)	—
Including: Domestic non-state-owned legal shares	17,574,505	(17,574,505)	(17,574,505)	—
	<u>417,394,505</u>	<u>(417,394,505)</u>	<u>(417,394,505)</u>	<u>—</u>
Shares not subject to trading restriction —				
RMB-denominated ordinary shares (Note 1)	278,519,112	417,394,505	417,394,505	695,913,617
Foreign shares listed overseas	655,069,178	—	—	655,069,178
	<u>933,588,290</u>	<u>417,394,505</u>	<u>417,394,505</u>	<u>1,350,982,795</u>
	<u>1,350,982,795</u>	<u>—</u>	<u>—</u>	<u>1,350,982,795</u>

Since the implementation of the Company's share reform proposal on 18 December 2006, the shareholders of non-circulating shares of the Company obtained trading rights immediately. Pursuant to the stipulated lock-in period of five years, as at 31 December 2011, 417,394,505 shares held by the original shareholders of non-circulating shares were subject to trading (Note 1).

(35) Capital surplus

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Share premium (i)	3,920,210,913	—	(51,999,365)	3,868,211,548
Other capital surplus —	97,727,988	—	—	97,727,988
Share of changes in equity other than profits of investees	1,636,986	—	—	1,636,986
Transfer of capital surplus recognised under the previous accounting system	91,701,228	—	—	91,701,228
Others	4,389,774	—	—	4,389,774
	<u>4,017,938,901</u>	<u>—</u>	<u>(51,999,365)</u>	<u>3,965,939,536</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(35) Capital surplus (continued)

	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Share premium	3,920,210,913	—	—	3,920,210,913
Other capital surplus —	96,628,728	1,099,260	—	97,727,988
Share of changes in equity other than profits of investees	1,636,986	—	—	1,636,986
Transfer of capital surplus recognised under the previous accounting system	91,701,228	—	—	91,701,228
Others	3,290,514	1,099,260	—	4,389,774
	<u>4,016,839,641</u>	<u>1,099,260</u>	<u>—</u>	<u>4,017,938,901</u>

- (i) As stated in Note 4 (4)(v), Songjiang Company, a subsidiary of the Company, increased investment to Yangzhou Company and acquired the 25% equity interest in Yangzhou Company held by TB Group Company. The difference between the increase in the cost of long-term equity investments as a result of acquisition of minority interests and the share of net assets of the subsidiary calculated continuously from the date of the acquisition or merger based on the new shareholding proportion is adjusted against the capital surplus.

(36) Surplus reserve

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Statutory surplus reserve	<u>808,735,661</u>	<u>118,921,906</u>	<u>—</u>	<u>927,657,567</u>
	31 December 2010	Increase in current year	Decrease in current year	31 December 2011
Statutory surplus reserve	<u>691,825,740</u>	<u>116,909,921</u>	<u>—</u>	<u>808,735,661</u>

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. According to a resolution at the Board of Directors, the Company appropriated 10% of net profit, amounting to RMB118,921,906 for the year ended 31 December 2012 (2011: 10% of the net profit for year, amounting to RMB116,909,921) to the statutory surplus reserve.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(37) Undistributed profits

	2012		2011	
	Amount	Ratio for appropriation or distribution	Amount	Ratio for appropriation or distribution
Undistributed profits at the beginning of the year	4,915,661,595		3,537,820,385	
Add: Net profit attributable to the Company for the current year	1,758,863,400		1,737,928,034	
Less: Appropriation for statutory surplus reserve	(118,921,906)	10%	(116,909,921)	10%
Ordinary shares dividend payable	(351,255,527)	0.26 per share	(243,176,903)	0.18 per share
Undistributed profits at the end of the year	6,204,347,562		4,915,661,595	
Dividend proposed but not declared	540,393,118	0.40 per share	351,255,527	0.26 per share
Total proposed dividend in the year	540,393,118	0.40 per share	351,255,527	0.26 per share

As at 31 December 2012, included in the undistributed profits, RMB589,294,835 is subsidiaries' surplus reserve attributable to the Company (31 December 2011: RMB552,675,184), of which RMB36,619,651 is appropriated for the current year (2011: RMB72,255,885).

In accordance with the resolution at the Annual General Meeting dated on 27 June 2012, the Company proposed a cash dividend RMB0.26 per share (pre-tax) to the shareholders of the Company of RMB351,255,527, based on total numbers of shares 1,350,982,795.

In accordance with the resolution at the Board of Directors' meeting dated on 27 March 2013, the Company proposed a cash dividend to the shareholders of the Company of RMB540,393,118 (RMB0.40 per share (pre-tax)) based on total numbers of shares 1,350,982,795. Such dividend distribution is still subject to the approval of the Annual General Meeting (Note 10 (2)).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(38) Minority interests

Minority interests attributable to the shareholders of subsidiaries

	31 December 2012	31 December 2011
Shenzhen Asahi	205,508,590	199,668,835
Jieyang Company	51,705,397	—
Nanning Company	41,844,060	38,171,153
Hangzhou Company	37,886,601	40,794,335
Sanshui Company	28,542,904	27,231,784
Jiujiang Company	19,987,685	—
Hanzhong Company	12,822,976	15,702,977
Xuzhou Company	11,628,605	15,099,488
Zhangzhou Company	10,799,014	10,504,502
Gansu Nongken Company (i)	(59,351,473)	(61,437,302)
Five Star Company (i)	(27,768,471)	(28,848,934)
Three Ring Company (i)	(22,909,910)	(41,581,133)
Yangzhou Company (ii)	—	(52,499,541)
Others	4,781,918	3,689,729
	315,477,896	166,495,893

(i) Negative net assets derived from continued deficit in the past years. Minority interests calculated in accordance with the shares is negative.

(ii) As stated in Note 4 (4)(v), Songjiang Company, the subsidiary of the company, purchased shares of Yangzhou Company held by minority shareholders.

(39) Revenue and cost of sales

	2012	2011
Revenue from main operation	25,318,235,820	22,790,387,561
Revenue from other operations	463,308,157	367,666,769
	25,781,543,977	23,158,054,330
	2012	2011
Cost of main operation	(15,099,979,531)	(13,159,564,329)
Cost of other operations	(333,890,005)	(257,094,429)
	(15,433,869,536)	(13,416,658,758)

Notes to Financial Statements

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(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(39) Revenue and cost of sales (continued)

(a) Revenue and cost of main operation

The Group is principally engaged in the production and distribution of beer products. Analysis by products is as follow:

	2012		2011	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sales of Beer	25,318,235,820	(15,099,979,531)	22,790,387,561	(13,159,564,329)

Analysis by locations is as follow:

	2012		2011	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Shandong Region	13,559,800,871	(8,162,217,905)	12,068,452,358	(6,918,042,375)
Huanan Region	5,070,749,736	(2,979,755,272)	4,640,562,508	(2,585,702,324)
Huabei Region	4,628,715,690	(3,289,794,010)	3,965,873,099	(2,805,012,585)
Huadong Region	2,219,808,801	(1,672,532,892)	1,794,505,981	(1,329,849,806)
Dongnan Region	1,781,830,658	(1,169,575,849)	1,689,821,367	(1,104,853,150)
Hong Kong, Macau and other overseas	426,337,813	(241,745,943)	445,694,744	(219,671,717)
	27,687,243,569	(17,515,621,871)	24,604,910,057	(14,963,131,957)
Less: eliminations	(2,369,007,749)	2,415,642,340	(1,814,522,496)	1,803,567,628
	25,318,235,820	(15,099,979,531)	22,790,387,561	(13,159,564,329)

(b) Revenue and cost of other operations

	2012		2011	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sale of materials and scraps	193,972,141	(151,151,541)	168,400,949	(118,997,957)
Sale of packaging materials	71,650,907	(73,862,504)	54,029,672	(64,761,173)
Transportation service	49,027,952	(47,808,826)	24,002,827	(23,325,324)
Others	148,657,157	(61,067,134)	121,233,321	(50,009,975)
	463,308,157	(333,890,005)	367,666,769	(257,094,429)

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(39) Revenue and cost of sales (continued)

(c) Revenue from the five largest customers of the Group

Revenue from the five largest customers of the Group with amount of RMB1,630,481,199 (2011: RMB1,468,578,832) accounts for 6.32% (2011: 6.34%) of the total revenue of the Group, as analysed below:

	Revenue of sales	Percentage of the total revenue
Customer 1	480,735,681	1.86%
Customer 2	404,876,472	1.57%
Customer 3	310,101,074	1.20%
Customer 4	244,296,658	0.95%
Customer 5	190,471,314	0.74%
	<u>1,630,481,199</u>	<u>6.32%</u>

(40) Tax and surcharges

	2012	2011	Tax basis
Consumption tax	1,734,809,828	1,598,292,430	Note 3
City maintenance and construction tax	259,526,950	240,017,943	Note 3
Education surcharge and local education surcharge	197,799,951	176,719,119	Note 3
Business tax	8,828,837	9,328,687	Note 3
Others	116,895	55,183	
	<u>2,201,082,461</u>	<u>2,024,413,362</u>	

(41) Selling and distribution expenses

	2012	2011
Promotion-related expenses	1,552,086,138	1,545,464,244
Employee benefit expenses	1,146,725,163	887,955,506
Transportation expenses	1,062,596,429	1,016,628,002
Advertising related expenses	673,546,991	558,289,944
Administrative and business travel expenses	158,725,746	122,955,594
Amortisation expenses	87,630,398	62,225,783
Rental expenses	73,454,205	69,899,620
Materials consumption	61,644,102	52,144,304
Design expenses	54,025,570	45,412,015
Depreciation expenses	9,743,617	6,776,344
Others	50,687,259	46,914,931
	<u>4,930,865,618</u>	<u>4,414,666,287</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(42) General and administrative expenses

	2012	2011
Employee benefit	599,366,665	576,492,771
Administrative, business travel, and entertainment expenses	175,053,386	157,980,342
Tax expenses	137,473,829	113,613,128
Amortisation expenses	66,432,222	64,695,359
Depreciation expenses	57,530,227	49,869,615
Repair expenses	35,598,948	31,076,511
Intermediary agency fees	28,372,453	30,120,205
Materials consumption	22,116,331	21,545,030
Insurance premiums	19,241,815	17,052,081
Rental expenses	17,059,830	16,420,045
Handling charges	13,828,897	12,302,186
Auditors' remuneration	8,400,000	7,600,000
Others	88,947,096	85,425,803
	<u>1,269,421,699</u>	<u>1,184,193,076</u>

(43) Financial expenses — net

	2012	2011
Interest expense	104,099,156	96,877,780
Including: Bank borrowings	21,287,338	14,831,321
Debentures payable	82,811,818	82,046,459
Less: Interest income	(299,272,868)	(147,217,342)
Exchange losses — net	2,478,602	221,298
Unrecognised financing charge	7,919,446	9,180,229
Others	6,634,662	4,725,135
	<u>(178,141,002)</u>	<u>(36,212,900)</u>

As at 31 December 2012 and 31 December 2011, the Group's interest expenses by repayment term of bank borrowings and debentures payable are wholly repayable within five years.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(44) Investment income

	2012	2011
Income from long-term equity investment under cost method (a)	117,237	6,264
Income from long-term equity investment under equity method (b)	14,844,764	4,499,264
Others	—	(244,157)
	<u>14,962,001</u>	<u>4,261,371</u>

There is no significant restriction on recovery of investment income.

In 2012 and 2011, investment income of the Group was from unlisted investments.

(a) Investment income from long-term equity investment under cost method

The investees are set out as follows:

	2012	2011	Reason for current year fluctuation
Harbin Commercial Bank	103,143	—	No profit distribution in prior year
Zhejiang Taizhou Expressway Group Co., Ltd.	14,094	6,264	Increase in distributed profit of the investee for the year
	<u>117,237</u>	<u>6,264</u>	

(b) Investment income from long-term equity investment under equity method

The investees are set out as follows:

	2012	2011	Reason for current year fluctuation
Yantai Asahi	9,668,253	1,151,846	Increase in profit of the investee for the year
Zhaoshang Logistics	4,870,369	2,915,621	Increase in profit of the investee for the year
Liaoning Shenqing	153,620	157,323	Decrease in profit of the investee for the year
European Company	152,522	274,474	Decrease in profit of the investee for the year
	<u>14,844,764</u>	<u>4,499,264</u>	

(45) Asset impairment losses

	2012	2011
Impairment loss of fixed assets	6,138,436	8,248,044
Impairment loss on decline in the values of inventories	399,728	1,007,353
Impairment loss on bad debts	(5,533,578)	7,773,479
	<u>1,004,586</u>	<u>17,028,876</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(46) Non-operating income

	2012	2011
Government grants (a)	360,278,759	426,104,954
Gain on disposal of non-current assets	10,410,237	20,669,009
Including: Gains on disposal of fixed assets	10,410,237	20,669,009
Gain on unpaid debts	10,029,904	12,399,031
Penalty gains	1,222,029	1,616,955
Others	12,889,784	9,014,789
	394,830,713	469,804,738

In 2012, non-operating income was recognised in non-recurring profit or loss.

(a) Details of government grants

	2012	2011	Remarks
Project support fund	196,830,544	93,027,249	Grants for technology improvement projects and sewage treatment projects
Relocation compensation	104,933,825	196,726,908	Relocation compensation for manufacturing factories
Tax return	16,615,745	114,117,615	Return of certain portion of tax paid
Enterprise development fund	16,259,793	8,000,000	Enterprise development grants
Others	25,638,852	14,233,182	
	360,278,759	426,104,954	

(47) Non-operating expenses

	2012	2011
Losses on disposal of non-current assets	36,682,557	136,610,344
Including: Losses on disposal of fixed assets	34,959,791	108,013,294
Losses on disposal of intangible assets	1,722,766	28,597,050
Compensation and overdue fine	1,694,340	3,344,855
Public welfare donations	1,126,703	2,492,818
Penalty losses	436,789	664,852
Others	9,137,171	13,347,547
	49,077,560	156,460,416

In 2012, non-operating expenses were all recognised in non-recurring profit or loss.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(48) Income tax expenses

	2012	2011
Current income tax calculated according to tax law and related regulations in mainland China	749,932,060	731,007,362
Current profits tax calculated according to tax law and related regulations in Hong Kong	11,974,331	4,243,313
Current profits supplemental tax calculated according to tax law and related regulations in Macau	1,368,984	1,538,547
Deferred income tax	<u>(123,881,387)</u>	<u>(79,491,217)</u>
	<u>639,393,988</u>	<u>657,298,005</u>

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

	2012	2011
Total profit	<u>2,484,156,233</u>	<u>2,454,912,564</u>
Income tax expenses calculated at applicable tax rates	606,267,489	578,629,304
Tax impact for equivalent sales and expenses not deductible	41,479,582	65,299,634
Income not subject to tax	<u>(30,787,642)</u>	<u>(35,051,266)</u>
Utilisation of previously unrecognised deferred tax assets	<u>(30,469,497)</u>	<u>(46,299,603)</u>
Tax impact for which no deferred tax asset was recognised	65,849,591	94,719,936
Others	<u>(12,945,535)</u>	<u>—</u>
Income tax expenses	<u>639,393,988</u>	<u>657,298,005</u>

(49) Earnings per share

(a) Basic earnings per share

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

	2012	2011
Consolidated net profit attributable to ordinary shareholders of the Company	1,758,863,400	1,737,928,034
Weighted average number of ordinary shares outstanding	<u>1,350,982,795</u>	<u>1,350,982,795</u>
Basic earnings per share	<u>1.302</u>	1.286
Including:		
— Basic earnings per share relating to continuing operations	1.302	1.286

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(49) Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary share by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares in 2012 (2011: nil), diluted earnings per share equal to basic earnings per share.

(50) Other comprehensive income

	2012	2011
Exchange differences arising from translating foreign operations	1,905,828	11,476,251
Others	—	1,099,260
	<u>1,905,828</u>	<u>12,575,511</u>

(51) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2012	2011
Deposits	596,950,219	674,289,808
Government grants	231,436,142	96,016,072
Income from sales of materials and scraps	186,995,816	171,440,754
Others	223,856,993	224,939,422
	<u>1,239,239,170</u>	<u>1,166,686,056</u>

(b) Cash paid relating to other operating activities

	2012	2011
Transportation expenses	1,285,735,004	1,010,877,383
Marketing and promotion expenses	731,145,465	469,113,702
Advertising expenses	643,522,430	575,428,409
Administrative expense	323,994,716	281,045,896
Deposits	314,019,659	438,185,374
Others	229,759,223	306,782,104
	<u>3,528,176,497</u>	<u>3,081,432,868</u>

(c) Cash received relating to other investing activities

	2012	2011
Government compensation for relocation and expansion projects	409,690,373	617,186,985
Interest income of Finance Company	224,851,728	48,264,181
Receipt of tender deposits	24,097,284	10,408,038
Deposits of Yantai Asahi (Associate) in Finance Company	18,624,745	1,501,649
Receipt of deposit for acquisition of a subsidiary	—	85,000,000
	<u>677,264,130</u>	<u>762,360,853</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(51) Notes to consolidated cash flow statement (continued)

(d) Cash paid relating to other investing activities

	2012	2011
Deposits reserved of Finance Company	280,990,000	521,570,000
Payment of tender deposits	24,765,551	9,366,534
	<u>305,755,551</u>	<u>530,936,534</u>

(e) Cash received relating to other financing activities

	2012	2011
Recovery of deposit for acceptance notes and letter of credit	—	22,401,507

(f) Cash paid relating to other financing activities

	2012	2011
Payment of finance lease payables	641,247	2,564,587
Deposits for issuance of acceptance notes and letter of credit	—	18,034,344
Others	—	220,000
	<u>641,247</u>	<u>20,818,931</u>

(52) Supplementary information to consolidated cash flow statements

(a) Supplementary information to consolidated cash flow statements

Reconciliation from net profit to cash flows from operating activities

	2012	2011
Net profit	1,844,762,245	1,797,614,559
Add: Provisions for asset impairment	1,004,586	17,028,876
Depreciation of fixed assets and investment properties	685,084,760	570,888,585
Amortisation of intangible assets	154,062,620	122,763,515
Amortisation of long-term prepaid expenses	4,689,792	4,157,627
Losses on disposal of fixed assets, intangible assets and other long-term assets	26,272,320	115,941,335
Financial (income)/expenses	(169,421,184)	29,916,596
Investment income	(14,962,001)	(4,261,371)
Increase in deferred tax assets	(92,885,024)	(59,963,128)
Decrease in deferred tax liabilities	(30,996,363)	(19,528,089)
Decrease/(Increase) in inventories	359,296,653	(594,262,843)
Decrease/(Increase) in operating receivables	150,256,806	(313,840,578)
Increase in operating payables	186,431,564	205,853,938
Net cash flows from operating activities	<u>3,103,596,774</u>	<u>1,872,309,022</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

5 Notes to the consolidated financial statements (continued)

(52) Supplementary information to consolidated cash flow statements (continued)

(a) Supplementary information to consolidated cash flow statements (continued)

Net increase in cash and cash equivalent

	2012	2011
Cash and cash equivalent at the end of the year (c)	6,269,184,262	5,550,147,726
Less: Cash at the beginning of the year	(5,550,147,726)	(7,562,805,978)
Net increase/(decrease) in cash and cash equivalent	719,036,536	(2,012,658,252)

(b) Acquisition of subsidiaries

	2012	2011
Consideration for acquisition	—	1,940,866,697
Cash paid for acquisition	—	1,940,866,697
Less: Cash in the subsidiary acquired	—	(172,148,737)
Net cash paid for acquisition	—	1,768,717,960

Net assets of the subsidiary acquired

	2012	2011
Current assets	—	425,944,409
Non-current assets	—	1,260,087,741
Current liabilities	—	(487,751,383)
Non-current liabilities	—	(201,607,266)
	—	996,673,501

(c) Cash and cash equivalent

	31 December 2012	31 December 2011
Cash (Note 5(1))	6,269,184,262	5,550,147,726
Including: Cash on hand	453,100	655,920
Cash at bank that can be readily drawn on demand	6,268,731,162	5,549,491,806
Cash and cash equivalent at end of year	6,269,184,262	5,550,147,726

Notes to Financial Statements

For the Year Ended 31 December 2012

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6 Segment information

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

Finance Company, the Group's wholly-controlled subsidiary, is principally engaged in the financial businesses of wealth management and agency collection and payment for its members. Due to the unique business characteristics of Finance Company, the Group manages its operation independently and evaluates its operating results separately, to determine its resource allocation and assess its performance.

The Group identified 7 reportable segments as follows:

- Shandong region, responsible for the production and distribution of beer in Shandong region and peripheral regions
- Huanan region, responsible for the production and distribution of beer in South China region
- Huabei region, responsible for the production and distribution of beer in North China region
- Huadong region, responsible for the production and distribution of beer in East China region
- Dongnan region, responsible for the production and distribution of beer in Southeast China region
- Hong Kong, Macau and other overseas, responsible for the distribution of beer in Hong Kong, Macau and other overseas
- Finance Company, engaged in the financial businesses of wealth management and agency collection and payment for its members.

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

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

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

6 Segment information (continued)

(a) Segment information as at and for the year ended 31 December 2012 is as follow:

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	12,920,137,680	4,979,642,715	3,659,697,194	2,016,091,565	1,772,259,935	433,705,807	9,081	—	—	25,781,543,977
Inter-segment revenue	1,760,806,680	208,717,064	1,008,896,206	239,948,440	25,410,942	51,213,978	11,713,753	—	(3,306,707,063)	—
Selling and distribution expenses	(2,596,997,248)	(1,073,180,516)	(371,841,430)	(381,454,497)	(404,366,724)	(102,854,566)	(170,637)	—	—	(4,930,865,618)
Interest income	16,304,385	10,555,808	42,747,075	4,387,087	3,568,043	423,653	275,943,839	60,282,068	(114,939,090)	299,272,868
Interest expenses	56,407,279	(9,668,042)	(40,019,687)	(13,412,047)	—	(14,040,813)	(114,939,090)	(83,365,846)	114,939,090	(104,099,156)
Share of profit of associates and jointly controlled entity	—	—	—	—	—	—	—	14,844,764	—	14,844,764
Asset impairment losses	9,477,775	(5,737,731)	(2,391,306)	(1,268,837)	(308,177)	(776,310)	—	—	—	(1,004,586)
Depreciation and amortisation	(343,186,060)	(239,738,011)	(137,409,508)	(76,808,399)	(5,898,460)	(2,428,047)	(679,792)	(37,688,895)	—	(843,837,172)
Total profit	1,738,414,872	399,270,775	357,948,017	(128,044,774)	122,718,337	44,911,618	163,759,118	(195,555,358)	(19,266,372)	2,484,156,233
Income tax expenses	(364,483,732)	(126,393,844)	(65,585,022)	(12,061,257)	(22,516,365)	(21,575,061)	(39,306,278)	—	12,527,571	(639,393,988)
Net profit	1,373,931,140	272,876,931	292,362,995	(140,106,031)	100,201,972	23,336,557	124,452,840	(195,555,358)	(6,738,801)	1,844,762,245
Total assets	8,588,271,267	4,531,165,568	3,981,695,082	1,826,865,079	1,242,179,374	403,180,121	5,944,344,971	3,941,284,015	(6,797,879,892)	23,661,105,585
Total liabilities	3,804,176,331	2,009,918,722	2,520,683,669	1,196,999,247	571,101,202	456,614,295	5,493,293,931	1,743,173,112	(6,918,285,830)	10,877,674,679
Long-term equity investments in associates and jointly controlled entity	—	—	—	—	—	—	—	162,568,290	—	162,568,290
Additions to non-current assets other than long-term equity investments	625,457,944	578,133,486	427,909,640	415,244,652	148,997,696	1,092,498	1,631,409	68,240,427	—	2,266,707,752

Notes to Financial Statements

For the Year Ended 31 December 2012
(All amounts in RMB Yuan unless otherwise stated)

6 Segment information (continued)

(b) Segment information as at and for the year ended 31 December 2011 is as follow:

	Shandong Region	Huanan Region	Huabei Region	Huadong Region	Dongnan Region	Hong Kong, Macau and other overseas	Finance Company	Unallocated	Elimination	Total
Revenue from external customers	11,443,959,513	4,514,961,587	3,398,912,070	1,686,848,799	1,653,806,999	459,565,362	—	—	—	23,158,054,330
Inter-segment revenue	1,610,561,236	207,400,527	607,895,602	146,371,426	54,403,621	143,569,079	242,820	—	(2,770,444,311)	—
Selling and distribution expenses	(2,436,278,274)	(867,251,711)	(329,064,565)	(332,317,703)	(342,195,131)	(111,862,534)	—	—	4,303,631	(4,414,666,287)
Interest income	13,066,089	8,801,052	20,806,873	3,562,726	1,539,583	3,871	61,399,903	56,179,842	(18,142,597)	147,217,342
Interest expenses	(1,283,443)	(7,651,831)	(29,866,996)	(7,692,668)	—	(8,051,393)	(18,142,597)	(82,046,459)	57,857,607	(96,877,780)
Share of profit of associates and jointly controlled entity	—	—	—	—	—	—	—	4,499,264	—	4,499,264
Asset impairment losses	(1,025,118)	(2,371,092)	(7,037,478)	(2,986,384)	(3,610,493)	1,689	—	—	—	(17,028,876)
Depreciation and amortisation	(283,248,015)	(167,575,727)	(114,889,611)	(68,455,228)	(24,779,080)	(2,477,969)	(204,464)	(36,179,633)	—	(697,809,727)
Total profit	1,611,315,349	617,503,727	342,076,634	(129,862,277)	102,724,362	88,536,806	41,681,562	(210,893,518)	(8,170,081)	2,454,912,564
Income tax expenses	(351,555,679)	(154,941,899)	(88,204,787)	(9,463,465)	(24,782,982)	(17,649,586)	(10,699,607)	—	—	(657,298,005)
Net profit	1,259,759,670	462,561,828	253,871,847	(139,325,742)	77,941,380	70,887,220	30,981,955	(210,893,518)	(8,170,081)	1,797,614,559
Total assets	8,765,643,279	3,955,076,028	3,525,050,902	1,600,233,539	979,568,831	228,077,840	4,202,730,438	3,410,209,502	(5,032,436,798)	21,634,153,561
Total liabilities	3,641,192,298	1,902,404,312	2,375,098,247	819,138,477	587,552,569	427,021,138	3,871,748,484	1,732,364,428	(4,999,300,959)	10,357,218,994
Long-term equity investments in associates and jointly controlled entity	—	—	—	—	—	—	—	150,656,550	—	150,656,550
Additions to non-current assets other than long-term equity investments	1,888,033,290	905,554,202	409,062,244	331,629,069	323,843,150	11,535,588	3,892,268	156,907,978	(15,644,900)	4,014,812,889

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

Revenue from external customers	2012	2011
Domestic	25,205,377,883	22,559,150,988
In Hong Kong and Macau	241,466,676	257,940,191
In other countries/geographical areas	334,699,418	340,963,151
	25,781,543,977	23,158,054,330
	31 December 2012	31 December 2011
Total non-current assets	13,022,100,574	11,646,437,298
Domestic	11,522,100	11,899,357
In Hong Kong and Macau	13,033,622,674	11,658,336,655

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7 Related parties and related party transactions

(1) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note 4 (1).

(2) Information of jointly controlled entity and associates

Type	Place of registration	Legal representative	Nature of business	Registered capital	equity interest (%)	voting rights (%)	Code of organisation	
Jointly controlled entity -								
Equipment Manufacture	Chinese-foreign cooperative enterprise	Qingdao, the PRC	Matsuzawa Hideo	Manufacture & installation of equipment and accessories	USD 350,000	50%	50%	71375865-5
Associates -								
Yantai Asahi	Company limited	Yantai, the PRC	Yamazaki Fumio	Producing & trading of beer and wine etc.	RMB218,804,435	39%	39%	61341620-1
Zhaoshang Logistics	Company limited	Qingdao, the PRC	Li Yasheng	Logistics service and management	RMB20,000,000	30%	30%	73353404-2
Liaoning Shenqing	Company limited	Liaoning, the PRC	Wang Zhi	Domestic trading of beer	RMB 2,000,000	30%	30%	74275001-1
European Company	Stock corporation	France	Not applicable	Import & Export trading of beer	EUR 152,449	40%	40%	Not applicable

(3) Information of other related parties

	Relationship with the Group	Code of organisation
TB Group Company	Shareholder of the Company	26462834-4
Asahi Breweries	Shareholder of the Company	Not applicable
Asahi Brewery (Shanghai) Product Services Ltd. ("Asahi Brewery Shanghai") (i)	Asahi Breweries' subsidiary	60741668-6
Beijing Brewery Asahi Company Limited ("Beijing Asahi")	Asahi Breweries' subsidiary	60000772-4
Asahi Investment	Asahi Breweries' subsidiary	71092096-0

(i) Asahi Brewery Shanghai deregistered in 2011 and is no longer the related party of the Group.

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7 Related parties and related party transactions (continued)

(4) Related party transactions

(a) Sales or purchases of goods, and rendering or receiving services

Purchases of goods and receiving services

Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	2012		2011	
			Amount	Percentage of similar transactions	Amount	Percentage of similar transactions
Yantai Asahi	Purchase of beer	Mutually-agreed prices and approval of board of directors	605,842,449	3.88%	528,352,495	3.62%
Zhaoshang Logistics	Purchase logistics service (including paid on behalf)	Mutually-agreed prices and approval of board of directors	250,914,772	25.49%	320,257,289	33.82%
Equipment Manufacture	Purchase equipment and installation service	Mutually-agreed prices and approval of board of directors	—	—	14,432,138	1.02%
Beijing Asahi	Purchase of beer	Mutually-agreed prices and approval of board of directors	—	—	40,663,031	0.28%

Sales of goods and materials:

Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	2012		2011	
			Amount	Percentage of similar transactions	Amount	Percentage of similar transactions
Liaoning Shengqing	Sale of beer	Mutually-agreed prices and approval of board of directors	310,101,074	1.22%	310,456,505	1.36%
European Company	Sale of beer	Mutually-agreed prices and approval of board of directors	54,489,371	0.22%	58,881,936	0.26%
Asahi Breweries	Sale of beer	Mutually-agreed prices and approval of board of directors	40,838,726	0.16%	51,660,772	0.23%
Asahi Investment	Sale of beer	Mutually-agreed prices and approval of board of directors	9,825,306	0.04%	14,459,701	0.06%
Beijing Asahi	Sale of materials	Mutually-agreed prices and approval of board of directors	—	—	1,944,444	0.01%
Asahi Brewery Shanghai	Sale of beer	Mutually-agreed prices and approval of board of directors	—	—	594,978	0.01%

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For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

7 Related parties and related party transactions (continued)

(4) Related party transactions (continued)

(b) Financing

	2012	2011
TB Group Company	<u>62,000,000</u>	<u>62,000,000</u>

(c) Repayment funds

	2012	2011
TB Group Company	<u>62,000,000</u>	<u>67,000,000</u>

(d) Deposits

	2012	2011
Yantai Asahi	<u>576,071,877</u>	<u>1,501,649</u>

(e) Payment of interest

	2012	2011
TB Group Company	4,347,653	4,218,000
Yantai Asahi	<u>119,035</u>	<u>—</u>
	<u>4,466,688</u>	<u>4,218,000</u>

(f) Service charge

	2012	2011
Yantai Asahi	<u>7,298</u>	<u>—</u>

(g) Purchase of minority interests

As stated in Note 4 (4)(v), Songjiang Company, acquired 25% equity interest in Yangzhou Company held by TB Group Company, by RMB4,000,000.

(h) Remuneration of key management

	2012	2011
Remuneration of key management	<u>19,147,245</u>	<u>16,721,083</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

7 Related parties and related party transactions (continued)

(4) Related party transactions (continued)

(i) Directors, supervisors and CEO's emoluments

Directors, supervisors and CEO's emoluments for the year ended 31 December 2012 are set out below:

Name	Fees	Salary	Social insurance and housing funds	Total
Directors:				
Jin Zhiguo (i)	—	689,028	21,758	710,786
Sun Mingbo (ii)	—	1,715,996	44,463	1,760,459
Wang Fan	—	1,364,076	44,463	1,408,539
Jiang Hong	—	1,067,436	44,463	1,111,899
Sun Yuguo	—	967,436	44,463	1,011,899
Wang Xuezheng	100,000	—	—	100,000
Zhao Changwen	100,000	—	—	100,000
Wu Xiaobo	100,000	—	—	100,000
Ma Haitao	100,000	—	—	100,000
CEO:				
Huang Kexing (iii)	—	729,128	22,706	751,834
Supervisors:				
Duan Jiajun (iv)	50,000	—	—	50,000
Du Changgong (v)	50,000	—	—	50,000
Yang Weicheng	60,000	—	—	60,000
Li Yan	60,000	—	—	60,000
Xue Chaoshan	—	338,835	44,463	383,298
Sun Lihong	—	246,760	44,463	291,223
Xing Jun	—	203,040	44,463	247,503
	<u>620,000</u>	<u>7,321,735</u>	<u>355,705</u>	<u>8,297,440</u>

(i) Resigned on 28 June 2012.

(ii) Resigned CEO, appointed as Chairman on 28 June 2012.

(iii) Appointed on 28 June 2012.

(iv) Appointed on 27 June 2012.

(v) Resigned on 27 June 2012.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

7 Related parties and related party transactions (continued)

(4) Related party transactions (continued)

(i) Directors, supervisors and CEO's emoluments (continued)

Directors, supervisors and CEO's emoluments for the year ended 31 December 2011 are set out below:

Name	Fees	Salary	Social insurance and housing funds	Total
Directors:				
Jin Zhiguo	—	1,976,256	40,401	2,016,657
Sun Mingbo (CEO)	—	1,543,776	40,401	1,584,177
Wang Fan	—	1,117,136	40,401	1,157,537
Jiang Hong	—	897,136	40,401	937,537
Sun Yuguo	—	887,536	40,401	927,937
Liu Yingdi	—	777,536	40,401	817,937
Fumio Yamazaki	30,000	—	—	30,000
Wang Xuezheng	50,000	—	—	50,000
Zhao Changwen	50,000	—	—	50,000
Wu Xiaobo	50,000	—	—	50,000
Ma Haitao	50,000	—	—	50,000
Tang Jun	30,000	—	—	30,000
Fu Yang	40,000	—	—	40,000
Li Yan	40,000	—	—	40,000
Poon Chiu Kwok	40,000	—	—	40,000
Wang Shuwen	40,000	—	—	40,000
Supervisors:				
Du Changgong	90,000	—	—	90,000
Yang Weicheng	30,000	—	—	30,000
Li Yan	70,000	—	—	70,000
Xue Chaoshan	—	445,900	40,401	486,301
Sun Lihong	—	311,756	40,401	352,157
Xing Jun	—	53,868	20,557	74,425
Cao Xiangdong	—	83,100	16,536	99,636
Liu Qingyuan	20,000	—	—	20,000
Zhong Mingshan	20,000	—	—	20,000
	650,000	8,094,000	360,301	9,104,301

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

7 Related parties and related party transactions (continued)

(4) Related party transactions (continued)

(i) Directors, supervisors and CEO's emoluments (continued)

The five individuals whose emoluments are the highest

The five individuals whose emoluments are the highest in the Group for the current year include 2 (2011: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2011: 2) individuals during the current year are summarised as follows:

	2012	2011
Salary	4,787,660	2,474,279
Social insurance and housing funds	133,389	80,802
	4,921,049	2,555,081
	Number of individuals	
	2012	2011
Emolument bands:		
HKD1,500,000 – 2,000,000 (RMB1,200,000 – 1,600,000)	2	2
HKD2,500,000 – 3,000,000 (RMB2,000,000 – 2,400,000)	1	0

(5) Receivables from and payables to related parties

Receivables from related parties:

	31 December 2012		31 December 2011	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable (Note 5 (3))				
Guangzhou General Agency	18,859,690	(18,859,690)	18,859,690	(18,859,690)
Beijing Sales Company	11,245,784	(11,245,784)	11,245,784	(11,245,784)
European Company	10,475,314	—	12,336,949	—
Asahi Breweries	1,703,799	—	7,778,782	—
Asahi Investment	616,798	—	1,869,327	—
	42,901,385	(30,105,474)	52,090,532	(30,105,474)
Other non-current assets				
— Prepayments for construction Equipment Manufacture	9,662,030	—	—	—

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

7 Related parties and related party transactions (continued)

(5) Receivables from and payables to related parties (continued)

Payables to related parties:

	31 December 2012	31 December 2011
Accounts payable (Note 5 (23))		
Yantai Asahi	<u>21,792,927</u>	<u>22,335,742</u>
Other payables (Note 5 (28))		
Zhaoshang Logistics	49,704,038	31,858,161
Yantai Asahi	20,128,779	1,501,875
TB Group Company	—	5,000,000
	<u>69,832,817</u>	<u>38,360,036</u>
Advances from customers (Note 5 (24))		
Liaoning Shenqing	<u>13,943,339</u>	<u>21,336,053</u>
Short-term borrowings (Note 5 (21))		
TB Group Company	<u>62,000,000</u>	<u>57,000,000</u>

(6) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date are as follows:

Equipment procurement

	31 December 2012	31 December 2011
Equipment Manufacture	<u>767,970</u>	<u>—</u>

8 Contingencies

As stated in Note 3 (2)(i), the Group's potential risk of income tax liabilities related to prior years has not been settled. The directors are of the view that the potential income tax liabilities could not be reliably estimated and therefore, no provision was made in these financial statements.

9 Commitments

(1) Capital commitments

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

	31 December 2012	31 December 2011
Buildings, machinery and equipment	<u>592,911,698</u>	<u>512,592,871</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

9 Commitments (continued)

(1) Capital commitments (continued)

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

	31 December 2012	31 December 2011
Buildings, machinery and equipment and intangible assets	<u>3,465,487,656</u>	<u>3,232,054,227</u>

As at the balance sheet date, jointly controlled entity of the Group has no significant capital expenditures contracted for, or capital commitments authorised by the management but not yet contracted for.

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2012	31 December 2011
Within one year	6,125,104	8,606,296
Between 1 and 2 years	4,780,555	5,557,320
Between 2 and 3 years	2,520,000	3,388,226
Over 3 years	<u>420,000</u>	<u>—</u>
	<u>13,845,659</u>	<u>17,551,842</u>

(3) Investment commitments

Pursuant to the Business Joint Venture Company (“Business JV Company”) Framework Agreement and the Sales Joint Venture Company (“Sales JV Company”) Framework Agreement (“Framework Agreement”) entered into between the Company and Suntory (China) Investment Company Limited (“Suntory Company”), both parties agreed to restructure the assets and businesses of their respective certain subsidiaries in Shanghai city and Jiangsu province into the Business JV Company and the Sales JV Company respectively.

Songjiang Company will be the platform company of the Business JV Company. The Company will inject certain subsidiaries’ equity interest into Songjiang Company by way of equity transfer, capital injection and other internal restructuring activities. Suntory Company will obtain 50% equity interest in Songjiang Company by way of capital injection to Songjiang Company with certain subsidiaries’ equity interest and cash.

The Company and Suntory Company agreed to inject RMB10,000,000 respectively to establish the Sales JV Company, and therefore hold 50% equity interest respectively. The Company and Suntory Company will then inject their respective certain subsidiaries engaged in sale of beer into the Sales JV Company by way of equity transfer, asset and business transfer, etc.

As at 31 December 2012, the Company has implemented internal restructuring as provided in the Framework Agreements (Note 4 (4)). However, the transaction structure of the JV companies has not been finalised, and the application procedures for the establishment of the JV companies have not commenced. The ultimate establishment of the JV companies is still uncertain.

The directors and management of the Company consider that the ultimate establishment of the JV companies is uncertain. Taking into account that the Framework Agreements may be revoked by mutual agreement, the assets of certain subsidiaries of the Company over which control will be lost as a result of the restructuring do not meet the recognition criteria for assets held for sale.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

9 Commitments (continued)

(4) Fulfillment of commitments for the previous period

The Group has fulfilled the capital expenditure commitments, operating lease, and investment commitments as at 31 December 2011.

10 Events after the balance sheet date

(1) Significant events after the balance sheet date

Item	Content	Effects to financial positions and operating results	Reason for affected amount not being reliably estimated
Repayment of payables (Note 5 (23)(c)) (Note 5 (28)(c))	Repayment of significant payables over 1 year	Asset and liability decrease RMB14,706,151 respectively	Not applicable
Transfer of advance from customers to revenue (Note 5 (24)(c))	Transfer of advance from customers over 1 year to revenue	Liability decrease and total profit increase RMB 439,308	Not applicable

(2) Dividends distribution after the balance sheet date

	Amount
Dividends proposed (a)	
— Dividends authorised to declare	540,393,118

- (a) In accordance with the resolution at the Board of Directors' meeting dated on 27 March 2013, the Board of Directors proposed a dividend in the amount of RMB540,393,118 to the shareholders, which is not recorded as liability in the financial statements for the current year (Note 5 (37)).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

11 Leases

For the year ended 31 December 2012, leases payments under operating leases recognised in profit or loss for the current year amount to RMB90,514,035 (2011: RMB86,319,665).

The future lease payments of fixed assets held under finance leases are as follows:

	31 December 2012	31 December 2011
Within one year	—	641,247

As at 31 December 2012, there is no unrecognised financing charge (31 December 2011: RMB15,833).

12 Business Combination

See Note 4 (2), (3).

13 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from financing activities and business transactions denominated in foreign currencies, primarily with respect to HKD. As the balance of the borrowings dominated in foreign currencies and the business transactions settled in foreign currencies are not material, the directors of the Company are of the view that the Group's exposure to foreign exchange risk would be immaterial. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the currency risk. The Group may consider entering into forward exchange contracts to mitigate the foreign exchange risk. During 2012 and 2011, the Group did not enter into any forward exchange contracts.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

13 Financial instrument and risk (continued)

(1) Market risk (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2012 and 2011, the carrying amounts in RMB equivalent to the Group's assets and liabilities denominated in foreign currencies are summarised as below:

	31 December 2012		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand (Note 5 (1))	190,649,752	90,823,451	281,473,203
Accounts receivable (Note 5 (3)(l))	32,061,183	36,448,949	68,510,132
Other receivable (Note 5 (4)(k))	1,202,897	208,109	1,411,006
	<u>223,913,832</u>	<u>127,480,509</u>	<u>351,394,341</u>
Financial liabilities denominated in foreign currency —			
Short-term borrowings (Note 5 (21))	85,617,652	—	85,617,652
Other payables (Note 5 (28)(d))	218,006	5,204,203	5,422,209
Current portion of non-current liabilities (Note 5 (29))	81,090	1,705,191	1,786,281
Long-term borrowings (Note 5 (30))	445,913,910	6,571,693	452,485,603
	<u>531,830,658</u>	<u>13,481,087</u>	<u>545,311,745</u>
	31 December 2011		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency —			
Cash at bank and on hand (Note 5 (1))	20,883,849	43,594,381	64,478,230
Accounts receivable (Note 5 (3)(l))	30,016,689	43,155,721	73,172,410
Other receivables (Note 5 (4)(k))	900,619	169,846	1,070,465
	<u>51,801,157</u>	<u>86,919,948</u>	<u>138,721,105</u>
Financial liabilities denominated in foreign currency —			
Short-term borrowings (Note 5 (21))	103,696,637	—	103,696,637
Accounts payable (Note 5 (23)(d))	—	137,350	137,350
Other payables (Note 5 (28)(d))	588,040	3,909,060	4,497,100
Current portion of non-current liabilities (Note 5 (29))	—	1,690,220	1,690,220
Long-term borrowings (Note 5 (30))	445,885,000	8,231,834	454,116,834
	<u>550,169,677</u>	<u>13,968,464</u>	<u>564,138,141</u>

As at 31 December 2012, if the currency had strengthened/weakened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB23,094,000 (31 December 2011: RMB37,378,000) higher/lower for various financial assets and liabilities denominated in HKD.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

13 Financial instrument and risk (continued)

(1) Market risk (continued)

(b) Interest rate risk

The Group's interest rate risk arises from interest bearing debts including bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2012, the Group's interest bearing debts were mainly RMB-denominated and HKD-denominated with floating rates, amounting to RMB531,612,652 (31 December 2011: RMB551,581,637), and RMB-denominated with fixed rates, amounting to RMB1,471,316,153 (31 December 2011: RMB1,391,692,717).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The management of the Group makes decisions with reference to the latest market conditions. The directors of the Company are of the view that future interest rate changes will not have material adverse impact on the Group's operating results.

In 2012, if interest rates on the floating rate borrowings had risen/fallen 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB1,836,000 (2011: approximately RMB1,382,000).

(c) Price risk

The Group's price risk arises from fluctuation in price of the principal raw materials in beer production, while the rise in price of raw material will have adverse impact on the Group's operating results. The purchasing department of the Group keeps analysing and monitoring the trend of the price of the raw materials, and considers entering into long-term purchase contracts with the suppliers to make sure that there is no material fluctuation in price of the raw materials. The directors of the Company are of the view that future price changes of principal raw materials will not have material adverse impact on the Group's operating results.

(2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties. Sales are mainly settled by advances from customers or bank acceptance notes, and accordingly, there is no significant credit risk in relation to customers.

The management of the Group does not consider that there will be any significant loss resulted from the non-performance of these counterparties.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

13 Financial instrument and risk (continued)

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial assets and liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2012				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial assets —					
Cash at bank and on hand	7,118,248,041	—	—	—	7,118,248,041
Notes receivable	61,800,000	—	—	—	61,800,000
Accounts receivable	312,427,165	—	—	—	312,427,165
Interest receivables	63,996,403	—	—	—	63,996,403
Other receivables	172,988,274	—	—	—	172,988,274
	<u>7,729,459,883</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,729,459,883</u>
Financial liabilities —					
Short-term borrowings	149,650,966	—	—	—	149,650,966
Notes payable	81,883,234	—	—	—	81,883,234
Accounts payable	1,993,401,689	—	—	—	1,993,401,689
Interest payable	1,735,072	—	—	—	1,735,072
Dividends payable	1,101,571	—	—	—	1,101,571
Other payables	3,213,582,340	—	—	—	3,213,582,340
Current portion of non-current liabilities	2,788,835	—	—	—	2,788,835
Long-term borrowings	14,046,288	461,721,036	3,265,534	1,545,320	480,578,178
Debentures payable	12,000,000	1,512,000,000	—	—	1,524,000,000
	<u>5,470,189,995</u>	<u>1,973,721,036</u>	<u>3,265,534</u>	<u>1,545,320</u>	<u>7,448,721,885</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

13 Financial instrument and risk (continued)

(3) Liquidity risk (continued)

	31 December 2011				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets —					
Cash at bank and on hand	6,107,611,258	—	—	—	6,107,611,258
Notes receivable	98,350,000	—	—	—	98,350,000
Accounts receivable	325,048,799	—	—	—	325,048,799
Other receivables	207,782,549	—	—	—	207,782,549
	<u>6,738,792,606</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,738,792,606</u>
Financial liabilities —					
Short-term borrowings	164,919,713	—	—	—	164,919,713
Notes payable	83,893,730	—	—	—	83,893,730
Accounts payable	1,662,021,869	—	—	—	1,662,021,869
Interest payable	2,458,418	—	—	—	2,458,418
Dividends payable	761,458	—	—	—	761,458
Other payables	3,164,401,766	—	—	—	3,164,401,766
Current portion of non-current liabilities	2,331,467	—	—	—	2,331,467
Long-term borrowings	13,109,019	14,923,334	456,875,905	1,978,740	486,886,998
Debentures payable	12,000,000	12,000,000	1,512,000,000	—	1,536,000,000
Long-term payables	—	1,000,000	—	—	1,000,000
	<u>5,105,897,440</u>	<u>27,923,334</u>	<u>1,968,875,905</u>	<u>1,978,740</u>	<u>7,104,675,419</u>

Bank borrowings and debentures payable are analysed by repayment terms as follows:

	31 December 2012		31 December 2011	
	Bank borrowings	Debentures payable	Bank borrowings	Debentures payable
Wholly repayable within five years	598,140,113	1,500,000,000	614,335,432	1,500,000,000
Not wholly repayable within five years	3,749,423	—	4,168,259	—
	<u>601,889,536</u>	<u>1,500,000,000</u>	<u>618,503,691</u>	<u>1,500,000,000</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

13 Financial instrument and risk (continued)

(4) Fair value

(a) Financial instruments not measured at fair value

Financial assets and liabilities not measured at fair value mainly represent receivables, short-term borrowings, payables, long-term borrowings, debentures payable, and long-term payables.

Except for financial liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	31 December 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities — Debentures payable	<u>1,409,316,153</u>	<u>1,391,612,879</u>	<u>1,334,692,717</u>	<u>1,312,899,991</u>

The fair value of long-term borrowings, long-term payables and debentures payable not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms.

(b) As at 31 December 2012, there are no financial instruments of the Group measured at fair value (31 December 2011: nil).

14 Financial assets and liabilities in foreign currencies

	31 December 2011	Profit or loss arising from changes in fair value for the current year	Cumulative amount of changes in fair value recognised directly in equity	Provision for impairment	31 December 2012
Financial assets —					
Cash at bank and on hand (Note 5 (1))	64,478,230	—	—	—	281,473,203
Accounts receivable (Note 5 (3)(l))	73,172,410	—	—	—	68,510,132
Other receivables (Note 5 (4)(k))	1,070,465	—	—	—	1,411,006
Subtotal	<u>138,721,105</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>351,394,341</u>
Financial liabilities					
Short-term borrowings (Note 5 (21))	103,696,637	—	—	—	85,617,652
Accounts payable (Note 5 (23)(d))	137,350	—	—	—	—
Other payables (Note 5 (28)(d))	4,497,100	—	—	—	5,422,209
Current portion of non-current liabilities (Note 5 (29))	1,690,220	—	—	—	1,786,281
Long-term borrowings (Note 5 (30))	454,116,834	—	—	—	452,485,603
Subtotal	<u>564,138,141</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>545,311,745</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements

(1) Accounts receivable

	31 December 2012	31 December 2011
Accounts receivable	769,677,309	272,521,756
Less: provision for bad debts	<u>(80,601,395)</u>	<u>(76,917,944)</u>
	<u>689,075,914</u>	<u>195,603,812</u>

The majority of the Company's domestic sales are made with advances from customers. The remainings are settled by letters of credit, bank acceptance notes or credit terms from 30 to 150 days.

(a) The ageing of accounts receivable based on their recording dates is analysed below:

	31 December 2012	31 December 2011
Within 6 months	677,617,981	189,837,888
6 months to 1 year	5,764,278	491,906
1 to 2 years	2,371,448	1,338,150
2 to 3 years	—	9,266
Over 3 years	<u>83,923,602</u>	<u>80,844,546</u>
	<u>769,677,309</u>	<u>272,521,756</u>

(b) Accounts receivable are analysed by categories as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and subject to separate provision	30,105,474	3.91%	(30,105,474)	100%	30,105,474	11.05%	(30,105,474)	100%
Subject to provision by groups								
Group B	659,820,172	85.73%	—	—	158,029,438	57.99%	—	—
Group C	79,751,663	10.36%	(50,495,921)	63.32%	84,386,844	30.96%	(46,812,470)	55.47%
	<u>769,677,309</u>	<u>100%</u>	<u>(80,601,395)</u>	<u>10.47%</u>	<u>272,521,756</u>	<u>100%</u>	<u>(76,917,944)</u>	<u>28.22%</u>

(c) As at 31 December 2012, accounts receivable with amounts that are individually significant and the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Guangzhou General Agency	18,859,690	(18,859,690)	100%	Note 5 (3)(c)
Beijing Sales Company	11,245,784	(11,245,784)	100%	Note 5 (3)(c)
	<u>30,105,474</u>	<u>(30,105,474)</u>	100%	

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

- (d) Accounts receivable that related provision for bad debts is provided on grouping basis using the ageing analysis method (Group C) are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 6 months	28,490,227	35.72%	—	—	37,509,429	44.45%	—	—
6 months to 1 year	175,224	0.22%	(8,761)	5%	68,363	0.08%	(3,418)	5%
1 to 2 years	1,198,104	1.50%	(599,052)	50%	—	—	—	—
2 to 3 years	—	—	—	—	—	—	—	—
Over 3 years	49,888,108	62.56%	(49,888,108)	100%	46,809,052	55.47%	(46,809,052)	100%
	<u>79,751,663</u>	<u>100%</u>	<u>(50,495,921)</u>	<u>63.32%</u>	<u>84,386,844</u>	<u>100%</u>	<u>(46,812,470)</u>	<u>55.47%</u>

- (e) There are no accounts receivable that related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year (2011: nil).
- (f) As at 31 December 2012, there are no accounts receivable that are written off (31 December 2011: The amount of accounts receivable written off is RMB800,063).
- (g) As at 31 December 2012, there are no accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2011: nil).
- (h) As at 31 December 2012, the five largest accounts receivable are analysed as follows:

	Relationship with the Company	Amount	Ageing	% of total balance
Shibei Sales	Subsidiary	205,701,558	Within 6 months	26.73%
Pingdu Sales	Subsidiary	67,003,365	Within 6 months	8.71%
Dongnan Sales Company	Subsidiary	63,262,938	Within 6 months	8.22%
Sifang Sales	Subsidiary	60,224,149	Within 6 months	7.82%
Sanshui Company	Subsidiary	30,779,357	Within 6 months	4.00%
		<u>426,971,367</u>		<u>55.48%</u>

Notes to Financial Statements

For the Year Ended 31 December 2012
(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

(i) Accounts receivable from related parties are analysed as follows:

	Relationship with the Company	31 December 2012			31 December 2011		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Subsidiaries (Group B)		659,820,172	85.73%		158,029,438	57.99%	—
Shibei Sales	Subsidiary	205,701,558	26.73%	—	—	—	—
Pingdu Sales	Subsidiary	67,003,365	8.71%	—	—	—	—
Dongnan Sales Company	Subsidiary	63,262,938	8.22%	—	30,846,402	11.32%	—
Sifang Sales	Subsidiary	60,224,149	7.82%	—	—	—	—
Sanshui Company	Subsidiary	30,779,357	4.00%	—	—	—	—
Hong Kong Company	Subsidiary	25,998,305	3.38%	—	24,499,003	8.99%	—
Beifang Sales Company	Subsidiary	20,264,663	2.63%	—	22,730,595	8.34%	—
Nanning Company	Subsidiary	17,222,624	2.24%	—	5,800,972	2.13%	—
Xingkaihu Company	Subsidiary	12,112,849	1.57%	—	4,407,424	1.62%	—
Immense Brewery Company	Subsidiary	11,411,915	1.48%	—	—	—	—
Jieyang Company	Subsidiary	9,092,235	1.18%	—	—	—	—
Rizhao Company	Subsidiary	8,534,606	1.11%	—	—	—	—
Anshan Company	Subsidiary	6,273,741	0.82%	—	1,197,889	0.44%	—
Songjiang Company	Subsidiary	6,185,153	0.80%	—	8,952,930	3.29%	—
Zhuhai Company	Subsidiary	5,855,318	0.76%	—	—	—	—
Three Ring Company	Subsidiary	5,778,688	0.75%	—	1,565,595	0.57%	—
Maanshan Company	Subsidiary	5,723,572	0.74%	—	2,740,127	1.01%	—
Xuechegn Company	Subsidiary	5,572,070	0.72%	—	3,866,388	1.42%	—
Taizhou Company	Subsidiary	5,560,747	0.72%	—	1,491,014	0.55%	—
Harbin Company	Subsidiary	5,559,660	0.72%	—	2,226,528	0.82%	—
Taiyuan Company	Subsidiary	5,401,826	0.70%	—	—	—	—
Hangzhou Company	Subsidiary	5,104,215	0.66%	—	—	—	—
Huangshi Company	Subsidiary	4,755,636	0.62%	—	—	—	—
Jinan Company	Subsidiary	4,359,490	0.57%	—	3,081,536	1.13%	—
Shouguang Company	Subsidiary	4,307,939	0.56%	—	—	—	—
Macau Company	Subsidiary	4,049,978	0.53%	—	4,027,717	1.48%	—
Qingdao Guangrunlong Logistics Company Limited ("Guangrunlong Logistics")	Subsidiary	3,930,020	0.51%	—	3,930,020	1.44%	—
Rongcheng Company	Subsidiary	3,450,000	0.45%	—	1,470,176	0.53%	—
Five Star Company	Subsidiary	3,289,982	0.43%	—	—	—	—
Other subsidiaries	Subsidiary	43,053,573	5.60%	—	35,195,122	12.91%	—
Guangzhou General Agency	Associate	18,859,690	2.45%	(18,859,690)	18,859,690	6.92%	(18,859,690)
Beijing Sales Company	Associate	11,245,784	1.46%	(11,245,784)	11,245,784	4.13%	(11,245,784)
European Company	Associate	10,475,314	1.36%	—	12,336,949	4.53%	—
		<u>700,400,960</u>	<u>91.00%</u>	<u>(30,105,474)</u>	<u>200,471,861</u>	<u>73.57%</u>	<u>(30,105,474)</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

- (j) As at 31 December 2012, there are no accounts receivable derecognised due to transfer of financial assets (31 December 2011: nil).
- (k) As at 31 December 2012, there are no accounts receivable pledged as collateral for the Group's borrowings (31 December 2011: nil).

(2) Other receivables

	31 December 2012	31 December 2011
Receivables from subsidiaries	139,697,116	140,148,694
Refund for prepayment of land use rights	17,441,647	17,441,647
Staff advance	12,332,944	9,974,120
Deposits	10,865,599	4,617,052
Payments for hop on behalf of subsidiaries	—	52,621,267
Refund for prepayment of property	—	13,000,000
Others	19,091,169	13,849,846
	199,428,475	251,652,626
Less: provision for bad debts	(44,347,489)	(45,919,299)
	155,080,986	205,733,327

- (a) The ageing of other receivable is analysed below:

	31 December 2012	31 December 2011
Within 6 months	53,992,133	89,657,702
6 months to 1 year	2,787,433	5,423,480
1 to 2 years	2,065,530	893,055
2 to 3 years	870,890	35,735,577
Over 3 years	139,712,489	119,942,812
	199,428,475	251,652,626

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(b) Other receivables by categories are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	% of total				% of total			
	Amount	balance	Amount	Ratio	Amount	balance	Amount	Ratio
Individually significant and subject to separate provision	17,441,647	8.75%	(17,441,647)	100%	30,441,647	12.10%	(30,441,647)	100%
Subject to provision by groups								
Group A	1,661,000	0.83%	—	—	3,661,000	1.45%	—	—
Group B	139,697,116	70.05%	—	—	140,148,694	55.69%	—	—
Group C	40,628,712	20.37%	(26,905,842)	66.22%	77,401,285	30.76%	(15,477,652)	20%
	199,428,475	100%	(44,347,489)	22.24%	251,652,626	100%	(45,919,299)	18.25%

(c) As at 31 December 2012, other receivables with amounts that are individually significant and the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Provision for bad debts	Ratio	Reason
Refund for repayment of land use rights	17,441,647	(17,441,647)	100%	Note 5 (4)(c)

(d) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method (Group C) are analysed as follows:

	31 December 2012				31 December 2011			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	% of total				% of total			
	Amount	balance	Amount	Ratio	Amount	balance	Amount	Ratio
Within 6 months	13,156,222	32.38%	—	—	57,857,522	74.74%	—	—
6 months to 1 year	392,484	0.97%	(19,624)	5%	3,526,464	4.56%	(176,323)	5%
1 to 2 years	387,577	0.95%	(193,789)	50%	1,431,940	1.85%	(715,970)	50%
2 to 3 years	466,591	1.15%	(466,591)	100%	1,608,833	2.08%	(1,608,833)	100%
Over 3 years	26,225,838	64.55%	(26,225,838)	100%	12,976,526	16.77%	(12,976,526)	100%
	40,628,712	100%	(26,905,842)	66.22%	77,401,285	100%	(15,477,652)	20%

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

- (e) Other receivables that the related provision for bad debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in the current year are as follows (2011: nil):

	Reason for reversal/ collection	Basis for determining the provision for bad debts	Cumulative amount of provision provided before reversal/ collection	Amount of reversal/ collection
Deposit for purchase of a property paid to Qingdao Municipal Local Taxation Bureau No. 2 Branch	Collected in full amount in current year	The management of the Company considers that the possibility of recovery is low	13,000,000	13,000,000

- (f) In 2012, there are no other receivables that are written off (2011: nil).
- (g) As at 31 December 2012, there are no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company (31 December 2011: nil)
- (h) As at 31 December 2012, the five largest other receivables are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Xinan Sales Company	Subsidiary	51,659,963	Over 3 years	25.91%
Dongnan Sales Company	Subsidiary	23,636,335	Over 3 years	11.85%
New Shanghai Sales Company	Subsidiary	16,630,957	Over 3 years	8.34%
Maanshan Company	Subsidiary	14,359,403	Within 6 months	7.20%
Tsingtao Xianghong Shangwu Company Limited ("Xianghong Shangwu")	Subsidiary	10,455,613	Within 6 months	5.24%
		116,742,271		58.54%

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(i) Other receivables from related parties are analysed as follows:

	Relationship with the Company	31 December 2012			31 December 2011		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Subsidiaries (Group B)							
Xinan Sales Company	Subsidiary	51,659,963	25.91%	—	51,659,963	20.53%	—
Dongnan Sales Company	Subsidiary	23,636,335	11.85%	—	23,645,708	9.40%	—
New Shanghai Sales Company	Subsidiary	16,630,957	8.34%	—	—	—	—
Maanshan Company	Subsidiary	14,359,403	7.20%	—	364	0.00%	—
Xianghong Shangwu	Subsidiary	10,455,613	5.24%	—	8,819,505	3.50%	—
Huaihai Sales Company	Subsidiary	7,824,547	3.92%	—	—	—	—
Other subsidiaries	Subsidiary	13,184,750	6.61%	—	56,023,153	22.26%	—
		<u>137,751,568</u>	<u>69.07%</u>	<u>—</u>	<u>140,148,693</u>	<u>55.69%</u>	<u>—</u>

(3) Long-term receivables

	31 December 2011			31 December 2012
Entrusted loans to Subsidiaries (i)	981,881,872			<u>765,750,000</u>
		Increase in current year	Decrease in current year (ii)	
Less: provisions for bad debts	(199,296,547)	—	3,336,547	<u>(195,960,000)</u>
	<u>782,585,325</u>			<u>569,790,000</u>

(i) Represents the entrusted loans to the subsidiaries provided by the Company through banks.

(ii) The company withdrew the entrusted loans from Harbin Company and Xingkaihu Company amount to RMB3,336,547. Provisions for bad debts to these companies are reversed in the current year accordingly.

(4) Long-term equity investments

	31 December 2012	31 December 2011
Subsidiaries — unlisted (a)	<u>8,026,445,552</u>	7,776,384,245
Associates — unlisted (b)	<u>161,681,029</u>	149,921,811
Other long-term equity investments — unlisted (c)	<u>6,485,263</u>	6,485,263
	<u>8,194,611,844</u>	7,932,791,319
Less: Provision for impairment of long-term equity investments (d)	<u>(877,283,490)</u>	(877,283,490)
	<u>7,317,328,354</u>	<u>7,055,507,829</u>

There is no restriction on sales of the long-term equity investments held by the Company.

Notes to Financial Statements

For the Year Ended 31 December 2012
(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(4) Long-term equity investments (continued)

(a) Subsidiaries — unlisted

	Accounting treatment	Investment cost	31 December 2011	Current year movement	31 December 2012	Equity interest held	Voting rights held	Explanation of inconsistency of equity interest held and voting rights held	Provision for impairment	Impairment losses recognised in the current year	Cash dividends declared in the current year
Shenzhen Asahi	Cost method	126,746,680	126,746,680	—	126,746,680	51%	51%	Not applicable	—	—	37,699,200
Chengzhou Company	Cost method	62,601,208	62,601,208	—	62,601,208	88.8%	88.8%	Not applicable	—	—	—
Huanan Sales Company	Cost method	45,070,000	45,070,000	—	45,070,000	100%	100%	Not applicable	—	—	—
Huanan Holding Company	Cost method	208,790,000	208,790,000	—	208,790,000	100%	100%	Not applicable	—	—	55,130,221
Huadong Holding Company	Cost method	96,855,102	96,855,102	—	96,855,102	100%	100%	Not applicable	(96,855,102)	—	—
Songjiang Company (i)	Cost method	153,750,000	153,750,000	364,660,000	518,410,000	100%	100%	Not applicable	—	—	—
Shouguang Company	Cost method	60,000,000	60,000,000	—	60,000,000	99%	99%	Not applicable	—	—	—
No.3 Company (i)	Cost method	—	—	(446,452,300)	—	—	—	Not applicable	—	—	—
Five star Company	Cost method	24,656,410	24,656,410	—	24,656,410	37.64%	37.64%	Not applicable	(24,656,410)	—	—
Three Ring Company	Cost method	69,457,513	69,457,513	—	69,457,513	29%	29%	Not applicable	(69,457,513)	—	—
Beifang Sales Company	Cost method	83,984,000	83,984,000	—	83,984,000	95%	95%	Not applicable	(83,984,000)	—	—
Xi'an Company	Cost method	392,627,114	392,627,114	—	392,627,114	100%	100%	Not applicable	—	—	20,000,000
Weinan Company	Cost method	14,000,000	14,000,000	—	14,000,000	28%	28%	Not applicable	—	—	—
Anshan Company	Cost method	30,000,000	30,000,000	—	30,000,000	60%	60%	Not applicable	—	—	—
Xingkaihu Company	Cost method	129,430,000	129,430,000	—	129,430,000	100%	100%	Not applicable	(129,430,000)	—	—
Mishan Company	Cost method	23,920,000	23,920,000	—	23,920,000	100%	100%	Not applicable	(23,920,000)	—	—
Harbin Company	Cost method	109,940,000	109,940,000	—	109,940,000	100%	100%	Not applicable	(109,940,000)	—	—
Penglai Company	Cost method	30,000,000	30,000,000	—	30,000,000	80%	80%	Not applicable	(30,000,000)	—	—
Rongcheng Company	Cost method	65,103,434	65,103,434	—	65,103,434	70%	70%	Not applicable	(65,103,434)	—	—
Import/ Export Company	Cost method	11,210,000	11,210,000	—	11,210,000	100%	100%	Not applicable	—	—	—
No.5 Company (i)	Cost method	—	43,719,251	(43,719,251)	—	—	—	Not applicable	—	—	—
Tsingtao Brewery (Laoshan) Company Limited	Cost method	18,089,491	18,089,491	—	18,089,491	96.90%	96.90%	Not applicable	—	—	—
Hong Kong Company	Cost method	41,728,681	41,728,681	—	41,728,681	100%	100%	Not applicable	—	—	—
Xinan Sales Company	Cost method	99,300,000	99,300,000	—	99,300,000	100%	100%	Not applicable	(82,310,170)	—	—
Tsingtao Brewery Kai Fa Company Limited	Cost method	1,320,000	1,320,000	—	1,320,000	100%	100%	Not applicable	(1,320,000)	—	—
Taizhou Company	Cost method	60,000,000	60,000,000	—	60,000,000	86.43%	86.43%	Not applicable	—	—	—
Maanshan Company	Cost method	80,000,000	80,000,000	—	80,000,000	94.12%	94.12%	Not applicable	—	—	—
Xianghong Shangwu	Cost method	5,760,000	5,760,000	—	5,760,000	100%	100%	Not applicable	—	—	—
Dongnan Sales Company	Cost method	293,088,560	293,088,560	—	293,088,560	97.44%	97.44%	Not applicable	—	—	—
Changsha Company	Cost method	47,600,000	47,600,000	—	47,600,000	70%	70%	Not applicable	—	—	—
Yangzhou Company (i)	Cost method	—	1,017,142	(1,017,142)	—	—	—	Not applicable	—	—	—
Huaihai Sales Company (i)	Cost method	45,000,000	55,000,000	(10,000,000)	45,000,000	100%	100%	Not applicable	(45,000,000)	—	—
Jinan Company	Cost method	560,000,000	560,000,000	—	560,000,000	100%	100%	Not applicable	—	—	—
Guangrunlong Logistics	Cost method	16,465,405	16,465,405	—	16,465,405	100%	100%	Not applicable	—	—	—
Chengdu Company	Cost method	200,000,000	200,000,000	—	200,000,000	100%	100%	Not applicable	—	—	—
Cultural Communication Company	Cost method	5,290,000	5,290,000	—	5,290,000	100%	100%	Not applicable	—	—	—
Pengcheng Company (i)	Cost method	—	250,370,000	(250,370,000)	—	—	—	Not applicable	—	—	45,510,000
Rizhao Company	Cost method	339,239,300	339,239,300	—	339,239,300	100%	100%	Not applicable	—	—	—
Weifang Company	Cost method	73,620,001	73,620,001	—	73,620,001	100%	100%	Not applicable	—	—	—
Pingyuan Company	Cost method	21,730,001	21,730,001	—	21,730,001	100%	100%	Not applicable	—	—	—
Construction Company	Cost method	2,490,000	2,490,000	—	2,490,000	100%	100%	Not applicable	—	—	—
Langfang Company	Cost method	79,090,000	79,090,000	—	79,090,000	80.80%	80.80%	Not applicable	—	—	—
Suqian Company (i)	Cost method	—	17,040,000	(17,040,000)	—	—	—	Not applicable	—	—	—
Heze Company	Cost method	124,590,000	124,590,000	—	124,590,000	93.08%	93.08%	Not applicable	(51,301,600)	—	—
Tengzhou Company	Cost method	48,310,000	48,310,000	—	48,310,000	76.65%	76.65%	Not applicable	—	—	—
Tsingtao Brewery (Shanghai) Company Limited	Cost method	1,570,000	1,570,000	—	1,570,000	5%	5%	Not applicable	—	—	—
Wuhu Company	Cost method	94,290,000	94,290,000	—	94,290,000	84.25%	84.25%	Not applicable	—	—	—
Shanghai Sales Company (i)	Cost method	47,300,000	47,300,000	50,000,000	97,300,000	97.01%	97.01%	Not applicable	(47,300,000)	—	—
Chengyang Sales Company	Cost method	8,000,000	8,000,000	—	8,000,000	100%	100%	Not applicable	—	—	232,400,000
Baotuan Company	Cost method	174,160,000	174,160,000	—	174,160,000	100%	100%	Not applicable	—	—	—
Shijiazhuang Company	Cost method	321,010,000	321,010,000	—	321,010,000	100%	100%	Not applicable	—	—	—
Taiyuan Company	Cost method	200,000,000	200,000,000	—	200,000,000	100%	100%	Not applicable	—	—	—
Finance Company	Cost method	300,000,000	300,000,000	—	300,000,000	100%	100%	Not applicable	—	—	—
Immense Brewery Company	Cost method	1,404,558,400	1,404,558,400	—	1,404,558,400	75%	75%	Not applicable	—	—	—
Hangzhou Company	Cost method	186,000,000	186,000,000	—	186,000,000	80%	80%	Not applicable	—	—	—
Sifang Sales	Cost method	10,000,000	10,000,000	—	10,000,000	100%	100%	Not applicable	—	—	8,140,000
Jieyang Company	Cost method	150,000,000	150,000,000	—	150,000,000	75%	75%	Not applicable	—	—	—
Beverage Company	Cost method	10,044,252	10,044,252	—	10,044,252	100%	100%	Not applicable	—	—	—
Shaoguan Company	Cost method	200,000,000	200,000,000	—	200,000,000	100%	100%	Not applicable	—	—	—

Notes to Financial Statements

For the Year Ended 31 December 2012
(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(4) Long-term equity investments (continued)

(a) Subsidiaries — unlisted (continued)

	Accounting treatment	Investment cost	31 December 2011	Current year movement	31 December 2012	Equity interest held	Voting rights held	Explanation of inconsistency of equity interest held and voting rights held	Provision for impairment	Impairment losses recognised in the current year	Cash dividends declared in the current year
Hainan Company (i)	Cost method	200,000,000	—	200,000,000	200,000,000	100%	100%	Not applicable	—	—	—
Shibei Sales (i)	Cost method	8,000,000	—	8,000,000	8,000,000	100%	100%	Not applicable	—	—	—
Jiujiang Company (i)	Cost method	180,000,000	—	180,000,000	180,000,000	90%	90%	Not applicable	—	—	—
New shanghai sales (i)	Cost method	1,000,000	—	1,000,000	1,000,000	100%	100%	Not applicable	—	—	—
Xuzhou Enterprise Management (i)	Cost method	10,000,000	—	10,000,000	10,000,000	100%	100%	Not applicable	(10,000,000)	—	—
Pingdu sales (i)	Cost method	5,000,000	—	5,000,000	5,000,000	100%	100%	Not applicable	—	—	—
Luoyang Company (i)	Cost method	200,000,000	—	200,000,000	200,000,000	100%	100%	Not applicable	—	—	—
			7,776,384,245	250,061,307	8,026,445,552				(870,578,229)	—	398,879,421

(i) The movement of long-term equity investments refers to Note 4.

(b) Associates — unlisted

	Accounting treatment	Investment cost	31 December 2011	Share of Profits using the equity method	Cash dividend declared	31 December 2012	Equity interest held	Voting rights held	Explanation of inconsistency of equity interest held and voting rights held	Provision for impairment	Impairment losses recognised in current year
Yantai Asahi	Equity method	120,024,598	126,272,648	9,668,253	(2,933,024)	133,007,877	39%	39%	Not Applicable	—	—
Zhaoshang Logistics	Equity method	6,000,000	19,065,231	4,870,369	—	23,935,600	30%	30%	Not Applicable	—	—
Pingdu Shengqing	Equity method	600,000	3,363,932	153,620	—	3,517,552	30%	30%	Not Applicable	—	—
Others	Equity method	1,220,000	1,220,000	—	—	1,220,000	Not Applicable	Not Applicable	Not Applicable	(1,220,000)	—
			149,921,811	14,692,242	(2,933,024)	161,681,029				(1,220,000)	—

(c) Other long-term equity investments — unlisted

	Accounting treatment	Investment cost	31 December 2011	Current year movement	31 December 2012	Provision for impairment	Impairment losses recognised in the current year	Cash dividends declared in the current year
Yingxiao Club	Cost method	3,985,261	3,985,261	—	3,985,261	(3,985,261)	—	—
Others	Cost method	2,500,002	2,500,002	—	2,500,002	(1,500,000)	—	—
			6,485,263	—	6,485,263	(5,485,261)	—	—

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(4) Long-term equity investments (continued)

(d) Provision for impairment of long-term equity investments

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Subsidiaries	(870,578,229)	—	—	(870,578,229)
Associates	(1,220,000)	—	—	(1,220,000)
Other long-term equity investments	(5,485,261)	—	—	(5,485,261)
	(877,283,490)	—	—	(877,283,490)

(5) Investment properties

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012
Cost	32,408,392	2,111,345	—	34,519,737
Buildings	32,408,392	2,111,345	—	34,519,737
Accumulated depreciation	(12,136,796)	(1,364,347)	—	(13,501,143)
Buildings	(12,136,796)	(1,364,347)	—	(13,501,143)
Carrying amount	20,271,596	—	—	21,018,594
Buildings	20,271,596	—	—	21,018,594

In 2012, buildings with original cost of RMB2,111,345 and accumulated depreciation of RMB597,334 were changed for rent. Accordingly, they were transferred from fixed assets to investment properties in the financial statements.

Depreciation of investment properties recognised in the current year was RMB767,013 (2011: RMB715,813).

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets

	31 December 2011	Increase in current year		Decrease in current year	31 December 2012
Cost	2,296,252,472	1,239,877,953		(144,292,597)	3,391,837,828
Buildings	556,439,154	285,937,757		(22,735,895)	819,641,016
Machinery and equipment	1,394,787,512	879,525,873		(103,829,449)	2,170,483,936
Motor vehicles	134,875,146	21,809,987		(7,845,840)	148,839,293
Other equipment	210,150,660	52,604,336		(9,881,413)	252,873,583
		Increase in current year	Depreciate in current year		
Accumulated depreciation	(1,414,867,206)	(274,879,554)	(136,418,635)	118,816,505	(1,707,348,890)
Buildings	(242,968,129)	(50,518,280)	(14,022,305)	12,537,926	(294,970,788)
Machinery and equipment	(947,294,635)	(209,695,715)	(89,668,939)	90,571,995	(1,156,087,294)
Motor vehicles	(86,460,185)	(5,136,454)	(6,042,409)	6,401,195	(91,237,853)
Other equipment	(138,144,257)	(9,529,105)	(26,684,982)	9,305,389	(165,052,955)
Net book value	881,385,266	—	—	—	1,684,488,938
Buildings	313,471,025	—	—	—	524,670,228
Machinery and equipment	447,492,877	—	—	—	1,014,396,642
Motor vehicles	48,414,961	—	—	—	57,601,440
Other equipment	72,006,403	—	—	—	87,820,628
Provision for impairment	(16,182,217)	(43,260,520)		148,822	(59,293,915)
Buildings	(630,420)	—		—	(630,420)
Machinery and equipment	(1,935,557)	(43,260,520)		—	(45,196,077)
Motor vehicles	(13,616,240)	—		148,822	(13,467,418)
Other equipment	—	—		—	—
Carrying amount	865,203,049	—	—	—	1,625,195,023
Buildings	312,840,605	—	—	—	524,039,808
Machinery and equipment	445,557,320	—	—	—	969,200,565
Motor vehicles	34,798,721	—	—	—	44,134,022
Other equipment	72,006,403	—	—	—	87,820,628

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(6) Fixed assets (continued)

As at 31 December 2012, there are no fixed assets pledged as collateral for borrowings (31 December 2011: nil).

In 2012, depreciation charged to fixed assets amounts to RMB136,418,635 (2011: RMB101,883,525), of which RMB106,384,989, RMB3,835,192 and RMB26,198,454 (2011: RMB71,754,316, RMB3,410,620 and RMB26,718,589) has been charged in cost of sales, selling and distribution expenses, and general and administrative expenses respectively.

The costs of fixed assets transferred from construction in progress amount to RMB608,175,134 (2011: RMB86,131,265).

As at 31 December 2012, the ownership certificates of the Company's certain buildings amounting to approximately RMB35,638,000 had not been obtained (31 December 2011: RMB39,924,000). Please see Note 5 (12)(d) for details.

(7) Construction in progress

	31 December 2012			31 December 2011		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
Production Line Improvement of No. 2 Factory	183,051,271	(462,515)	182,588,756	243,199,635	(462,515)	242,737,120
Production Line Improvement of No. 1 Factory	41,993,097	—	41,993,097	5,246,689	—	5,246,689
New factory project of Malt Factory	16,862,188	—	16,862,188	1,086,095	—	1,086,095
Production Line Improvement of No. 4 Factory	5,560,852	—	5,560,852	—	—	—
Production Line Improvement of No. 5 Factory	3,233,303	—	3,233,303	—	—	—
Production Line Improvement of No. 3 Factory	114,530	—	114,530	—	—	—
Instruments Installation of Headquarters	364,604	—	364,604	883,717	—	883,717
	251,179,845	(462,515)	250,717,330	250,416,136	(462,515)	249,953,621

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(7) Construction in progress (continued)

(a) Movement in significant construction in progress

Name	Budget	31 December 2011	Increase in current year	Transfer to fixed assets	31 December 2012	Proportion of expenditures incurred to budgeted amount	Progress of construction	Source of funds
Production Line Improvement of No. 2 Factory	531,879,285	243,199,635	212,957,471	(273,105,835)	183,051,271	85%	87%	Funding from the exercise of bonds
Production Line Improvement of No. 1 Factory	297,660,000	5,246,689	135,203,366	(98,456,958)	41,993,097	47%	46%	Self-funding
New factory project of Malt Factory	26,000,000	1,086,095	15,776,093	—	16,862,188	65%	63%	Funding from convertible bonds
Production Line Improvement of No. 4 Factory	13,211,497	—	13,211,497	(7,650,645)	5,560,852	100%	99%	Self-funding
Production Line Improvement of No. 5 Factory	5,000,000	—	5,791,895	(2,558,592)	3,233,303	98%	98%	Self-funding
Production Line Improvement of No. 3 Factory	224,645,651	—	223,547,807	(223,433,277)	114,530	99%	99%	Self-funding
Instruments Installation of Headquarters	10,773,648	883,717	2,450,714	(2,969,827)	364,604	31%	32%	Self-funding
		<u>250,416,136</u>	<u>608,938,843</u>	<u>(608,175,134)</u>	<u>251,179,845</u>			

As at 31 December 2012, the amount of the borrowing costs of new factory project of Malt Factory to be capitalised is RMB3,257,590. The capitalisation rate of borrowing costs is 6.53%. Interest expenses capitalised from convertible bonds amount to RMB3,811,618, less interest income amount to RMB554,208, of which receiving from proceeds deposited in the bank (2011: nil).

(b) Provision for impairment

	31 December 2011	Increase in current year	Decrease in current year	31 December 2012	Reason for provision
End Seamer Installation Project	<u>(462,515)</u>	<u>—</u>	<u>—</u>	<u>(462,515)</u>	Project terminated

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(8) Intangible assets

	31 December 2011	Increase in current year		Decrease in current year	31 December 2012
Original cost	537,845,838	157,234,023		—	695,079,861
Land use rights	128,507,875	106,596,588		—	235,104,463
Patents (i)	187,000,000	3,345,726		—	190,345,726
Marketing network	94,475,403	—		—	94,475,403
others	127,862,560	47,291,709		—	175,154,269
Accumulated amortisation	(131,811,188)	(19,537,443)	Increase in current year	Amortise in current year	(189,993,389)
Land use rights	(34,078,630)	(18,467,331)	(4,080,125)	—	(56,626,086)
Patents	(39,549,967)	(1,052,495)	(11,669,703)	—	(52,272,165)
Marketing network	(26,768,030)	—	(9,447,540)	—	(36,215,570)
others	(31,414,561)	(17,617)	(13,447,390)	—	(44,879,568)
Carrying amount	406,034,650	—			505,086,472
Land use rights	94,429,245	—			178,478,377
Patents	147,450,033	—			138,073,561
Marketing network	67,707,373	—			58,259,833
others	96,447,999	—			130,274,701

In 2012, amortisation expenses of intangible assets amount to RMB38,644,758, which is recognised in profit or loss (2011: RMB26,983,961, recognised in profit or loss).

As at 31 December 2012, there are no land use rights pledged as collateral for bank borrowings (31 December 2011: nil).

Expenditures on research and development are set out as follows:

	31 December 2011	Increase in current year	Decrease in current year		31 December 2012
			Charged to losses	Recognised as intangible assets	
Beer production process improvement project	—	12,299,946	(12,299,946)	—	—

In 2012, expenditures on research and development incurred amount to RMB12,299,946 (2011: RMB10,969,856) in total, which is recognised in losses.

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(8) Intangible assets (continued)

Land use rights by location and useful life are analysed as follows:

	31 December 2012	31 December 2011
In China mainland —		
10 to 50 years	<u>178,478,377</u>	<u>94,429,245</u>

(9) Provision for asset impairment

	31 December 2011	Increase in current year	Decrease in current year		31 December 2012
			Reversal	Write-off	
Provision for bad debts	322,133,790	15,118,033	(16,342,939)	—	320,908,884
Including:					
Provision for bad debts of accounts receivable	76,917,944	3,683,451	—	—	80,601,395
Provision for bad debts of other receivables	45,919,299	11,434,582	(13,006,392)	—	44,347,489
Provision for bad debts of long-term receivables	199,296,547	—	(3,336,547)	—	195,960,000
Provision for decline in value of inventories	1,022,238	—	—	—	1,022,238
Provision for impairment of long-term equity investments	877,283,490	—	—	—	877,283,490
Provision for impairment of fixed assets	16,182,217	43,260,520	—	(148,822)	59,293,915
Provision for impairment of construction in progress	462,515	—	—	—	462,515
	<u>1,217,084,250</u>	<u>58,378,553</u>	<u>(16,342,939)</u>	<u>(148,822)</u>	<u>1,258,971,042</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(10) Accounts payable

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

	31 December 2012	31 December 2011
Within 1 year	1,645,572,262	880,959,059
1 to 2 years	107,011	49,172
2 to 3 years	9,631	29,857
Over 3 years	1,825,740	1,839,869
	<u>1,647,514,644</u>	<u>882,877,957</u>

(11) Bank borrowings and debentures payable

Bank borrowings and debentures payable were repayable as follows:

	31 December 2012		31 December 2011	
	Bank borrowings	Debentures payable	Bank borrowings	Debentures payable
Wholly repayable within five years	<u>170,000,000</u>	<u>1,500,000,000</u>	<u>170,000,000</u>	<u>1,500,000,000</u>

(12) Revenue and cost of sales

	2012	2011
Revenue from main operation	13,745,092,474	12,270,953,559
Revenue from other operations	<u>1,180,771,655</u>	<u>1,125,401,132</u>
	<u>14,925,864,129</u>	<u>13,396,354,691</u>
	2012	2011
Cost of main operation	(9,750,498,827)	(8,223,269,379)
Cost of other operations	<u>(1,163,047,020)</u>	<u>(1,102,550,848)</u>
	<u>(10,913,545,847)</u>	<u>(9,325,820,227)</u>

(a) Revenue and cost of main operation

The Company is principally engaged in the production and distribution of beer products. Analysis by products is as follow:

	2012		2011	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Sale of Beer	<u>13,745,092,474</u>	<u>(9,750,498,827)</u>	<u>12,270,953,559</u>	<u>(8,223,269,379)</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(12) Revenue and cost of sales (continued)

(a) Revenue and cost of main operation (continued)

Analysis by locations is summarised as follows:

	2012		2011	
	Revenue from main operation	Cost of main operation	Revenue from main operation	Cost of main operation
Qingdao Region	11,758,034,083	(8,011,688,142)	11,232,266,799	(7,382,212,816)
Hong Kong, Macau and other overseas	269,019,375	(214,539,790)	267,781,289	(196,140,039)
Other regions	1,718,039,016	(1,524,270,895)	770,905,471	(644,916,524)
	<u>13,745,092,474</u>	<u>(9,750,498,827)</u>	<u>12,270,953,559</u>	<u>(8,223,269,379)</u>

(b) Revenue and cost of other operations

	2012		2011	
	Revenue from other operations	Cost of other operations	Revenue from other operations	Cost of other operations
Sale of materials	1,157,810,058	(1,148,667,083)	1,101,169,978	(1,086,537,987)
Others	22,961,597	(14,379,937)	24,231,154	(16,012,861)
	<u>1,180,771,655</u>	<u>(1,163,047,020)</u>	<u>1,125,401,132</u>	<u>(1,102,550,848)</u>

(c) Revenue from the five largest customers of the company

Revenue from the five largest customers of the company amounting to RMB 2,143,081,233 (2011: RMB1,368,732,738) accounts for 14.36% (2011: 10.22%) of the total revenue of the Company. Details are analysed below:

	Revenue of sales	Percentage of the total revenue of the Company (%)
Customer 1	756,720,455	5.07%
Customer 2	556,556,952	3.73%
Customer 3	329,231,438	2.21%
Customer 4	310,101,074	2.08%
Customer 5	190,471,314	1.27%
	<u>2,143,081,233</u>	<u>14.36%</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(13) Financial expenses — net

	2012	2011
Interest expenses	93,312,612	90,754,602
Including: Bank borrowings	10,500,794	8,708,143
Debentures payable	82,811,818	82,046,459
Less: Interest income	(60,522,054)	(56,379,301)
Exchange losses	1,844,524	3,969,738
Unrecognised finance charge	2,508,375	2,506,068
Others	4,197,091	2,804,943
	<u>41,340,548</u>	<u>43,656,050</u>

As at 31 December 2012 and 2011, the Company's interest expenses by repayment term of bank borrowings and debentures payable are wholly repayable within five years.

(14) Investment income

	2012	2011
Income from long-term equity investment under cost method (a)	398,879,421	406,468,500
Income from long-term equity investment under equity method (b)	14,692,242	4,224,790
Income from disposal of long-term equity investment (c)	325,926,953	14,716,469
Income from entrusted loans	56,304,217	50,942,207
	<u>795,802,833</u>	<u>476,351,966</u>

There is no restriction on recovery of investment income.

In 2012 and 2011, all the investment income of the Company is from unlisted investments.

(a) Investment income from long-term equity investment under cost method

The five largest investees are set out as follows:

	2012	2011	Reason for current year fluctuation
Chengyang Sales Company	232,400,000	—	No profit distribution in prior year
Huanan Holding Company	55,130,221	58,000,000	Decrease in distributed profit of the subsidiary
Pengcheng Company	45,510,000	—	No profit distribution in prior year
Shenzhen Asahi	37,699,200	40,468,500	Decrease in distributed profit of the subsidiary
Xi'an Company	20,000,000	108,000,000	Decrease in distributed profit of the subsidiary
Huanan Sales Company	—	200,000,000	No profit distribution in the current year
	<u>390,739,421</u>	<u>406,468,500</u>	

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(14) Investment income (continued)

(b) Investment income from long-term equity investment under equity method

The investees are set out as follows:

	2012	2011	Reason for current year fluctuation
Yantai Asahi	9,668,253	1,151,846	Increase in profit of the investee
Zhaoshang Logistics	4,870,369	2,915,621	Increase in profit of the investee
Liaoning Shenqing	153,620	157,323	Decrease in profit of the investee
	<u>14,692,242</u>	<u>4,224,790</u>	

(c) Investment income from long-term equity investment disposal is due to wholly-owned No. 3 Company and No. 5 Company deregistration during the current year.

(15) Asset impairment (losses recovery)/losses

	2012	2011
Impairment (losses recovery)/losses on bad debts	<u>(12,088,884)</u>	<u>20,500,971</u>

(16) Income tax expenses

	2012	2011
Current income tax calculated according to tax law and related regulations in mainland china	195,696,473	283,157,309
Deferred income tax	<u>(41,628,576)</u>	<u>(51,990,449)</u>
	<u>154,067,897</u>	<u>231,166,860</u>

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

	2012	2011
Total profit	<u>1,343,286,957</u>	<u>1,400,266,066</u>
Income tax expenses calculated at applicable tax rates	335,821,739	350,066,517
Income not subject to tax	<u>(187,414,359)</u>	<u>(104,044,555)</u>
Tax impact for equivalent sales and expenses not deductible	8,682,738	12,938,253
Tax impact for which no deferred income tax asset was recognised	1,100,719	5,258,362
Utilisation of previously unrecognised deferred tax assets	<u>(4,122,940)</u>	<u>(33,051,717)</u>
Income tax expenses	<u>154,067,897</u>	<u>231,166,860</u>

Notes to Financial Statements

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

15 Notes to the Company's financial statements (continued)

(17) Supplementary information to company's cash flow statements

(a) Reconciliation from net profit to cash flows from operating activities

	2012	2011
Net profit	1,189,219,060	1,169,099,206
Add: Provisions for asset impairment	(12,088,884)	20,500,971
Depreciation of fixed assets and investment assets	137,185,648	102,599,338
Amortisation of intangible assets	38,644,758	26,983,961
Amortisation of long-term prepaid expenses	1,350,656	669,315
Losses on disposal of fixed assets	1,076,483	9,366,023
Financial expenses	95,374,500	86,323,006
Investment income	(795,802,833)	(476,351,966)
Increase in deferred tax assets	(41,628,576)	(51,990,449)
Decrease/(Increase)in inventories	255,507,285	(360,721,643)
Increase in operating receivables	(454,223,961)	(166,997,036)
Increase in operating payables	655,057,900	294,543,361
Net cash flows from operating activities	<u>1,069,672,036</u>	<u>654,024,087</u>

(b) Net increase in cash and cash equivalent

	2012	2011
Cash and cash equivalent at end of year	3,059,464,569	2,606,570,012
Less: cash and cash equivalent at beginning of year	<u>(2,606,570,012)</u>	<u>(4,744,305,113)</u>
Net increase/(decrease) in cash and cash equivalent	<u>452,894,557</u>	<u>(2,137,735,101)</u>

16 Net current assets

	As at 31 December			
	2012 Group	2011 Group	2012 Company	2011 Company
Current assets	10,142,133,743	9,583,352,762	4,680,478,699	3,909,112,320
Less: Current liabilities	<u>(7,336,024,163)</u>	<u>(7,156,084,903)</u>	<u>(3,807,011,223)</u>	<u>(3,000,609,007)</u>
Net current assets	<u>2,806,109,580</u>	<u>2,427,267,859</u>	<u>873,467,476</u>	<u>908,503,313</u>

17 Total assets less current liabilities

	As at 31 December			
	2012 Group	2011 Group	2012 Company	2011 Company
Total assets	23,661,105,585	21,634,153,561	15,289,111,313	13,533,036,773
Less: Current liability	<u>(7,336,024,163)</u>	<u>(7,156,084,903)</u>	<u>(3,807,011,223)</u>	<u>(3,000,609,007)</u>
Total assets less current liabilities	<u>16,325,081,422</u>	<u>14,478,068,658</u>	<u>11,482,100,090</u>	<u>10,532,427,766</u>

Supplementary Information

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

1 Summary of non-recurring profit or loss

	2012	2011
Government grants recognised in profits	360,278,759	426,104,954
Losses on disposal of non-current assets	(26,272,320)	(115,941,335)
Personnel expenditures for company relocation	—	(41,499,965)
Reversal of the provision on receivables assessed for impairment on an individual basis	13,000,000	—
Other non-operating income and expenses other than aforesaid items	11,746,714	3,180,703
	358,753,153	271,844,357
Impact of the income tax	(54,539,972)	(16,770,896)
Impact of the minority interests (after tax)	(15,397,337)	(7,403,173)
	288,815,844	247,670,288

Basis for preparation of summary of non-recurring profit or loss

Under the requirements in Explanatory announcement No.1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

2 Return on net assets and earnings per share

	Weighted average		Earnings per share			
	return on net assets (%)		Basic earnings per share		Diluted earnings per share	
	2012	2011	2012	2011	2012	2011
Net profit attributable to ordinary shareholders of the Company	14.91%	16.78%	1.302	1.286	1.302	1.286
Net profit attributable to ordinary shareholders of the Company after deducting on-recurring profit or loss	12.46%	14.39%	1.088	1.103	1.088	1.103

Supplementary Information

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

3 Explanations of irregular fluctuations and related reasons on major items of the financial statements

Major items in financial statements with fluctuation of 30% or above, or representing 5% or above of the total assets of the Group as at 31 December 2012 or 10% or above of the total profit of the Group for the year ended 31 December 2012 are analysed as follows:

(a) Assets

Assets	Note	31 December 2012	31 December 2011	Fluctuation amount and percentage	
				Amount	%
Cash at bank and on hand	(1)	7,118,248,041	6,107,611,258	1,010,636,783	17%
Notes receivable	(2)	61,800,000	98,350,000	(36,550,000)	(37%)
Advances to suppliers	(3)	83,739,085	273,208,801	(189,469,716)	(69%)
Interest receivable	(4)	63,996,403	13,346,298	50,650,105	380%
Inventories	(5)	2,360,058,834	2,717,721,790	(357,662,956)	(13%)
Other current assets	(6)	284,314,434	170,592,062	113,722,372	67%
Fixed assets	(7)	8,343,690,353	7,204,985,036	1,138,705,317	16%

(1) Cash at bank and on hand at the year-end increased by 17%, mainly due to the increase in cash flows from operating activities.

(2) Notes receivable at the year-end decreased by 37%, mainly due to the decrease on the settlement by bank acceptance notes.

(3) Advances to suppliers at the year-end decreased by 69%, mainly due to the decrease in advances to suppliers for purchase of raw materials during the current year.

(4) Interest receivable at the year-end increased by 380%, mainly due to the increase in accrued interest of Finance Company's bank deposits with interbank.

(5) Inventories at the year-end decreased by 13%, mainly due to the decreased stock for sales during the spring festival between 2012 and 2011.

(6) Other current assets at the year-end increased by 67%, mainly due to the increase in enterprise income tax prepaid and VAT prepaid.

(7) Fixed assets at the year-end increased by 16%, mainly due to the increase fixed assets transferred from technological improvement and expansion projects, factory relocation projects and newly-constructed factory projects of certain subsidiaries after completion.

Supplementary Information

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

3 Explanations of irregular fluctuations and related reasons on major items of the financial statements (continued)

(b) Liabilities and shareholders' equity

Liabilities and shareholders' equity	Note	31 December 2012	31 December 2011	Fluctuation amount and percentage	
				Amount	%
Accounts payable	(1)	1,993,401,689	1,662,021,869	331,379,820	20%
Tax payable	(2)	350,866,482	568,596,400	(217,729,918)	(38%)
Other payables	(3)	3,213,582,340	3,164,401,766	49,180,574	2%
Debentures payable	(4)	1,409,316,153	1,334,692,717	74,623,436	6%
Payables for specific projects	(5)	120,063,611	190,538,407	(70,474,796)	(37%)
Other non-current liabilities	(6)	1,381,212,241	1,011,216,862	369,995,379	37%
Minority interests	(7)	315,477,896	166,495,893	148,982,003	89%

- (1) Accounts payable at the year-end increased by 20%, mainly due to the advantage of credibility, and reinforcement the management of cash.
- (2) Tax payable at the year-end decreased by 38%, mainly due to the decrease in enterprise income tax.
- (3) Other payables at the year-end increased by 2%, mainly due to the increase in promotion expenses as a result of increased sales.
- (4) Debentures payable at the year-end increased by 6%, mainly due to the debentures payable subsequently measured at amortised cost using the effective interest method.
- (5) Payables for specific projects at the year-end decreased by 37%, mainly due to use of government grants for the relocation of factories.
- (6) Other non-current liabilities at the year-end increased by 37%, mainly due to the increase in the recognition of government grant related to an asset in accordance with the progress of relocation projects of certain subsidiaries.
- (7) Minority interests at the year-end increased by 89%, mainly due to the increase of minority interest realised in the current year and capital contribution from minority shareholders.

Supplementary Information

For the Year Ended 31 December 2012

(All amounts in RMB Yuan unless otherwise stated)

3 Explanations of irregular fluctuations and related reasons on major items of the financial statements (continued)

(c) Profit or loss items

Profit or loss items	Note	2012	2011	Fluctuation amount and percentage	
				Amount	%
Revenue	(1)	25,781,543,977	23,158,054,330	2,623,489,647	11%
Cost of sales	(2)	(15,433,869,536)	(13,416,658,758)	(2,017,210,778)	15%
Taxes and surcharges	(3)	(2,201,082,461)	(2,024,413,362)	(176,669,099)	9%
Selling and distribution expenses	(4)	(4,930,865,618)	(4,414,666,287)	(516,199,331)	12%
General and administrative expenses	(5)	(1,269,421,699)	(1,184,193,076)	(85,228,623)	7%
Financial expenses — net	(6)	178,141,002	36,212,900	141,928,102	392%
Investment income	(7)	14,962,001	4,261,371	10,700,630	251%
Non-operating income	(8)	394,830,713	469,804,738	(74,974,025)	(16%)
Non-operating expense	(9)	(49,077,560)	(156,460,416)	107,382,856	(69%)

- (1) In 2012, revenue increased by 11% from last year, mainly due to the optimisation of product sale structure, higher proportion of core brands and the increase in sales of principal products.
- (2) In 2012, cost of sales increased by 15% from last year, mainly due to the increase in sales volume and cost of raw material for the current year.
- (3) In 2012, taxes and surcharges increased by 9% from last year, mainly due to the increase in sales for the current year.
- (4) In 2012, selling and distribution expenses increased by 12% from last year, mainly due to the increase of sales, expansion of market and increased amount of employees, which lead to higher growth in the expenses including promotion expenses and employee benefit expenses.
- (5) In 2012, general administrative expenses increased by 7% from last year, mainly due to the increase in operational expenses and the increase in employee benefit expenses.
- (6) In 2012, net financial expenses decreased by 392% from last year, mainly due to centralised management of treasury conducted by Finance Company, and structural optimisation of bank deposits, which lead to higher interest income.
- (7) In 2012, invest income increased by 251% from last year, mainly due to the increase of profit of associates.
- (8) In 2012, non-operating income decreased by 16% from last year, mainly due to the decrease of government grants.
- (9) In 2012, non-operating expense decreased by 69% from last year, mainly due to the decrease in disposal of non-current assets resulted from the decrease of relocation projects and expansion projects.

釋義 Definitions

本報告中，除非文義另有所指，下列詞語具有下述含義：

In this Report, the following expressions have the following respective meanings set adjacent below, unless the context requires otherwise:

公司、本公司、青島啤酒	指	青島啤酒股份有限公司	Company, the Company, Tsingtao Brewery	Means	Tsingtao Brewery Company Limited
本集團	指	本公司及其附屬公司	the Group	Means	the Company and its subsidiaries
董事會	指	本公司董事會	the Board	Means	the Board of Directors of the Company
青啤集團	指	青島啤酒集團有限公司	Tsingtao Group	Means	Tsingtao Brewery Group Company Limited
青島市國資委	指	青島市人民政府國有資產監督管理委員會	SASACQ	Means	State-owned Assets Supervision & Administration Commission of Qingdao People's Government
煙臺啤酒	指	煙臺啤酒青島朝日有限公司	Yantai Beer	Means	Yantai Beer Tsingtao-Asahi Co., Ltd.
青啤深圳	指	深圳青島啤酒朝日有限公司	Tsingtao Shenzhen	Means	Shenzhen Tsingtao-Asahi Co., Ltd.
朝日集團	指	朝日集團控股株式會社	Asahi Group	Means	Asahi Group Holdings Co., Ltd.
朝日啤酒	指	朝日啤酒株式會社	Asahi Beer	Means	Asahi Breweries, Ltd.
朝日中國投資	指	朝日啤酒(中國)投資有限公司	Asahi China Investment	Means	Asahi Beer (China) Investment Co., Ltd.
揚州公司	指	青島啤酒(揚州)有限公司	Yangzhou Company	Means	Tsingtao Brewery (Yangzhou) Company Limited
松江公司	指	青島啤酒上海松江有限公司	Songjiang Company	Means	Tsingtao Brewery Shanghai Songjiang Company Limited
上交所	指	上海證券交易所	SSE	Means	Shanghai Stock Exchange
香港聯交所	指	香港聯合交易所有限公司	Stock Exchange	Means	The Stock Exchange of Hong Kong Limited
普華永道中天	指	普華永道中天會計師事務所有限公司	PwC Zhong Tian	Means	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
審計委員會	指	本公司第七屆董事會審計與內控委員會	Audit Committee	Means	Audit & Internal Control Committee under the 7th Board
戰略委員會	指	本公司第七屆董事會戰略與投資委員會	Strategy Committee	Means	Strategy & Investment Committee under the 7th Board
報告期	指	本公司截至2012年12月31日止年度	Reporting Period	Means	The year ended 31 December 2012
《標準守則》	指	《上市發行人董事進行證券交易的標準守則》	Model Code	Means	Model Code for Securities Transactions by Directors of Listed Companies
《上市規則》	指	《香港聯合交易所有限公司證券上市規則》	Listing Rules	Means	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
三得利中國	指	三得利(中國)投資有限公司	Suntory China	Means	Suntory (China) Holding Co., Ltd.
進出口公司	指	青島啤酒進出口有限責任公司	I/E Company	Means	Tsingtao Brewery Import/Export Company Limited
三水公司	指	青島啤酒(三水)有限公司	Sanshui Company	Means	Tsingtao Brewery (Sanshui) Company Limited
青啤香港	指	青島啤酒香港貿易有限公司	Tsingtao HK	Means	Tsingtao Brewery (Hong Kong) Trade Company Limited

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：孫明波</p> <p>3. 聯席公司秘書：張學舉、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：
 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. 未上市股票託管機構：
 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：
 普華永道中天會計師事務所有限公司，地址為上海市黃浦區湖濱路202號企業天地2號樓普華永道中心11樓</p> <p>8. 法律顧問：
 (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
 (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: SUN Ming Bo</p> <p>3. Joint Company Secretaries: ZHANG Xue Ju, 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:
 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. Auditor:
 PricewaterhouseCoopers Zhong Tian CPAs Limited Company at 11/F PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai</p> <p>8. Legal advisers:
 (1) Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
 (2) Haiwen & Partners at 21st Floor, Beijing Silver Tower, No. 2 of 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.