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**TSINGTAO BREWERY COMPANY LIMITED**  
*(a Sino-foreign joint stock limited company established in the People's Republic of China)*  
**(Stock Code: 168)**

**2018 First Quarterly Report**

This announcement is made pursuant to the disclosure requirements of Rule 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), and the provisions of inside information (as defined in the Listing Rules) under Section XIVA of Securities and Futures Ordinance (Chapter 571 of Law of Hong Kong).

The 2018 first quarterly report (unaudited, the "Quarterly Report") contained in this announcement has been prepared in accordance with China Accounting Standards of Business Enterprises and the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been approved by the Board of Directors (the "Board") of Tsingtao Brewery Company Limited (the "Company").

**I. IMPORTANT NOTICE**

- 1.1 The Board, the Board of Supervisors, directors, supervisors and senior management officers of the Company undertake the authenticity, accuracy and completeness of the contents contained in this Quarterly Report without false representation, misleading statement or material omissions, and they jointly and severally accept full responsibility.
- 1.2 The Quarterly Report has been considered and approved at the twenty-second meeting of the eighth session of the Board (the "Meeting") through communications. 8 of the total 8 directors attended the Meeting and voted.
- 1.3 Unless otherwise stated in this report, monetary units are denominated in Renminbi.
- 1.4 SUN Ming Bo, the legal representative of the Company, YU Zhu Ming, the person in charge of the accounting work, and HOU Qiu Yan, the person in charge of the accounting department (accounting director) warrant that the financial statements contained in this Quarterly Report are authentic, accurate and complete.
- 1.5 The first quarterly financial report of the Company has been reviewed by Audit and Internal Control Committee under the Board, but has not been audited.

## II. CHANGES IN MAJOR FINANCIAL DATA AND SHAREHOLDERS OF THE COMPANY

### 2.1 Major financial data

	<i>Unit: Yuan Currency: RMB</i>		
	<b>As at the end of the reporting period</b>	<b>As at the end of prior year</b>	<b>Increase/Decrease (%)</b>
Total assets	32,698,603,094	30,974,711,779	5.57
Net assets attributable to shareholders of the Company	17,819,031,235	17,145,228,423	3.93
	<b>From the beginning of the year to the end of the reporting period</b>	<b>From the beginning of prior year to the end of the reporting period in prior year</b>	<b>Increase/Decrease (%)</b>
Net cash flows from operating activities	2,321,920,019	1,549,858,660	49.81
	<b>From the beginning of the year to the end of the reporting period</b>	<b>From the beginning of prior year to the end of the reporting period in prior year</b>	<b>Increase/Decrease (%)</b>
Revenue	7,251,708,139	7,039,943,927	3.01
Net profit attributable to shareholders of the Company	667,158,070	579,311,983	15.16
Net profit attributable to shareholders of the Company after deducting non-recurring profit or loss	566,293,225	544,488,989	4.00
Weighted average return on net asset (%)	3.82	3.49	Increased by 0.33 percentage point
Basic earnings per share (Yuan per share)	0.494	0.429	15.16
Diluted earnings per share (Yuan per share)	0.494	0.429	15.16

## Item and amounts of non-recurring profit or loss

Applicable       Not applicable

*Unit: Yuan    Currency: RMB*

Item	Amount of this reporting period
Gains/(Losses) on disposal of non-current assets	-4,724,124
Government grants recognized in profits/(losses) of the corresponding period, excluding those closely related to the usual operations of the Company, in compliance with the State policies, and continuously received in set amount or quantities by certain standards	122,992,902
Reversal of impairment provision of accounts receivables which impairment is provided on the individual basis	300,000
Other non-operating income and expenses other than aforesaid items	3,150,726
Impact on the non-controlling interests, net of tax	-4,334,828
Impact of income tax expense	-16,519,831
Total	100,864,845

## 2.2 List of total number of shareholders, and particulars of top ten shareholders, top ten holders of listed shares (or holders of shares not subject to sales restriction) as at the end of the reporting period

*Unit: share*

**Total number of shareholders**      33,320 shareholders including 33,036 holders of A-share and 284 holders of H-share.

### Particulars of top ten shareholders

Name of shareholder (full name)	Number of shares held as at the end of the reporting period	Percentage (%)	Number of shares subject to sales restriction held	Pledged or frozen shares Status	Number	Nature of shareholder
Tsingtao Brewery Group Company Limited	443,467,655	32.83	0	Nil	N/A	State-owned legal person
HKSCC Nominees Limited	370,665,433	27.44	0	Unknown		Overseas legal person

Name of shareholder (full name)	Number of shares held as at the end of the reporting period	Percentage (%)	Number of shares subject to sales restriction held	Pledged or frozen shares		Nature of shareholder
				Status	Number	
Fosun Industrial Holdings Limited	153,255,626	11.34	0	Unknown		Overseas legal person
China Momentum Investment (BVI) Limited	43,939,899	3.25	0	Unknown		Overseas legal person
Fidelidade — Companhia de Seguros, S.A.	34,434,533	2.55	0	Unknown		Overseas legal person
China Securities Finance Corporation Company	32,413,001	2.4	0	Unknown		State-owned legal person
China Jiayin Investment Company Ltd.	17,574,505	1.3	0	Unknown		State-owned legal person
Hong Kong Securities Clearing Company Limited	14,172,974	1.05	0	Unknown		Overseas legal person
Central Huijin Asset Management Ltd.	10,517,500	0.78	0	Unknown		State-owned legal person
China Merchants Bank Company Limited — Eastern Hongruifeng Flexible Allocation Mixed Securities Investment Fund (LOF)	7,467,086	0.55	0	Unknown		Other

**Particulars of top ten holders of shares not subject to sales restriction**

Name of shareholder	Number of listed shares not subject to sales restriction held	Class and number of shares	
		Class	Number
Tsingtao Brewery Group Company Limited (“Tsingtao Group”, <i>Note 1</i> )	443,467,655	RMB-denominated ordinary shares	405,132,055
		Overseas listed foreign shares	38,335,600
HKSCC Nominees Limited ( <i>Note 2</i> )	370,665,433	Overseas listed foreign shares	370,665,433
Fosun Industrial Holdings Limited ( <i>Note 3</i> )	153,255,626	Overseas listed foreign shares	153,255,626

Name of shareholder	Number of listed shares not subject to sales restriction held	Class and number of shares	
		Class	Number
China Momentum Investment (BVI) Limited <i>(Note 3)</i>	43,939,899	Overseas listed foreign shares	43,939,899
Fidelidade — Companhia de Seguros, S.A. <i>(Note 3)</i>	34,434,533	Overseas listed foreign shares	34,434,533
China Securities Finance Corporation Company	32,413,001	RMB-denominated ordinary shares	32,413,001
China Jianyin Investment Company Ltd.	17,574,505	RMB-denominated ordinary shares	17,574,505
Hong Kong Securities Clearing Company Limited	14,172,974	RMB-denominated ordinary shares	14,172,974
Central Huijin Asset Management Ltd.	10,517,500	RMB-denominated ordinary shares	10,517,500
China Merchants Bank Company Limited — Eastern Hongruifeng Flexible Allocation Mixed Securities Investment Fund (LOF)	7,467,086	RMB-denominated ordinary shares	7,467,086

Explanation of associations or actions in concert among the above shareholders

*Note:*

- 1 The total number of shares held by Tsingtao Group includes 38,335,600 shares of H-share held in the Company by itself and through Hong Kong Xinhaisheng Investment Limited (“Xinhaisheng”), a wholly-owned subsidiary, and 405,132,055 shares of A-share held in the Company by itself.
- 2 Both HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. The H-shares are held by HKSCC Nominees Limited on behalf of different clients, excluding the H-shares held by Xinhaisheng, while A-shares are held by Hong Kong Securities Clearing Company Limited on behalf of different clients as well.

Name of shareholder	Number of listed shares not subject to sales restriction held	Class and number of shares	
		Class	Number
	3	According to the explanation of Fosun International Company Limited, Fosun Industrial Holdings Limited, China Momentum Investment (BVI) Limited, Fidelidade — Companhia de Seguros, S.A., Peak Reinsurance Company Limited and Star Insurance Company are parties acting in concert of Fosun International Company Limited pursuant to Article 83 of People’s Republic of China <i>Administrative Rules on Acquisition of Listed Companies</i> . The five entities hold a total of 243,108,236 shares of H-share in the Company, representing approximately 17.99% of the total share capital of the Company.	
		Save as disclosed above, the Company is unaware of whether there are any associations among these top ten shareholders or if they are of the parties acting in concert.	

Explanation of holders of preferred shares with resumed voting right and the number of shares held N/A.

### 2.3 Brief explanation of the overall situation of operating activities of the Company during the reporting period

During the reporting period, while facing the challenges from the latest situation in the domestic beer market, the Company took advantage of the current opportunity of the consumption structural upgrade in the industry to continue the active expansion of domestic and foreign markets, give full play to the brand and quality advantages of Tsingtao Beer, accelerate innovation-driven and product mix adjustment, optimization and upgrade, focus on the promotion of the transformation of the development mode and constantly enhance domestic and foreign market shares. In the first quarter of this year, the Company’s sales volume of beer reached 2.03 million kl in aggregate, an increase of 1.3% from the corresponding period in prior year, including 1.08 million kl of the core brand, Tsingtao Beer, an increase of 2.4% on y-o-y basis, and 0.53 million kl of high-end products, such as Augerta, Hong Yun Dang Tou, Classic 1903 and draft beer, an increase of 6.9% on y-o-y basis. During the reporting period, the Company realized RMB7.25 billion of revenue, an increase of 3.0% on y-o-y basis; and realized RMB670 million of net profits attributable to shareholders of the Company, an increase of 15.2% on y-o-y basis.

### III. SIGNIFICANT EVENTS

#### 3.1 Material changes in major accounting items and financial indicators and the reasons

Applicable       Not applicable

##### 3.1.1 Analysis of fluctuation of main items in balance sheet

*Unit: '000 Yuan    Currency: RMB*

<b>Item in balance sheet</b>	<b>As at the end of this reporting period</b>	<b>As at the end of the corresponding reporting period in prior year</b>	<b>Increased/Decreased amount</b>	<b>Increased/Decreased percentage (%)</b>
Financial assets at fair value through profit or loss	1,138,574	758,261	380,313	50.16
Notes receivable	24,400	42,220	-17,820	-42.21
Dividends receivable	10,533		10,533	
Interests receivable	146,308	86,574	59,734	69.00
Other receivables	159,809	261,827	-102,018	-38.96
Other current assets	275,869	467,915	-192,046	-41.04
Fixed assets pending for disposal	909	2,311	-1,402	-60.66
Other non-current assets	80,760	48,798	31,962	65.50
Accounts payable	2,747,611	2,083,734	663,877	31.86
Taxes payable	779,962	400,836	379,126	94.58
Payables for specific projects	278,823	123,140	155,683	126.43
Other comprehensive income	-2,397	-9,039	6,642	73.48

##### (1) Financial assets at fair value through profit or loss

As at the end of the reporting period, financial assets at fair value through profit or loss of the corresponding period increased by 50.16% from the beginning of the reporting period, which was mainly due to the increase in the wealth management products purchased in the reporting period by Tsingtao Brewery Finance LLC (“Finance Company”), a wholly-owned subsidiary of the Company.

##### (2) Notes Receivable

As at the end of the reporting period, notes receivable decreased by 42.21% from the beginning of the reporting period, which was mainly due to that parts of the notes receivable had been endorsed in the reporting period.

(3) *Dividends receivable*

As at the end of the reporting period, dividends receivable increased by RMB10,533,170 from the beginning of the reporting period, which was mainly due to the addition of the dividend of associated companies receivable at the end of the reporting period.

(4) *Interests receivable*

As at the end of the reporting period, interests receivable increased by 69.00% from the beginning of the reporting period, which was mainly due to the increase of the interest receivable from the deposit in external financial institutions in the reporting period by the Finance Company, a wholly-owned subsidiary of the Company.

(5) *Other receivables*

As at the end of the reporting period, other receivables decreased by 38.96% from the beginning of the reporting period, which was mainly due to the maturity of the reverse repurchase of national debts in the reporting period by the Finance Company, a wholly-owned subsidiary of the Company.

(6) *Other current assets*

As at the end of the reporting period, other current assets decreased by 41.04% from the beginning of the reporting period, which was mainly due to that some subsidiaries' input VAT to be deducted as at the end of prior year was deducted in the reporting period.

(7) *Fixed assets pending for disposal*

As at the end of the reporting period, fixed assets pending for disposal decreased by 60.66% from the beginning of the reporting period, which was mainly due to that the disposal of individual subsidiaries' fixed assets that had entered the disposal procedure was completed in the reporting period.

(8) *Other non-current assets*

As at the end of the reporting period, other non-current assets increased by 65.50% from the beginning of the reporting period, which was mainly due to the increase of some subsidiaries' advances for projects and payments for the purchase of equipment in the reporting period.

(9) *Accounts payable*

As at the end of the reporting period, accounts payable increased by 31.86% from the beginning of the reporting period, which was mainly due to the increase of accounts payable caused by the purchase of materials in the reporting period.



(10) *Taxes payable*

As at the end of the reporting period, taxes payable increased by 94.58% from the beginning of the reporting period, which was mainly due to the increase of VAT payable, consumption tax and income tax as at the end of the reporting period.

(11) *Payables for specific projects*

As at the end of the reporting period, payables for specific projects increased by 126.43% from the beginning of the reporting period, which was mainly due to the compensation payment for relocation received from the government by individual subsidiaries in the reporting period.

(12) *Other comprehensive income*

As at the end of the reporting period, other comprehensive income increased by 73.48% from the beginning of the reporting period, which was mainly due to the increase in the currency translation differences of financial statements in foreign currencies of overseas subsidiaries in the reporting period.

**3.1.2 Analysis of fluctuation in major items in income statement**

*Unit: '000 Yuan Currency: RMB*

<b>Item in income statement</b>	<b>January- March 2018</b>	<b>January- March 2017</b>	<b>Increased/ Decreased amount</b>	<b>Increased/ Decreased percentage (%)</b>
Finance expense	-97,487	-72,320	-25,167	-34.80
Assets impairment losses	2,120	70	2,050	2927.47
Profit arising from changes in fair value	11,103	33	11,070	33108.81
Investment income	6,722	14,699	-7,977	-54.27
Gains on disposals of assets	-4,724	-3,425	-1,299	-37.92
Other income	99,572	48,982	50,590	103.28
Non-operating income	27,311	17,835	9,476	53.13
Net profit attributable to non-controlling interests	36,705	26,473	10,232	38.65

(1) *Finance expenses*

During January-March 2018, finance expenses decreased by 34.80% from the corresponding period in prior year, which was mainly due to that the interests received in the reporting period increased from the corresponding period in prior year.

(2) *Assets impairment losses*

During January-March 2018, assets impairment losses increased by 2927.47% from the corresponding period in prior year, which was mainly due to that the accrue fixed asset impairment losses of individual subsidiaries in the reporting period increased from the corresponding period in prior year.

(3) *Profit arising from changes in fair value*

During January-March 2018, profit arising from changes in fair value increased by 33108.81% from the corresponding period in prior year, which was mainly due to that the gains generated from the fluctuation in fair value of the wealth management products purchased by the Finance Company, a wholly-owned subsidiary of the Company, in the reporting period increased from the corresponding period in prior year.

(4) *Investment income*

During January-March 2018, investment income decreased by 54.27% from the corresponding period in prior year, which was mainly due to that the investment income from the wealth management products purchased by the Finance Company, a wholly-owned subsidiary of the Company, in the reporting period decreased from the corresponding period in prior year.

(5) *Gains on disposals of assets*

During January-March 2018, gains on disposals of assets decreased by 37.92% from the corresponding period in prior year, which was mainly due to that the losses from disposal of fixed assets of individual subsidiaries in the reporting period increased from the corresponding period in prior year.

(6) *Other income*

During January-March 2018, other income increased by 103.28% from the corresponding period in prior year, which was mainly due to that the government grants related to daily activities received by some subsidiaries in the reporting period increased from the corresponding period in prior year.

(7) *Non-operating income*

During January-March 2018, non-operating income increased by 53.13% from the corresponding period in prior year, which was mainly due to that the government grants not related to operating activities received by some subsidiaries in the reporting period increased from the corresponding period in prior year.

(8) *Net profit attributable to non-controlling interests*

During January-March 2018, net profit attributable to non-controlling interests increased by 38.65% from the corresponding period in prior year, which was mainly due to that the net profit of some subsidiaries with non-controlling interests in the reporting period increased from the corresponding period in prior year.

**3.1.3 Analysis of fluctuation in major items in cash flow statement**

*Unit: '000 Yuan    Currency: RMB*

<b>Item in cash flow statement</b>	<b>January- March 2018</b>	<b>January- March 2017</b>	<b>Increased/ Decreased amount</b>	<b>Increased/ Decreased percentage (%)</b>
Net cash flows from operating activities	2,321,920	1,549,859	772,061	49.81
Net cash flows from investing activities	-322,527	-260,108	-62,419	-24.00
Net cash flows from financing activities	-2,045	-1,949	-96	-4.91

(1) *Net cash flows from operating activities*

Net cash flows from operating activities increased by 49.81% from the corresponding period in prior year, which was mainly due to that the cash received from selling goods increased from the corresponding period in prior year caused by the increase of sales volume in the reporting period, and the reduction of advances from customers in the reporting period decreased from the corresponding period in prior year.

(2) *Net cash flows from investing activities*

Net cash flows from investing activities decreased by 24.00% from the corresponding period in prior year, which was mainly due to that the net investment of the Finance Company, a wholly-owned subsidiary of the Company, on wealth management products in the reporting period increased from the corresponding period in prior year.

(3) *Net cash flows from financing activities*

Net cash flows from financing activities decreased by 4.91% from the corresponding period in prior year, which was mainly due to that the cash paid by some subsidiaries for the payment of interests in the reporting period increased from the corresponding period in prior year.

**3.1.4** In 2017, the Ministry of Finance published Circular Cai Kuai [2017]No.7 and Circular Cai Kuai [2017]No.22, revising the *Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 14 — Revenue*. Pursuant to the regulations in the above circular, the Company implemented the revision from 1 January 2018 and the aforementioned revision had no significant effect on the Company's financial statement for the first quarter.

### **3.2 Analysis and explanation on the progress of significant events and their effects and solutions**

Applicable       Not applicable

1. On 20 December 2017, Asahi Group Holdings Ltd. (“Asahi Group”) signed share purchase agreements respectively with five entities under Fosun International Limited (“Fosun Group”), proposed to transfer 243,108,236 H-shares (representing approximately 17.99% of the Company’s total share capital) held in the Company to Fosun Group at the total consideration of HKD6.617 billion, equivalent to HKD27.22 per H-share. For details of the transfer, please see the brief report on changes in equity for decreased (increased) shareholding of shares disclosed by Asahi Group and Fosun Group on the website of Shanghai Stock Exchange.
2. Furthermore, on the same day, Asahi Group signed a share purchase agreement with Tsingtao Group and its subsidiary Xinhaisheng, proposed to transfer 27,019,600 H-shares (representing approximately 1.99% of the Company’s total share capital) held in the Company to Xinhaisheng at the total consideration of HKD735 million, equivalent to HDK27.22 per H-share.
3. The Company has received the notice from Tsingtao Group and Fosun Group that all the prerequisites stipulated in the share purchase agreement have been satisfied and the transaction under the agreement was completed on 19 March 2018. From 19 March 2018, (i) Mr. Yasutaka SUGIURA resigned as Non-executive Director of the Company’s Board of Directors and member of the Company’s Audit and Internal Control Committee and member of the Company’s Nomination and Remuneration Committee; (ii) Mr. Ryoichi KITAGAWA resigned as Supervisor of Shareholders’ Representative of the Company’s Eighth Session of the Board of Supervisors.

### **3.3 Implementation of undertakings made by the Company and its shareholders holding over 5% of the shares**

Applicable       Not applicable

During the Company’s share reform, the State-owned Assets Supervision & Administration Commission of the People’s Government of Qingdao (“SASACQ”), the former controlling shareholder, committed to proposing to the Board for setting up and implementing long-term incentive schemes including the stock option incentive after the completion of the share reform.

In April 2017, after Tsingtao Group had become the controlling shareholder of the Company through the unconditional transfer, Tsingtao Group had accepted all the obligations which should be undertaken and all undertakings which were made by SASACQ after the implementation of the Company’s share reform.

On 25 June 2014, the Company received a notice from its controlling shareholder, Tsingtao Group, that, to better combine the interests among the Company's management team, shareholders and the Company, and to implement the undertakings made in the share reform and comply with the regulatory requirements, Tsingtao Group would, pursuant to the relevant laws and regulations, urge the Company to propose long-term incentive schemes of the management team before the end of June 2020, which would be submitted to the Company's general meeting for consideration and approval of putting into practice after obtaining approval from related authorities.

**3.4 Any predictable substantial losses in accumulated net profit from the beginning of the year to the end of the next reporting period or warnings or causes for any substantial variance from the corresponding period in prior year**

Applicable       Not applicable

Please refer to the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Company (<http://stock.tsingtao.com.cn>) for the unaudited balance sheets, income statements and cash flow statements of the Company as at 31 March 2018.

By Order of the Board  
**Tsingtao Brewery Co., Ltd.**  
**ZHANG Rui Xiang**  
*Company Secretary*

Qingdao, the People's Republic of China  
26 April 2018

*The Company's Directors as at the date of this announcement are:*

*Executive Directors:*                      *Mr. SUN Ming Bo (Chairman), Mr. HUANG Ke Xing, Mr. FAN Wei and Mr. YU Zhu Ming*

*Independent Non-executive Directors:*                      *Mr. WANG Xue Zheng, Mr. YU Zeng Biao, Mr. BEN Sheng Lin and Mr. JIANG Min*